UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 28, 2014

or

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

For the transition period from _____ to _____

Commission File Number : 001-35803

Mallinckrodt public limited company
(Exact name of registrant as specified in its charter)

Ireland		**98-1088325**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**

Damastown, Mulhuddart
Dublin 15, Ireland
(Address of principal executive offices) (Zip Code)

Telephone: +353 1 880-8180
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
Ordinary shares, $0.20 par value - 58,477,170 shares as of May 2, 2014

MALLINCKRODT PLC
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MALLINCKRODT PLC
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
(unaudited, in millions, except per share data)

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Net sales	$ 557.8	$ 585.3	$ 1,098.0	$ 1,089.3
Cost of sales	295.2	311.8	579.8	582.3
Gross profit	262.6	273.5	518.2	507.0
Selling, general and administrative expenses	194.1	160.7	340.3	307.5
Research and development expenses	41.4	39.2	80.4	77.6
Separation costs	2.6	14.4	4.8	26.4
Restructuring charges, net	21.7	6.4	29.7	6.6
Gains on divestiture and license	(0.9)	(0.7)	(13.8)	(1.4)
Operating income	3.7	53.5	76.8	90.3
Interest expense	(12.4)	(0.1)	(22.2)	(0.2)
Interest income	0.5	0.1	0.8	0.1
Other (expense) income, net	(0.4)	—	(1.0)	0.2
(Loss) income from continuing operations before income taxes	(8.6)	53.5	54.4	90.4
Provision for income taxes	(20.3)	19.0	(3.7)	36.1
Income from continuing operations	11.7	34.5	58.1	54.3
Loss from discontinued operations, net of income taxes	(0.1)	(0.5)	(0.9)	(1.1)
Net income	$ 11.6	$ 34.0	$ 57.2	$ 53.2
Basic earnings (loss) per share (Note 7):				
Income from continuing operations	$ 0.20	$ 0.60	$ 1.00	$ 0.94
Loss from discontinued operations	—	(0.01)	(0.02)	(0.02)
Net income	$ 0.20	$ 0.59	$ 0.99	$ 0.92
Basic weighted-average shares outstanding	58.2	57.7	58.0	57.7
Diluted earnings (loss) per share (Note 7):				
Income from continuing operations	$ 0.20	$ 0.60	$ 0.99	$ 0.94
Loss from discontinued operations	—	(0.01)	(0.02)	(0.02)
Net income	$ 0.20	$ 0.59	$ 0.97	$ 0.92
Diluted weighted-average shares outstanding	59.1	57.7	58.7	57.7

See Notes to Condensed Consolidated and Combined Financial Statements.

MALLINCKRODT PLC
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in millions)

	Three Months Ended		Six Months Ended	
	March 28, 2014	**March 29, 2013**	**March 28, 2014**	**March 29, 2013**
Net income	$ 11.6	$ 34.0	$ 57.2	$ 53.2
Other comprehensive loss, net of tax				
Currency translation adjustments	(2.4)	(8.5)	(2.0)	(8.2)
Unrecognized gain (loss) on derivatives, net of $-, $-, $(0.1) and $- tax	0.1	(4.0)	0.2	(4.0)
Unrecognized loss on benefit plans, net of $-, $1.3, $0.1 and $1.1 tax	—	(2.0)	(0.3)	(1.7)
Total other comprehensive loss, net of tax	(2.3)	(14.5)	(2.1)	(13.9)
Comprehensive income	$ 9.3	$ 19.5	$ 55.1	$ 39.3

See Notes to Condensed Consolidated and Combined Financial Statements.

MALLINCKRODT PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in millions, except share data)

	March 28, 2014	September 27, 2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 334.9	$ 275.5
Accounts receivable, less allowance for doubtful accounts of $5.1 and $4.6	334.2	400.8
Inventories	444.7	403.1
Deferred income taxes	371.7	171.1
Prepaid expenses and other current assets	147.6	134.4
Total current assets	1,633.1	1,384.9
Property, plant and equipment, net	997.5	997.4
Goodwill	853.9	532.0
Intangible assets, net	1,715.0	422.1
Other assets	255.8	220.2
Total Assets	$ 5,455.3	$ 3,556.6
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 11.2	$ 1.5
Accounts payable	119.9	120.9
Accrued payroll and payroll-related costs	58.0	66.5
Accrued branded rebates	33.6	34.6
Accrued and other current liabilities	403.1	376.7
Total current liabilities	625.8	600.2
Long-term debt	2,204.7	918.3
Pension and postretirement benefits	104.0	108.0
Environmental liabilities	63.7	39.5
Deferred income taxes	794.8	310.1
Other income tax liabilities	148.1	153.1
Other liabilities	175.8	171.8
Total Liabilities	4,116.9	2,301.0
Shareholders' Equity:		
Preferred shares, $0.20 par value, 500,000,000 authorized; none issued and outstanding	—	—
Ordinary A shares, €1.00 par value, 40,000 authorized; none issued and outstanding	—	—
Ordinary shares, $0.20 par value, 500,000,000 authorized; 58,474,132 and 57,713,873 issued; 58,443,505 and 57,713,390 outstanding	11.7	11.5
Ordinary shares held in treasury at cost, 30,627 and 483	(1.8)	—
Additional paid-in capital	1,131.4	1,102.1
Retained earnings	90.7	33.5
Accumulated other comprehensive income	106.4	108.5
Total Shareholders' Equity	1,338.4	1,255.6
Total Liabilities and Shareholders' Equity	$ 5,455.3	$ 3,556.6

See Notes to Condensed Consolidated and Combined Financial Statements.

MALLINCKRODT PLC
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Six Months Ended	
	March 28, 2014	**March 29, 2013**
Cash Flows From Operating Activities:		
Net income	$ 57.2	$ 53.2
Loss from discontinued operations, net of income taxes	0.9	1.1
Income from continuing operations	58.1	54.3
Adjustments to reconcile net cash provided by (used in) operating activities:		
Depreciation and amortization	76.7	66.9
Share-based compensation	9.4	6.6
Deferred income taxes	(12.3)	3.5
Non-cash restructuring charge	2.6	—
Other non-cash items	4.1	(2.8)
Changes in assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	79.6	(77.8)
Inventories	(39.0)	(23.1)
Accounts payable	(34.0)	(12.0)
Income taxes	0.3	27.3
Accrued and other liabilities	(18.0)	(38.4)
Other	13.7	(12.3)
Net cash provided by (used in) operating activities	141.2	(7.8)
Cash Flows From Investing Activities:		
Capital expenditures	(50.7)	(76.7)
Acquisitions and intangibles, net of cash acquired	(1,293.2)	(88.1)
Restricted cash	4.1	0.9
Other	8.0	(1.1)
Net cash (used in) investing activities	(1,331.8)	(165.0)
Cash Flows From Financing Activities:		
Issuance of external debt	1,296.8	—
Repayment of external debt	(30.1)	—
Repayment of capital leases	(0.7)	(0.7)
Excess tax benefit from share-based compensation	4.0	3.0
Debt financing costs	(32.2)	(2.3)
Net transfers to parent	—	172.8
Proceeds from exercise of share options	16.1	—
Repurchase of shares	(1.8)	—
Net cash provided by financing activities	1,252.1	172.8
Effect of currency rate changes on cash	(2.1)	—
Net increase in cash and cash equivalents	59.4	—
Cash and cash equivalents at beginning of period	275.5	—
Cash and cash equivalents at end of period	$ 334.9	$ —

See Notes to Condensed Consolidated and Combined Financial Statements.

MALLINCKRODT PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in millions)

	Ordinary Shares		Treasury Shares					
	Number	Par Value	Number	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at September 27, 2013	57.7	$ 11.5	—	$ —	$ 1,102.1	$ 33.5	$ 108.5	$ 1,255.6
Net income	—	—	—	—	—	57.2	—	57.2
Currency translation adjustments	—	—	—	—	—	—	(2.0)	(2.0)
Change in derivatives, net of tax	—	—	—	—	—	—	0.2	0.2
Minimum pension liability, net of tax	—	—	—	—	—	—	(0.3)	(0.3)
Share options exercised	0.4	0.1	—	—	20.0	—	—	20.1
Vesting of restricted shares	0.3	0.1	—	—	(0.1)	—	—	—
Share-based compensation	—	—	—	—	9.4	—	—	9.4
Repurchase of shares	—	—	—	(1.8)	—	—	—	(1.8)
Balance at March 28, 2014	58.4	$ 11.7	—	$ (1.8)	$ 1,131.4	$ 90.7	$ 106.4	$ 1,338.4

See Notes to Condensed Consolidated and Combined Financial Statements.

1. Background and Basis of Presentation

Background

Mallinckrodt plc, and its subsidiaries (collectively, "Mallinckrodt" or "the Company"), is a global company that develops, manufactures, markets and distributes both branded and specialty generic pharmaceuticals, active pharmaceutical ingredients ("API") and diagnostic imaging agents. These products are found in almost every hospital, standalone diagnostic imaging center or pharmacy in the United States ("U.S.") and the Company has a commercial presence in approximately 65 countries. The Company believes its extensive commercial reach and formulation expertise, coupled with its ability to navigate the highly regulated and technical nature of its business, have created compelling competitive advantages that it anticipates will sustain future revenue growth.

The Company conducts its business in the following two segments:

- *Specialty Pharmaceuticals* produces and markets branded and specialty generic pharmaceuticals and API, comprised of medicinal opioids, synthetic controlled substances, acetaminophen and other active ingredients; and
- *Global Medical Imaging* develops, manufactures and markets contrast media and delivery systems ("CMDS") and radiopharmaceuticals (nuclear medicine).

On June 28, 2013, the Pharmaceuticals business of Covidien plc ("Covidien") was transferred to Mallinckrodt plc, thereby completing its legal separation from Covidien ("the Separation"). On July 1, 2013, Mallinckrodt plc began regular way trading on the New York Stock Exchange under the ticker symbol "MNK."

Basis of Presentation

The accompanying unaudited condensed consolidated and combined financial statements reflect the consolidated financial results of the Company as an independent, publicly-traded company for the three and six months ended March 28, 2014 and the consolidated financial position as of March 28, 2014 and September 27, 2013. The three and six months ended March 29, 2013 reflect the combined results of operations of the Pharmaceuticals business of Covidien.

The unaudited condensed consolidated and combined financial statements have been prepared in U.S. dollars and in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The preparation of the unaudited condensed consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates. The unaudited condensed consolidated and combined financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities in which they own or control more than fifty percent of the voting shares, or have the ability to control through similar rights. The results of entities disposed of are included in the unaudited condensed consolidated and combined financial statements up to the date of disposal and, where appropriate, these operations have been reflected as discontinued operations. Divestitures of product lines not representing businesses have been reflected in operating income. All intercompany balances and transactions have been eliminated in consolidation and, in the opinion of management, all normal recurring adjustments necessary for a fair presentation have been included in the interim results reported. The fiscal year-end balance sheet data were derived from audited consolidated financial statements, but do not include all of the annual disclosures required by GAAP; accordingly, these unaudited condensed consolidated and combined financial statements should be read in conjunction with the Company's audited annual consolidated and combined financial statements included in its Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("the SEC") on December 13, 2013.

The Company's unaudited condensed combined financial statements for the three and six months ended March 29, 2013 may not be indicative of its future performance and do not necessarily reflect the results of operations and cash flows that would have been had it operated as an independent, publicly-traded company during that period. The unaudited condensed combined financial statements for the three and six months ended March 29, 2013 include expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and share-based compensation. These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. The amounts allocated were $13.6 million and $25.5 million during the three and six months ended March 29, 2013, respectively, and were included within selling, general and administrative expenses. Management considers the bases on which the expenses were allocated to reasonably reflect the utilization of services provided to, or the benefit received by, the Company; however, the allocations

may not reflect the expense the Company would have incurred as an independent, publicly-traded company during that period. Following the Separation, the Company has performed these functions using its own resources or purchased services, certain of which are being provided by Covidien during a transitional period pursuant to a transition services agreement dated June 28, 2013, between Mallinckrodt and Covidien, particularly in relation to areas outside the U.S. The terms and prices on which such services are rendered may not be as favorable as those that were allocated to the Company by Covidien.

Fiscal Year

The Company reports its results based on a "52-53 week" year ending on the last Friday of September. The second fiscal quarters of 2014 and 2013 ended on March 28, 2014 and March 29, 2013, respectively. Fiscal 2013 consisted of 52 weeks and ended on September 27, 2013. Unless otherwise indicated, the three and six months ended March 28, 2014 refers to the thirteen and twenty-six week periods ended March 28, 2014 and the three and six months ended March 29, 2013 refers to the thirteen and twenty-six week periods ended March 29, 2013.

2. Recently Issued Accounting Standards

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11 in December 2011, "Disclosures about Offsetting Assets and Liabilities," which was clarified in January 2013 by ASU 2013-01 "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." This guidance provides new disclosure requirements about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to an agreement similar to a netting agreement, to enable users of financial statements to understand the effects or potential effects of those arrangements on an entity's financial position. The guidance was effective for the Company in the first quarter of fiscal 2014. The adoption did not have a material impact on the Company's financial condition, results of operations and cash flows.

FASB issued ASU 2013-02, "Reporting Amounts Classified out of Accumulated Other Comprehensive Income," in February 2013. This guidance requires an entity to present, either on the face of the statement of income or separately in the notes to the financial statements, the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income, if those amounts are required to be reclassified to net income in their entirety in the same reporting period. For other amounts not required to be reclassified to net income in their entirety, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. The guidance was effective for the Company in the first quarter of fiscal 2014. The adoption did not have a material impact on the Company's financial condition, results of operations and cash flows.

FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," in July 2013. This update provides guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists, to eliminate diversity in practice in the presentation of unrecognized tax benefits in those instances. Except in certain circumstances, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. This guidance is effective for the Company in the first quarter of fiscal 2015. The Company is still assessing the impact of the pronouncement.

FASB issued ASU 2014-04, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," in April 2014. Under the new guidance, only disposals representing a strategic shift in a company's operations and financial results should be reported as discontinued operations, with expanded disclosures. In addition, disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify as a discontinued operation is required. This guidance is effective for the Company in the first quarter of fiscal 2016, with early adoption permitted. The Company is still assessing the impact of the pronouncement.

3. License of Intellectual Property

The Company was involved in patent disputes with a counterparty relating to certain intellectual property relevant to extended-release oxymorphone. In December 2013, the counterparty agreed to pay the Company an upfront cash payment of $4.0 million and contractually obligated future payments of $8.0 million through July 2018, in exchange for the withdrawal of all claims associated with the intellectual property and a license to utilize the Company's intellectual property. The Company has completed the earnings process associated with the agreement and recorded an $11.7 million gain, included within gains on divestiture and license, during the six months ended March 28, 2014.

4. Acquisitions

Business Acquisitions

Cadence Pharmaceuticals

On March 19, 2014, the Company acquired all of the outstanding common stock of Cadence Pharmaceuticals, Inc. ("Cadence"), a biopharmaceuticals company focused on commercializing products principally for use in the hospital setting, for total consideration of $14.00 per share in cash, or approximately $1.3 billion. The acquisition was primarily funded through a $1.3 billion senior secured term loan credit facility, as further discussed in Note 11. Cadence's sole product, OFIRMEV® (acetaminophen) injection ("Ofirmev"), is a proprietary intravenous formulation of acetaminophen for the management of mild to moderate pain, the management of moderate to severe pain with adjunctive opioid analgesics and the reduction of fever. The acquisition of Cadence adds a growth product to the Specialty Pharmaceuticals product portfolio and provides the Company an opportunity to expand its reach into the adjacent hospital market, in which Cadence had established a strong presence.

The following amounts represent the preliminary allocation of the fair value of the identifiable assets acquired and liabilities assumed, including preliminary goodwill and intangible assets, and the related deferred tax balances. The Company expects to complete its valuation analysis and finalize deferred tax balances as of the acquisition date no later than the fourth fiscal quarter of 2014. The changes in the purchase price allocation and preliminary goodwill based on the final valuation may include, but are not limited to, changes in deferred income taxes, intangible assets and inventory.

Cash and cash equivalents	$	43.2
Inventory		21.0
Intangible assets		1,300.0
Goodwill		321.9
Other assets, current and non-current [1]		18.0
Deferred tax liabilities, net		(296.6)
Other liabilities, current and non-current [2]		(78.3)
Net assets acquired	$	1,329.2

(1) This amount includes $14.7 million of accounts receivable, which is also the gross contractual value.

(2) This amount includes $30.0 million of pre-existing Cadence debt, which the Company repaid upon completion of the acquisition.

Intangible assets acquired consist of the following:

	Amount	Amortization Period
Completed technology	$ 1,300.0	8 years

The completed technology intangible asset relates to Cadence's sole product, Ofirmev, the rights to which have been in-licensed from Bristol-Myers Squibb Company ("BMS"). The fair value of the intangible asset was determined using the income approach, which is a valuation technique that provides an estimate of the fair value of the asset based on market participant expectations of the cash flows an asset would generate. The cash flows were discounted at an 13.0% rate. For more information on the BMS license agreement, refer to "License Agreement" below. Based on the Company's preliminary estimate, the excess of purchase price over net tangible and intangible assets acquired resulted in goodwill, which represents the assembled workforce, anticipated synergies and the tax-free nature of the transaction. The goodwill is not deductible for U.S. income tax purposes. All assets acquired are included within the Company's Specialty Pharmaceuticals segment.

The condensed consolidated statements of income for both the three and six months ended March 28, 2014 included net sales of $5.3 million and a $9.0 million loss from continuing operations before income taxes. These amounts reflect the operating results and amortization expenses of Cadence since the date of acquisition. Acquisition costs included in the consolidated statements of income for the three and six months ended March 28, 2014 were $17.6 million, and were included within selling, general and administrative expenses in the consolidated statements of income.

The following unaudited pro forma information presents a summary of the combined results of operations of the Company and of Cadence for the three and six months ended March 28, 2014 and March 29, 2013 as if the acquisition had occurred on October 1, 2012, along with certain pro forma adjustments. These pro forma adjustments consist primarily of:

- non-recurring costs related to the step-up in value of acquired inventory and transaction costs related to the acquisition of Cadence;
- increased amortization expense related to the completed technology intangible asset acquired in the acquisition of Cadence;
- increased interest expense to reflect the variable rate term loan and revolving credit facility entered into in connection with the acquisition of Cadence (utilizing the interest rate in effect at March 28, 2014, 3.50%), including interest and amortization of deferred financing costs and original issue discount; and
- the related income tax effects.

The following unaudited pro forma information has been prepared for comparative purposes only and is not necessarily indicative of the results of operations as they would have been had the acquisition occurred on the assumed date, nor is it necessarily an indication of future operating results. In addition, the unaudited pro forma information does not reflect the cost of any integration activities, benefits from any synergies that may be derived from the acquisition or revenue growth that may be anticipated.

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Net sales	$ 588.2	$ 608.9	$ 1,163.7	$ 1,130.1
Net (loss) income	(18.4)	4.4	(2.6)	(35.7)
Basic (loss) earnings per share	$ (0.32)	$ 0.08	$ (0.04)	$ (0.62)
Diluted (loss) earnings per share	(0.31)	0.08	(0.04)	(0.62)

CNS Therapeutics

On October 1, 2012, the Company acquired all the outstanding equity of CNS Therapeutics, Inc. ("CNS Therapeutics"), a specialty pharmaceuticals company focused on developing and commercializing intrathecal products for site-specific administration to the central nervous system to treat neurological disorders and intractable chronic pain, for total consideration of $95.0 million. The total consideration was comprised of an upfront cash payment of $88.1 million (net of cash acquired of $3.6 million) and the fair value of contingent consideration of $6.9 million. This contingent consideration, which could potentially total a maximum of $9.0 million, is discussed further in Note 18. All assets acquired are included within the Company's Specialty Pharmaceuticals segment. The acquisition of CNS Therapeutics expanded the Company's branded pharmaceuticals portfolio and supports the Company's strategy of leveraging its therapeutic expertise and core capabilities in manufacturing, regulatory and commercialization to serve patients. With the acquisition, the Company now offers products for use in the management of severe spasticity of cerebal or spinal origin with a research and development pipeline of an additional presentation and concentration of GABLOFEN® (baclofen injection) ("Gablofen"), as well as other investigational pain products for intrathecal administration.

The condensed consolidated statements of income for the three and six months ended March 28, 2014 contained $7.8 million and $15.4 million, respectively, of net sales of intrathecal products. The condensed combined statements of income for the three and six months ended March 29, 2013 contained $6.8 million and $13.3 million, respectively, of net sales of intrathecal products. Acquisition and integration costs included in the periods presented were not material.

License Agreement

Bristol-Myers Squibb

As part of the Cadence acquisition, the Company acquired the exclusive development and commercialization rights to Ofirmev in the U.S. and Canada, as well as the rights to the patents and technology, which were originally in-licensed by Cadence from BMS in March 2006. BMS sublicensed these rights to Cadence under a license agreement with SCR Pharmatop S.A. ("Pharmatop"), and the Company has the right to grant sublicenses to third parties. Under this license agreement, the Company may be obligated to make future milestone payments of up to $25.0 million upon the achievement of certain levels of net sales. In addition, the Company is obligated to pay royalties on sales of the product.

5. Restructuring and Related Charges

During fiscal 2013, the Company launched a restructuring program designed to improve its cost structure ("the 2013 Mallinckrodt Program"). The 2013 Mallinckrodt Program includes actions across both segments, as well as within corporate functions. The Company expects to incur charges of $100.0 million to $125.0 million under this program as the specific actions required to execute on these initiatives are identified and approved, most of which are expected to be incurred by the end of fiscal 2016.

Prior to Separation, Covidien initiated restructuring programs, which also applied to its Pharmaceuticals business. Restructuring actions associated with acquisitions made prior to the Separation are included within Other programs below. These programs were substantially completed as of September 27, 2013.

Net restructuring and related charges by segment were as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Specialty Pharmaceuticals	$ 2.7	$ 5.9	$ 2.7	$ 6.6
Global Medical Imaging	18.5	1.0	26.6	1.3
Corporate	0.5	—	0.5	—
Restructuring and related charges, net	21.7	6.9	29.8	7.9
Less: accelerated depreciation	—	(0.5)	(0.1)	(1.3)
Restructuring charges, net	$ 21.7	$ 6.4	$ 29.7	$ 6.6

Net restructuring and related charges were comprised of the following:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
2013 Mallinckrodt Program	$ 22.6	$ —	$ 30.9	$ —
Other programs	(0.9)	6.9	(1.1)	7.9
Total programs	21.7	6.9	29.8	7.9
Less: non-cash charges, including accelerated depreciation	(2.6)	(0.5)	(2.7)	(1.4)
Total charges expected to be settled in cash	$ 19.1	$ 6.4	$ 27.1	$ 6.5

The following table summarizes cash activity for restructuring reserves, substantially all of which related to employee severance and benefits, with the exception of $8.4 million related to consulting costs associated with restructuring initiatives:

	2013 Mallinckrodt Program	Other Programs	Total
Balance at September 27, 2013	$ 14.9	$ 10.6	$ 25.5
Charges	30.0	0.8	30.8
Changes in estimate	(1.7)	(2.0)	(3.7)
Cash payments	(10.9)	(5.3)	(16.2)
Currency translation and other	(0.3)	0.1	(0.2)
Balance at March 28, 2014	$ 32.0	$ 4.2	$ 36.2

Net restructuring and related charges, including associated asset impairments, incurred cumulative to date related to the 2013 Mallinckrodt Program were as follows:

Specialty Pharmaceuticals	$ 5.2
Global Medical Imaging	36.3
Corporate	4.3
	$ 45.8

Substantially all of the restructuring reserves were included in accrued and other current liabilities on the Company's unaudited condensed consolidated balance sheets.

6. Income Taxes

The Company recognized an income tax benefit of $20.3 million on loss from continuing operations before income taxes of $8.6 million for the three months ended March 28, 2014 and income tax expense of $19.0 million on income from continuing operations before income taxes of $53.5 million for the three months ended March 29, 2013. Income tax benefit was $3.7 million on income from continuing operations before income taxes of $54.4 million for the six months ended March 28, 2014 and $36.1 million on income from continuing operations before income taxes of $90.4 million for the six months ended March 29, 2013.

The effective tax rates were impacted by the Cadence acquisition and the Separation. The rates for the three and six months ended March 28, 2014 are most notably impacted by the inclusion of a $20.7 million tax benefit associated with the Cadence acquisition, including financing and acquisition costs and amortization of the acquired intangible asset. With regard to the Separation, during the three months ended March 28, 2014, the Company received a $0.4 million tax benefit on $2.6 million of separation costs compared with a $1.0 million tax benefit on $14.4 million of separation costs for the three months ended March 29, 2013. During the six months ended March 28, 2014, the Company received a $1.1 million tax benefit on $4.8 million of separation costs compared with a $1.3 million tax benefit on $26.4 million of separation costs for the six months ended March 29, 2013. These impacts on the effective tax rate for the three and six months ended March 28, 2014 were magnified by the level of income (loss) from continuing operations before income taxes. Furthermore, the Company's effective tax rate for the six months ended March 29, 2013 reflected the business as historically managed by Covidien, rather than as an independent, publicly-traded company.

The acquisition of Cadence resulted in a preliminary net deferred tax liability increase of $296.6 million. Significant components of this increase include $499.6 million of deferred tax liability associated with the Ofirmev intangible asset, $196.2 million of deferred tax asset associated with federal and state net operating losses, $5.8 million of deferred tax assets associated with federal and state tax credits, and a $7.3 million valuation allowance related to the uncertainty of the utilization of certain deferred tax assets.

The Company's unrecognized tax benefits, excluding interest, totaled $105.0 million at March 28, 2014 and $100.1 million at September 27, 2013. The net increase of $4.9 million primarily resulted from increases to prior period tax positions of $11.5 million and current year activity of $1.4 million, partially offset by reductions to unrecognized tax benefits as a result of settlements of $0.2 million and the lapse of the applicable statutes of limitation of $7.8 million. Included within the $105.0 million of total unrecognized tax benefits at March 28, 2014, there are $101.2 million of unrecognized tax benefits which if favorably settled would benefit the effective tax rate. The total amount of accrued interest related to these obligations was $56.1 million at March 28, 2014 and $62.1 million at September 27, 2013.

It is reasonably possible that within the next twelve months, as a result of the resolution of various federal, state and foreign examinations and appeals and the expiration of various statutes of limitation, that the unrecognized tax benefits will decrease by up to $44.9 million and the amount of interest and penalties will decrease by up to $26.4 million.

7. Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income by the number of weighted-average shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average shares outstanding and, if dilutive, potential ordinary shares outstanding during the period. Potential ordinary shares represents the incremental ordinary shares issuable for restricted share units and share option exercises. The Company calculates the dilutive effect of outstanding restricted share units and share options on earnings (loss) per share by application of the treasury stock method.

The computations of basic and diluted earnings (loss) per share assumes that the number of shares outstanding for periods prior to June 28, 2013 was equal to the number of ordinary shares of Mallinckrodt outstanding on June 28, 2013, immediately following the distribution of one ordinary share of Mallinckrodt for every eight ordinary shares of Covidien. The dilutive effect of the Company's share-based awards that were issued as a result of the conversion of Covidien share-based awards with the Separation, the initial equity awards granted to certain of the Company's executives on July 1, 2013 and any other Company grants made since the Separation have been included in the computation of diluted earnings per share for the three and six months ended March 28, 2014, weighted appropriately for the portion of the period they were outstanding.

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Weighted-average shares for basic earnings (loss) per share	58.2	57.7	58.0	57.7
Effect of share options and restricted shares	0.9	—	0.7	—
Weighted-average shares for diluted earnings (loss) per share	59.1	57.7	58.7	57.7

The computation of diluted earnings per share for the three and six months ended March 28, 2014 includes all equity awards, as no awards were considered to be anti-dilutive.

8. Inventories

Inventories were comprised of the following at the end of each period:

	March 28, 2014	September 27, 2013
Raw materials and supplies	$ 85.7	$ 68.8
Work in process	194.9	191.5
Finished goods	164.1	142.8
	$ 444.7	$ 403.1

9. Property, Plant and Equipment

The gross carrying amount and accumulated depreciation of property, plant and equipment at the end of each period was as follows:

	March 28, 2014	September 27, 2013
Property, plant and equipment, gross	$ 1,918.3	$ 1,873.7
Less: accumulated depreciation	(920.8)	(876.3)
Property, plant and equipment, net	$ 997.5	$ 997.4

Depreciation expense for property, plant and equipment was $26.1 million and $24.4 million during the three months ended March 28, 2014 and March 29, 2013, respectively and $52.4 million and $49.2 million during the six months ended March 28, 2014 and March 29, 2013, respectively. Depreciation expense included depreciation on demonstration equipment of $0.9 million and $0.9 million for the three months ended March 28, 2014 and March 29, 2013, respectively, and $2.0 million and $1.7 million for the six months ended March 28, 2014 and March 29, 2013, respectively. Demonstration equipment was included within other assets on the unaudited condensed consolidated balance sheets.

10. Goodwill and Intangible Assets

The carrying amount of goodwill by segment for the periods presented was as follows:

	Specialty Pharmaceuticals	Global Medical Imaging	Total
Goodwill at September 27, 2013	$ 312.3	$ 219.7	$ 532.0
Acquisitions	321.9	—	321.9
Goodwill at March 28, 2014	$ 634.2	$ 219.7	$ 853.9

The gross carrying amount and accumulated amortization of intangible assets at the end of each period were as follows:

	March 28, 2014		September 27, 2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable:				
Completed technology	$ 1,749.2	$ 212.8	$ 449.2	$ 196.6
Licenses	201.1	85.5	191.1	79.3
Trademarks	7.9	3.9	7.9	3.8
Other	7.2	1.8	—	—
Total	$ 1,965.4	$ 304.0	$ 648.2	$ 279.7
Non-Amortizable:				
Trademarks	$ 35.0		$ 35.0	
In-process research and development	18.6		18.6	
Total	$ 53.6		$ 53.6	

On March 19, 2014, the Company completed its acquisition of Cadence. With this acquisition, the Company acquired a $1.3 billion completed technology intangible asset relating to Cadence's sole product, Ofirmev, the rights to which have been in-licensed from BMS. For more information on the intangible asset, acquisition and BMS license agreement, refer to Note 4.

In March 2014, the Company obtained approval from the U.S. Food and Drug Administration ("FDA") for XARTEMIS™ XR (oxycodone HCl and acetaminophen) extended-release tablets (CII), resulting in a milestone payment of $10.0 million. In January 2014, the Company purchased royalty rights associated with EXALGO® (hydromorphone HCl) extended-release tablets (CII) for $7.2 million.

Intangible asset amortization expense was $15.5 million and $8.8 million during the three months ended March 28, 2014 and March 29, 2013, respectively, and $24.3 million and $17.7 million during the six months ended March 28, 2014 and March 29, 2013, respectively. The estimated aggregate amortization expense on intangible assets owned by the Company is expected to be as follows:

Remainder of fiscal 2014	$ 103.1
Fiscal 2015	200.7
Fiscal 2016	198.8
Fiscal 2017	197.4
Fiscal 2018	188.7

11. Debt

Debt was comprised of the following at the end of each period:

	March 28, 2014	September 27, 2013
Current maturities of long-term debt:		
Term loan	$ 9.8	$ —
Capital lease obligation	1.4	1.4
Loan payable	—	0.1
Total current debt	11.2	1.5
Long-term debt:		
Term loan	1,287.0	—
3.50% notes due April 2018	300.0	299.9
9.50% debentures due May 2022	10.4	10.4
8.00% debentures due March 2023	8.0	8.0
4.75% notes due April 2023	598.2	598.2
Capital lease obligation	1.1	1.8
Total long-term debt	2,204.7	918.3
Total debt	$ 2,215.9	$ 919.8

In March 2014, in connection with the acquisition of Cadence, Mallinckrodt International Finance S.A. ("MIFSA") and Mallinckrodt CB LLC ("MCB"), each a subsidiary of the Company, entered into senior secured credit facilities consisting of a $1.3 billion term loan facility due 2021 ("the Term Loan") and a $250.0 million revolving credit facility due 2019 ("the Revolver") (collectively, "the Facilities"). The Facilities are fully and unconditionally guaranteed by Mallinckrodt plc, certain of its direct or indirect wholly-owned U.S. subsidiaries and each of its direct or indirect wholly-owned subsidiaries that owns directly or indirectly any such wholly-owned U.S. subsidiary (collectively, "the Guarantors"). The Facilities are secured by a security interest in certain assets of MIFSA, MCB and the Guarantors. The Facilities contain customary affirmative and negative covenants, which include, among other things, restrictions on the Company's ability to declare or pay dividends, create liens, incur additional indebtedness, enter into sale and lease-back transactions, make investments, dispose of assets and merge or consolidate with any other person. In addition, the Revolver contains a financial covenant that may limit the Company's total net leverage ratio, which is defined as the ratio of (i) the Company's consolidated debt, less any unrestricted cash and cash equivalents, to (ii) the Company's adjusted consolidated EBITDA, as defined in the credit agreement. The Facilities bear interest at LIBOR plus a margin based on the Company's total net leverage ratio, and the Term Loan is subject to a minimum LIBOR level of 0.75%. Interest payment dates are variable based on the LIBOR rate utilized, but the Company generally expects interest to be payable every 90 days. The Term Loan requires quarterly principal amortization payments in an amount equal to 0.25% of the original principal amount of the Term Loan payable on the last day of each calendar quarter, commencing on June 30, 2014, with the remaining balance payable on the due date, March 19, 2021. The Company incurred an original issue discount of 0.25%, or $3.3 million, associated with the Term Loan. The Revolver contains a $150.0 million letter of credit provision, of which none had been issued as of March 28, 2014. Unused commitments on the Revolver are subject to an annual commitment fee determined by reference to the Company's public debt rating, which was 0.375% as of March 28, 2014, and the fee applied to outstanding letters of credit is based on the interest rate applied to borrowings. As of March 28, 2014, the applicable interest rate on outstanding borrowings under the Revolver would have been approximately 3.00%; however, there were no outstanding borrowings. As of March 28, 2014, the applicable interest rate for the Term Loan was 3.50% and outstanding borrowings totaled $1.3 billion.

In conjunction with entering into the Revolver in March 2014, MIFSA terminated the $250.0 million five-year senior unsecured revolving credit facility entered into in March 2013.

In April 2013, MIFSA issued and sold in a private placement $300.0 million aggregate principal amount of 3.50% senior unsecured notes due April 2018 and $600.0 million aggregate principal amount of 4.75% senior unsecured notes due April 2023 (collectively, "the Notes"). In connection with the initial offering, MIFSA entered into a registration rights agreement with the initial purchasers in which MIFSA agreed, among other things, to register the Notes with the SEC within one year of the issuance of the Notes. On January 16, 2014, MIFSA filed the registration statement, which was declared effective on March 5, 2014, and the bonds were exchanged in accordance with the registration statement. The Notes are subject to an indenture which contains customary affirmative and negative covenants. Mallinckrodt plc has fully and unconditionally guaranteed the Notes on an unsecured and unsubordinated basis. MIFSA pays interest on the Notes semiannually in arrears on April 15 and October 15 of each year.

As of March 28, 2014, the Company was, and expects to remain, in compliance with the provisions and covenants associated with the Term Loan, the Revolver, the Notes and its other debt agreements.

12. Retirement Plans

The net periodic benefit cost for the Company's defined benefit pension plans was as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Service cost	$ 1.2	$ 1.2	$ 2.5	$ 2.4
Interest cost	5.0	4.5	9.9	9.1
Expected return on plan assets	(6.1)	(7.3)	(12.2)	(14.7)
Amortization of net actuarial loss	2.1	3.0	4.2	6.0
Amortization of prior service (credit) cost	(0.2)	0.2	(0.3)	0.3
Plan settlements	0.3	—	0.3	—
Net periodic benefit cost	$ 2.3	$ 1.6	$ 4.4	$ 3.1

The net periodic benefit credit for the Company's postretirement benefit pension plans for the three months ended March 28, 2014 and March 29, 2013 was $1.8 million and $1.5 million, respectively, and $3.6 million and $3.1 million for the six months ended March 28, 2014 and March 29, 2013, respectively. The components of the credit were not material.

During the six months ended March 29, 2013, Covidien made a $37.5 million voluntary contribution to the Company's pension plans. The Company may elect to make voluntary contributions to its defined benefit pension plans or its postretirement benefit plans during fiscal 2014.

13. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income were as follows:

	Currency Translation	Unrecognized Gain (Loss) on Derivatives	Unrecognized Gain (Loss) on Benefit Plans	Accumulated Other Comprehensive Income
Balance at September 27, 2013	$ 158.6	$ (7.3)	$ (42.8)	$ 108.5
Other comprehensive loss before reclassifications	(2.0)	—	—	(2.0)
Amounts reclassified from accumulated other comprehensive income	—	0.2	(0.3)	(0.1)
Net current period other comprehensive (loss) income	(2.0)	0.2	(0.3)	(2.1)
Balance at March 28, 2014	$ 156.6	$ (7.1)	$ (43.1)	$ 106.4

The following summarizes reclassifications out of accumulated other comprehensive income for the three and six months ended March 28, 2014:

	Amount Reclassified from Accumulated Other Comprehensive Income		Line Item in the Unaudited Condensed Consolidated Statement of Income
	Three Months Ended March 28, 2014	Six Months Ended March 28, 2014	
Amortization of unrealized gain on derivatives	$ 0.1	$ 0.3	Interest expense
Income tax provision	—	(0.1)	Provision for income taxes
Net of income taxes	0.1	0.2	
Amortization of pension and post-retirement benefit plans:			
Net actuarial loss	2.1	4.2	(1)
Prior service credit	(2.4)	(4.9)	(1)
Plan settlements	0.3	0.3	(1)
Total before tax	—	(0.4)	
Income tax provision	—	0.1	Provision for income taxes
Net of income taxes	—	(0.3)	
Total reclassifications for the period	$ 0.1	$ (0.1)	

(1) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost. See Note 12 for additional details.

14. Transactions with Former Parent Company

Prior to the completion of the Separation on June 28, 2013, the Company was part of Covidien and, as such, transactions between Covidien and the Company were considered related party transactions. These intercompany transactions were included in the unaudited condensed combined financial statements for the three and six months ended March 29, 2013, and were considered to be effectively settled for cash at the time the transactions were recorded. The continuing relationship between Covidien and the Company is primarily governed through agreements entered into as part of the Separation, including a separation and distribution agreement, a tax matters agreement and a transition services agreement. These agreements were filed with the SEC as Exhibits 2.1, 10.1 and 10.3, respectively, to the Company's Current Report on Form 8-K filed on July 1, 2013. For further discussion on these agreements and other historical related party transactions, refer to the Company's Annual Report on Form 10-K filed with the SEC on December 13, 2013.

Sales and Purchases

During the three months ended March 28, 2014 and March 29, 2013, the Company sold inventory to Covidien in the amount of $11.1 million and $11.8 million, respectively, which is included in net sales in the unaudited condensed consolidated and combined statements of income. During the six months ended March 28, 2014 and March 29, 2013, the Company sold inventory to Covidien in the amount of $23.2 million and $25.9 million, respectively. The Company also purchases inventories from Covidien. The Company recognized cost of sales from these inventory purchases of $9.3 million and $9.1 million during the three months ended March 28, 2014 and March 29, 2013 and $19.3 million and $22.0 million during the six months ended March 28, 2014 and March 29, 2013, respectively.

Allocated Expenses

As discussed in Note 1, the unaudited condensed combined financial statements for the three and six months ended March 29, 2013 included expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and share-based compensation. These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. The amounts allocated were $13.6 million and $25.5 million during the three and six months ended March 29, 2013, and were included within selling, general and administrative expenses.

Balance Sheet Impacts

Subsequent to the Separation, the Company and Covidien maintain an ongoing relationship in which each party may provide services to the other party, including the distribution of goods. As a result of these relationships, the unaudited condensed consolidated balance sheets as of March 28, 2014 and September 27, 2013 included $64.5 million and $62.2 million, respectively, of amounts due to the Company from Covidien, within prepaid expenses and other current assets, and $74.3 million and $79.3 million, respectively, of amounts the Company owes Covidien, included within accrued and other liabilities.

15. Guarantees

In disposing of assets or businesses, the Company has historically provided representations, warranties and indemnities to cover various risks and liabilities, including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities related to periods prior to disposition. The Company assesses the probability of potential liabilities related to such representations, warranties and indemnities and adjusts potential liabilities as a result of changes in facts and circumstances. The Company believes, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

In connection with the sale of the Specialty Chemicals business (formerly known as Mallinckrodt Baker) in fiscal 2010, the Company agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to certain environmental, health and safety matters have a term of 17 years from the sale, while some of the other indemnification obligations have an indefinite term. The amount of the liability relating to all of these indemnification obligations included in other liabilities on the Company's unaudited condensed consolidated balance sheets as of March 28, 2014 and September 27, 2013 was $16.8 million and $20.1 million, respectively, of which $13.9 million and $17.2 million, respectively, related to environmental, health and safety matters. The value of the environmental, health and safety indemnity was measured based on the probability-weighted present value of the costs expected to be incurred to address environmental, health and safety claims made under the indemnity. The aggregate fair value of these indemnification obligations did not differ significantly from their aggregate carrying value at March 28, 2014 and September 27, 2013. As of March 28, 2014, the maximum future payments the Company could be required to make under these indemnification obligations was $71.4 million. The Company was required to pay $30.0 million into an escrow account as collateral to the purchaser, of which $19.4 million and $23.5 million remained in other assets on the unaudited condensed consolidated balance sheets at March 28, 2014 and September 27, 2013, respectively.

The Company has recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in Note 16. In addition, the Company is liable for product performance; however, the Company believes, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

The Company is required to provide the U.S. Nuclear Regulatory Commission financial assurance demonstrating its ability to fund the decommissioning of its Maryland Heights, Missouri radiopharmaceuticals production facility upon closure, though the Company does not intend to close this facility. The Company has provided this financial assurance in the form of a $58.0 million surety bond.

In addition, as of March 28, 2014, the Company had a $21.1 million letter of credit to guarantee decommissioning costs associated with its Saint Louis, Missouri plant. As of March 28, 2014, the Company had various other letters of credit and guarantee and surety bonds totaling $30.7 million.

In addition, the separation and distribution agreement entered into with Covidien at the Separation provides for cross-indemnities principally designed to place financial responsibility of the obligations and liabilities of the Company's business with the Company and financial responsibility for the obligations and liabilities of Covidien's remaining business with Covidien, among other indemnities.

16. Commitments and Contingencies

The Company is subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described below. The Company believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, the Company believes, unless indicated below, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

Governmental Proceedings

On November 30, 2011 and October 22, 2012, the Company received subpoenas from the U.S. Drug Enforcement Administration requesting production of documents relating to its suspicious order monitoring programs. The Company is complying as required by the terms of the subpoenas. While it is not possible at this time to determine with certainty the outcome of these proceedings, the Company believes, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

Patent/Antitrust Litigation

Tyco Healthcare Group LP, et al. v. Mutual Pharmaceutical Company, Inc. The Company filed a patent infringement suit in the U.S. District Court for the District of New Jersey against Mutual Pharmaceutical Co., Inc., et al. (collectively, "Mutual") on March 20, 2007 pursuant to procedures set out in the Drug Price Competition and Patent Term Restoration Act of 1984, after Mutual submitted an Abbreviated New Drug Application ("ANDA") to the FDA seeking to sell a generic version of the Company's 7.5mg RESTORIL™ sleep aid product. Mutual also filed antitrust and unfair competition counterclaims. The patents at issue have since expired or been found invalid. On January 18, 2013, the trial court issued an opinion and order granting the Company's motion for summary judgment regarding Mutual's antitrust and unfair competition counterclaims. On May 1, 2013, Mutual appealed this decision to the U.S. Court of Appeals for the Federal Circuit and oral arguments were heard on February 6, 2014. While it is not possible at this time to determine with certainty the ultimate outcome of the counterclaims, the Company believes, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

'222 and '218 Patent Litigation: Exela Pharma Sciences, LLC and Perrigo Company. In August 2011, Cadence, a subsidiary of the Company, and Pharmatop, the owner of the two U.S. patents and two Canadian patents licensed exclusively by Cadence, filed suit in the U.S. District Court for the District of Delaware against Exela Pharma Sciences, LLC, Exela PharmaSci, Inc. and Exela Holdings, Inc. (collectively, "Exela") and Perrigo Company, and its subsidiary, Paddock Laboratories, LLC (collectively, "Perrigo"). In the lawsuit, Cadence alleged that Exela and Perrigo infringed U.S. Patent Nos. 6,028,222 ("the '222 patent") and 6,992,218 ("the '218 patent") by filing their ANDAs seeking approval from the FDA to market a generic version of Ofirmev prior to the expiration of these patents. The '222 and '218 patents are listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. The patent infringement lawsuit was filed within 45 days of receipt of the pertinent notice letter, thereby triggering a stay of FDA approval of the Exela and Perrigo ANDAs until the earlier of the expiration of a 30-month period, the expiration of the '222 and '218 patents, the entry of a settlement order or consent decree stating that the '222 and '218 patents are invalid or not infringed, a decision in the case concerning infringement or validity that is favorable to Exela, or such shorter or longer period as the court may order. Exela filed an answer in the case that asserted, among other things, non-infringement and invalidity of the asserted patents, as well as certain counterclaims.

In November 2012, Cadence entered into a settlement agreement and a license agreement with Perrigo to settle similar litigation. The settlement agreement includes a stipulation by the parties requesting dismissal with prejudice of the lawsuit filed by Cadence relating to the ANDA filed by Perrigo. Under the terms of the license agreement, Cadence granted to the holder of the Perrigo ANDA and its affiliates the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under the Perrigo ANDA beginning December 6, 2020, or earlier under certain circumstances. The license agreement also provides that Perrigo has been granted the exclusive right of first refusal to negotiate an agreement with Cadence to market an authorized generic version of Ofirmev (i.e., a generic version marketed under Cadence's New Drug Application ("NDA")) in the U.S., in the event that Cadence elects to launch an authorized generic version of the product.

A bench trial for the lawsuit with Exela was held and the court ruled in favor of Cadence in November 2013 and found Exela's ANDA for a generic version of Ofirmev infringed the '222 and '218 patents. An appeal of the decision in favor of Cadence was filed by Exela on December 20, 2013. While it is not possible at this time to determine with certainty the ultimate outcome of the case, an adverse outcome could result in the launch of one or more generic versions of Ofirmev before the expiration of the last of the listed patents in June 2021 (or December 2021 if pediatric exclusivity is granted), could adversely affect the Company's ability to successfully maximize the value of Ofirmev and have an adverse effect on its financial condition, results of operations and cash flows.

'222 and '218 Patent Litigation: Fresenius Kabi USA, LLC, Sandoz, Inc. and Wockhardt USA LLC. In January 2013 and February 2013, respectively, Cadence filed suits in the U.S. District Court for the Southern District of California against Fresenius Kabi USA, LLC ("Fresenius") and Sandoz, Inc. ("Sandoz"), following receipt of December 2012 notices from each company concerning their submissions of a NDA and an ANDA containing Paragraph IV patent certifications with the FDA for generic versions of Ofirmev. In October 2013, Cadence filed a motion to amend its complaint against Sandoz to join Sandoz AG, Neogen International N.V., APC Pharmaceuticals, LLC, and DIACO S.p.A. (collectively, "the Sandoz Parties") to the lawsuit against Sandoz due to the involvement of each of these companies with the preparation of the Sandoz ANDA and related matters.

In the lawsuits against Fresenius and the Sandoz Parties, which were coordinated for purposes of discovery and other pretrial proceedings in the Southern District of California, Cadence alleged that Fresenius and the Sandoz Parties each infringed the '222 and '218 patents by filing a NDA, in the case of Fresenius, or an ANDA, in the case of the Sandoz Parties, seeking approval from the FDA to market a generic version of Ofirmev prior to the expiration of these patents. Both Fresenius and the Sandoz Parties filed answers in the Southern District of California asserting, among other things, non-infringement and invalidity of the asserted patents, as well as certain counterclaims. Both the Fresenius and Sandoz lawsuits were filed within 45 days of receipt of the respective notice letters, thereby triggering a stay of FDA approval of the Fresenius NDA and the Sandoz ANDA until the earlier of the expiration of a 30-month period, the expiration of the '222 and '218 patents, the entry of a settlement order or consent decree stating that the '222 and '218 patents are invalid or not infringed, a decision in the case concerning infringement or validity that is favorable to Fresenius and/or the Sandoz Parties, or such shorter or longer period as the court may order.

In January 2014, Cadence entered into a settlement agreement and a binding term sheet for a license agreement with the Sandoz Parties. The settlement agreement includes a stipulation by the parties requesting dismissal with prejudice of the lawsuit filed by the Company relating to the ANDA filed by Sandoz. Under the terms of the license, Cadence granted to the holder of the Sandoz ANDA and its affiliates the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under the Sandoz ANDA beginning December 6, 2020, or earlier under certain circumstances. Cadence also agreed that in the event that it determines to launch an authorized generic version of Ofirmev (i.e., a generic version marketed under its NDA) in the U.S. and Perrigo elects not to exercise its right of first refusal to become the distributor of the authorized generic version of the product, Cadence will grant a similar right of first refusal to the holder of the Sandoz ANDA on substantially the same terms as those previously granted to Perrigo. Litigation remains ongoing against Fresenius, and the bench trial for such lawsuit is tentatively scheduled to commence in July 2014.

In December 2013, Cadence received a notice from Wockhardt USA LLC ("Wockhardt"), stating that Wockhardt filed an ANDA containing a Paragraph IV patent certification with the FDA for a generic version Ofirmev. This notice stated that the Paragraph IV patent certification was made with respect to both the '222 patent and the '218 patent. Cadence filed suit against Wockhardt Limited, Wockhardt BIO AG and Wockhardt in January 2014 in the U.S. District Court of Delaware and in the U.S. District Court of New Jersey. In March 2014, Cadence entered into a settlement agreement and a license agreement with Wockhardt. The settlement agreement includes a stipulation by the parties requesting dismissal with prejudice of the lawsuit filed by Cadence relating the ANDA filed by Wockhardt. Under the terms of the license agreement, Cadence granted to the holder of Wockhardt ANDA and its affiliates the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under the Wockhardt ANDA beginning December 6, 2020, or earlier under certain circumstances.

The Company intends to vigorously enforce its intellectual property rights relating to Ofirmev to prevent the marketing of infringing generic products prior to the expiration of the Cadence patents. The '222 patent expires in August 2017 (or February 2018 if pediatric exclusivity is granted) and the '218 patent expires in June 2021 (or December 2021 if pediatric exclusivity is granted). While it is not possible at this time to determine with certainty the ultimate outcome of the cases, an adverse outcome could result in the launch of one or more generic versions of Ofirmev before the expiration of the last of the listed patents, which could adversely affect the Company's ability to successfully maximize the value of Ofirmev and have an adverse effect on its financial condition, results of operations and cash flows.

'222 and '218 Patents: Ex Parte Reexamination. In September 2012, Exela filed with the U.S. Patent and Trademark Office ("USPTO") a Request for Ex Parte Reexamination of the '222 patent. In December 2012, Cadence received notice that the USPTO had granted the Request for Reexamination. The reexamination process is provided for by law and requires the USPTO to consider the scope and validity of the patent based on substantial new questions of patentability raised by a third party or the USPTO. In February 2013, Cadence and Pharmatop filed with the USPTO a patent owner's statement commenting on the reexamination request, and in April 2013, Exela filed comments in response to the patent owner's statement. In a non-final, initial office action issued by the USPTO in August 2013, the USPTO rejected certain claims of the '222 patent. A response to the first office action was filed in November 2013. A supplemental amendment and response was filed in February 2014 and a next office action was issued in March 2014.

In addition, in January 2014, an unidentified third party filed with the USPTO a Request for Ex Parte Reexamination of the '218 patent. The reexamination request was granted on March 14, 2014.

All of the claims of the '222 and '218 patents remain valid and in force during the reexamination proceedings. Because Cadence and Pharmatop believe that the scope and validity of the patent claims in these patents are appropriate and that the USPTO's prior issuances of the patents were correct, the Company, in conjunction with Cadence and Pharmatop, will vigorously defend these patents. It is not possible at this time to determine with certainty whether Cadence and Pharmatop ultimately will succeed in maintaining the scope and validity of the claims of these patents during reexamination. If any of the patent claims in these patents ultimately are narrowed during prosecution before the USPTO, the extent of the patent coverage afforded to Ofirmev could be impaired, which could have an adverse effect on the Company's financial condition, results of operations and cash flows.

'218 Patent Litigation: Exela Pharma Sciences, LLC. In April 2012, Exela filed suit against David J. Kappos and the USPTO in the U.S. District Court for the Eastern District of Virginia for declaratory judgment seeking a reversal of the USPTO's decision not to act on a petition by Exela to vacate the USPTO's April 2003 order reviving the international application for the '218 patent. The lawsuit followed the USPTO's rejection of Exela's petition to the USPTO filed in November 2011, which sought to vacate the April 23, 2003 order granting Pharmatop's petition to revive the '218 patent. The USPTO determined that Exela lacked standing to seek such relief. Exela also seeks declaratory judgment that the USPTO's rules and regulations that allow for revival of abandoned, international patent applications under the "unintentional" standard are invalid, and similar relief in connection with one or more counterclaims it has filed in the Delaware litigation. Cadence's motion to intervene in this lawsuit was granted in October 2012. In December 2012, the district court dismissed the case with prejudice as barred by the applicable statute of limitations. In February 2013, Exela appealed the district court's decision to the Court of Appeals for the Federal Circuit. The Court of Appeals heard oral argument on the appeal in February 2014. A decision by the Court of Appeals in favor of Exela could ultimately result in the invalidation of the '218 patent.

Pricing Litigation

State of Utah v. Actavis US, Inc., et al. The Company, along with numerous other pharmaceuticals companies, are defendants in this matter which was filed May 8, 2008, and is pending in the Third Judicial Circuit of Salt Lake County, Utah. The State of Utah alleges, generally, that the defendants reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs, and is seeking monetary damages and attorneys' fees. The Company believes that it has meritorious defenses to these claims and is vigorously defending against them. While it is not possible at this time to determine with certainty the outcome of the case, the Company believes, given the information currently available, that their ultimate resolution will not have a material adverse effect on its financial condition, results of operations and cash flows.

Environmental Remediation and Litigation Proceedings

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites, including those described below. The ultimate cost of site cleanup and timing of future cash outlays is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations and alternative cleanup methods. The Company concluded that, as of March 28, 2014, it was probable that it would incur remedial costs in the range of $44.9 million to $118.6 million. The Company also concluded that, as of March 28, 2014, the best estimate within this range was $68.0 million, of which $4.3 million was included in accrued and other current liabilities and the remainder was included in environmental liabilities on the unaudited condensed consolidated balance sheet at March 28, 2014.

Crab Orchard National Wildlife Refuge Superfund Site, near Marion, Illinois. The Company is a successor in interest to International Minerals and Chemicals Corporation ("IMC"). Between 1967 and 1982, IMC leased portions of the Additional and Uncharacterized Sites ("AUS") Operable Unit at the Crab Orchard Superfund Site ("the Site") from the government and manufactured various explosives for use in mining and other operations. In March 2002, the Department of Justice, the U.S. Department of the Interior and the U.S. Environmental Protection Agency ("EPA") (together, "the Government Agencies") issued a special notice letter to General Dynamics Ordnance and Tactical Systems, Inc. ("General Dynamics"), one of the other potentially responsible parties ("PRPs") at the Site, to compel General Dynamics to perform the remedial investigation and feasibility study ("RI/FS") for the AUS Operable Unit. General Dynamics negotiated an Administrative Order on Consent ("AOC") with the Government Agencies to conduct an extensive RI/FS at the Site under the direction of the U.S. Fish and Wildlife Service. General Dynamics asserted in August 2004 that the Company is jointly and severally liable, along with approximately eight other lessees and operators at the AUS Operable Unit, for alleged contamination of soils and groundwater resulting from historic operations, and has threatened to file a contribution claim against the Company and other parties for recovery of its costs incurred in connection with the RI/FS activities being conducted at the AUS Operable Unit. The Company and other PRPs who received demand letters from General Dynamics have explored settlement alternatives, but have not reached settlement to date. The Company and other PRPs are awaiting completion of the RI/FS by General Dynamics before the initiation of formal PRP negotiations to address resolution of these alleged claims. While it is not possible at this time to determine with certainty the ultimate outcome of this case, the Company believes, given the information currently available, that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on its financial condition, results of operations and cash flows.

Mallinckrodt Veterinary, Inc., Millsboro, Delaware. The Company previously operated a plant in Millsboro, Delaware ("the Millsboro Site") that manufactured various animal healthcare products. In 2005, the Delaware Department of Natural Resources and Environmental Control found trichloroethylene ("TCE") in the Millsboro public water supply at levels that exceeded the federal drinking water standards. Further investigation to identify the TCE plume in the ground water indicated that the plume has extended to property owned by a third party near the Millsboro Site. The Company, and another former owner, assumed responsibility for the Millsboro Site cleanup under the Alternative Superfund Program administered by the EPA. The Company and another PRP have entered into two AOCs with the EPA to perform investigations to abate, mitigate or eliminate the release or threat of release of hazardous substances at the Millsboro Site and to conduct an Engineering Evaluation/Cost Analysis to characterize the nature and extent of the contamination. The Company, along with the other party, continues to conduct the studies and prepare remediation plans in accordance with the AOCs. While it is not possible at this time to determine with certainty the ultimate outcome of this matter, the Company believes, given the information currently available, that the ultimate resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on its financial condition, results of operations and cash flows.

Coldwater Creek, Saint Louis County, Missouri. The Company is named as a defendant in numerous tort complaints filed between February 2012 and April 2014 with numerous plaintiffs pending in the U.S. District Court for the Eastern District of Missouri. These cases allege personal injury for alleged exposure to radiological substances present in Coldwater Creek in Missouri. Plaintiffs lived in various locations in Saint Louis County, Missouri near Coldwater Creek. Radiological residues which may have been present in the creek have been remediated by the U.S. Army Corps of Engineers. The Company believes that it has meritorious defenses to these complaints and is vigorously defending against them. The Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding the plaintiffs and their medical conditions; and (iii) there are significant factual issues to be resolved. While it is not possible at this time to determine with certainty the ultimate outcome of these cases, the Company believes, given the information currently available, that the ultimate resolution of all known claims will not have a material adverse effect on its financial condition, results of operations and cash flows.

Lower Passaic River, New Jersey. The Company and approximately 70 other companies comprise the Lower Passaic Cooperating Parties Group ("the CPG") and are parties to a May 2007 AOC with the EPA to perform a RI/FS of the 17-mile stretch known as the Lower Passaic River Study Area ("the River"). The Company's potential liability stems from former operations at Lodi and Belleville, New Jersey. In June 2007, the EPA issued a draft Focused Feasibility Study ("FFS") that considered interim remedial options for the lower 8-miles of the river, in addition to a "no action" option. As an interim step related to the 2007 AOC, the CPG voluntarily entered into an AOC on June 18, 2012 with the EPA for remediation actions focused solely at mile 10.9 of the River. The Company's estimated costs related to the RI/FS and focused remediation at mile 10.9, based on interim allocations, are immaterial and have been accrued.

On April 11, 2014, the EPA issued its revised FFS, with remedial alternatives to address cleanup of the lower 8-mile stretch of the River, which also included a "no action" option. The EPA estimates the cost for the alternatives range from $365.0 million to $3.2 billion. The EPA's preferred approach would involve bank-to-bank dredging of the lower 8-mile stretch of the River and installing an engineered cap at a discounted, estimated cost of $1.7 billion. Based on the issuance of the EPA's revised FFS, the Company recorded a $23.1 million accrual in the second quarter of fiscal 2014 representing the Company's estimate of its allocable share of the joint and several remediation liability resulting from this matter. Despite the issuance of the revised FFS, there are many uncertainties associated with the final agreed upon remediation and the Company's allocable share of the remediation. Given those uncertainties, the amounts accrued may not be indicative of the amounts for which the Company is ultimately responsible and will be refined as events in the remediation process occur.

Products Liability Litigation

Beginning with lawsuits brought in July 1976, the Company is also named as a defendant in personal injury lawsuits based on alleged exposure to asbestos-containing materials. A majority of the cases involve product liability claims based principally on allegations of past distribution of products containing asbestos. A limited number of the cases allege premises liability based on claims that individuals were exposed to asbestos while on the Company's property. Each case typically names dozens of corporate defendants in addition to the Company. The complaints generally seek monetary damages for personal injury or bodily injury resulting from alleged exposure to products containing asbestos. The Company's involvement in asbestos cases has been limited because it did not mine or produce asbestos. Furthermore, in the Company's experience, a large percentage of these claims have never been substantiated and have been dismissed by the courts. The Company has not suffered an adverse verdict in a trial court proceeding related to asbestos claims and intends to continue to defend these lawsuits. When appropriate, the Company settles claims; however, amounts paid to settle and defend all asbestos claims have been immaterial. As of March 28, 2014, there were approximately 11,750 asbestos-related cases pending against the Company.

The Company estimates pending asbestos claims and claims that were incurred but not reported and related insurance recoveries, which are recorded on a gross basis in the unaudited condensed consolidated balance sheets. The Company's estimate of its liability for pending and future claims is based on claims experience over the past five years and covers claims either currently filed or expected to be filed over the next seven years. The Company believes that it has adequate amounts recorded related to these matters. While it is not possible at this time to determine with certainty the ultimate outcome of these asbestos-related proceedings, the Company believes, given the information currently available, that the ultimate resolution of all known and anticipated future claims, after taking into account amounts already accrued, along with recoveries from insurance, will not have a material adverse effect on its financial condition, results of operations and cash flows.

Asset Retirement Obligations

The Company has recorded asset retirement obligations for the estimated future costs primarily associated with legal obligations to decommission facilities within the Global Medical Imaging segment, including the facilities located in Petten, the Netherlands and Maryland Heights, Missouri. Substantially all of these obligations are included in other liabilities on the unaudited condensed consolidated and combined balance sheets. The following table provides a summary of the changes in the Company's asset retirement obligations:

Balance at September 27, 2013	$	50.6
Accretion expense		1.6
Currency translation		0.5
Balance at March 28, 2014	$	52.7

The Company believes, given the information currently available, that any potential payment of such estimated amounts will not have a material adverse effect on its financial condition, results of operations and cash flows.

Industrial Revenue Bonds

The Company exchanged title to $27.4 million of its plant assets in return for an equal amount of Industrial Revenue Bonds ("IRB") issued by Saint Louis County. The Company also simultaneously leased such assets back from Saint Louis County under a capital lease expiring December 2025, the terms of which provide it with the right of offset against the IRBs. The lease also provides an option for the Company to repurchase the assets at the end of the lease for nominal consideration. These transactions collectively result in a ten-year property tax abatement from the date the property is placed in service. Due to right of offset, the capital lease obligation and IRB asset are recorded net in the unaudited condensed consolidated balance sheets. The Company expects that the right of offset will be applied to payments required under these arrangements.

Tax Matters

The income tax returns of the Company and its subsidiaries are periodically examined by various tax authorities. The resolution of these matters is subject to the conditions set forth in the tax matters agreement entered into between the Company and Covidien ("the Tax Matters Agreement"). Covidien has the right to administer, control and settle all U.S. income tax audits for periods prior to the Separation. While it is not possible at this time to determine with certainty the ultimate outcome of these matters, the Company believes, given the information currently available, that established liabilities are reasonable and that the ultimate resolution of these matters will not have a material adverse effect on its financial condition, results of operations and cash flows.

With respect to certain tax returns filed by predecessor affiliates of the Company and Covidien, the U.S. Internal Revenue Service ("IRS") has concluded its field examination for the years 1997 through 2000 and has proposed tax adjustments. Several of the proposed adjustments could also affect both Covidien's and the Company's income tax returns for years after 2000. Certain of the IRS's proposed adjustments have been appealed, and all but one of the matters associated with the proposed tax adjustments have been resolved. The unresolved proposed adjustment asserts that substantially all of the predecessor affiliates' intercompany debt originating during the years 1997 through 2000 should not be treated as debt for U.S. federal income tax purposes, and has disallowed interest deductions related to the intercompany debt and certain tax attribute adjustments recognized on the U.S. income tax returns. This matter is subject to the Company's $200.0 million liability limitation for periods prior to September 29, 2012, as prescribed in the Tax Matters Agreement. While it is not possible at this time to determine with certainty the ultimate outcome of this matter, the Company believes, given the information available to it today, that it will not have a material adverse effect on its financial condition, results of operations and cash flows.

Acquisition-Related Litigation

Nine purported class action lawsuits have been filed in February 2014 and March 2014 by purported holders of Cadence common stock in connection with the Company's acquisition of Cadence, six in the Delaware Court of Chancery (consolidated under the caption *In re Cadence Pharmaceuticals, Inc. Stockholders Litigation*), and three in California State Court, San Diego County (*Denny v. Cadence Pharmaceuticals, Inc., et al., Militello v. Cadence Pharmaceuticals, Inc., et al.*, and *Schuon v. Cadence Pharmaceuticals, Inc., et al.)*. The actions bring claims against, and generally allege that, the board of directors of Cadence breached their fiduciary duties in connection with the acquisition by, among other things, failing to maximize shareholder value, and the Delaware and *Schuon* actions further allege that Cadence omitted to disclose allegedly material information in its Schedule 14D-9. The lawsuits also allege, among other things, that the Company aided and abetted the purported breaches of fiduciary duty. The lawsuits seek various forms of relief, including but not limited to, rescission of the transaction, damages and attorneys' fees and costs. On March 7, 2014, following expedited discovery, the parties in the consolidated Delaware action entered into a Memorandum of Understanding ("the MOU"), which sets forth the parties' agreement in principle for a settlement of those actions. The settlement contemplated by the MOU will include, among other things, a release of all claims relating to the Company's acquisition of Cadence as set forth in the MOU. The settlement is subject to a number of conditions, including, among other things, final court approval following notice to the class. There have been no substantive proceedings in any of the California actions. While it is not possible at this time to determine with certainty the ultimate outcomes of these matters, the Company believes, given the information available to it today, that they will not have a material adverse effect on its financial condition, results of operations and cash flows.

Eight purported class action lawsuit were filed in April 2014 in the California State Court, Orange County by purported holders of Questcor Pharmaceuticals, Inc. ("Questcor") common stock in connection with the Company's proposed acquisition of Questcor *(Hansen v. Thompson, et al., Heng v. Questcor Pharmaceuticals, Inc., et al., Buck v. Questcor Pharmaceuticals, Inc., et al., Yokem v. Questcor Pharmaceuticals, Inc., et al., Ellerbeck v. Questcor Pharmaceuticals, Inc., et al., Richter v. Questcor Pharmaceuticals, Inc., et al., Tramantano v. Questcor Pharmaceuticals, Inc., et al.*, and *Crippen v. Questcor Pharmaceuticals, Inc., et al.)*. The actions bring claims against, and generally allege that, the board of directors of Questcor breached their fiduciary duties in connection with the acquisition by, among other things, agreeing to sell Questcor for inadequate consideration and pursuant to an inadequate process. Some of the lawsuits also allege, among other things, that the Company aided and abetted the purported breaches of fiduciary duty. The lawsuits seek various forms of relief, including but not limited to, an order enjoining the shareholder vote relating to the acquisition, rescission of the transaction if consummated, damages and attorneys' fees and costs. In addition, plantiffs in a prior-pending derivative litigation, *In re Questcor Pharmaceuticals, Inc. Shareholder Derivative Litigation*, pending in the U.S. District Court for the Central District of California, have filed an application to lift the stay of that action in order to file an amended complaint alleging that the board of directors of Questcor breached their fiduciary duties in connect with the acquisition. While it is not possible at this time to determine with certainty the ultimate outcomes of these matters, the Company believes, given the information available to it today, that they will not have a material adverse effect on its financial condition, results of operations and cash flows. For further information on the Company's proposed acquisition of Questcor, see Note 21.

Other Matters

The Company is a defendant in a number of other pending legal proceedings relating to present and former operations, acquisitions and dispositions. Given the information currently available, the Company does not expect the ultimate resolution of these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial condition, results of operations and cash flows.

17. Derivative Instruments

The Company is exposed to certain risks relating to its business operations. Foreign currency option and forward contracts are used to manage the foreign exchange exposures of operations outside the U.S. Swap contracts on commodities historically have been periodically entered into to manage the price risk associated with forecasted purchases of commodities used in the Company's manufacturing processes. Risks that relate to interest rate exposure are managed by using derivative instruments, such as interest rate lock contracts. Changes in the fair value of the derivative financial instruments are recognized in the Company's earnings unless specific hedge criteria are met.

Foreign Exchange Exposure

The Company has foreign exchange exposure on the translation of the financial statements and on transactions denominated in foreign currencies. The Company's policy allows for the use of various forward and option contracts to manage foreign currency exposures on accounts and notes receivable, accounts payable, intercompany loans, intercompany cash pooling arrangements and forecasted transactions that are denominated in certain foreign currencies. Existing contracts did not meet the necessary criteria to qualify for hedge accounting; accordingly, all associated changes in fair value were recognized in earnings.

The location and amount of the net gain (loss) on foreign exchange forward and option contracts not designated as hedging instruments was recorded as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Cost of sales	$ (0.2)	$ (1.5)	$ (0.4)	$ (2.4)
Selling, general and administrative	0.3	1.2	0.3	2.3
Other (expense) income, net	1.5	—	5.7	—
	$ 1.6	$ (0.3)	$ 5.6	$ (0.1)

Foreign currency losses included within net income for the three and six months ended March 28, 2014 were $4.3 million and $9.3 million, respectively, and for the six months ended March 29, 2013 were $0.5 million. Foreign currency losses for the three months ended March 29, 2013 were immaterial.

The fair value of foreign exchange forward and option contracts were included in the following captions of our unaudited condensed consolidated balance sheets at the end of each period:

	March 28, 2014	September 27, 2013
Prepaid expenses and other current assets	$ 0.6	$ 0.9
Accrued and other current liabilities	0.6	1.4

Commodities Exposure

Prior to the Separation, Covidien entered into gas commodity swap contracts on behalf of the Company, which were accounted for as cash flow hedges. As of March 28, 2014, there were no outstanding gas commodity swap contracts; however, the Company may utilize such contracts in the future to mitigate price risk associated with its forecasted commodity purchases. The amounts of the net losses on these contracts recorded during the three and six months ended March 29, 2013 were as follows:

	Three Months Ended	Six Months Ended
Cost of sales	$ 0.1	$ 0.2
Selling, general and administrative	0.3	0.6
	$ 0.4	$ 0.8

Interest Rate Exposure

MIFSA entered into three forward interest rate lock contracts in March 2013 and April 2013, each with a $300.0 million notional value and designated as cash flow hedges, against the risk of variability in market interest rates in advance of its anticipated issuance of its ten-year fixed rate senior notes due April 2023. Each interest rate lock contract was considered to be highly effective and the $7.6 million loss resulting from their settlements was recorded in accumulated other comprehensive income. As of March 28, 2014, $7.0 million of this loss remains in accumulated other comprehensive income and will be amortized to interest expense over the remaining term of the ten-year notes.

18. Financial Instruments and Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes a three-level fair value hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs used in measuring fair value. The levels within the hierarchy are as follows:

Level 1— observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2— significant other observable inputs that are observable either directly or indirectly; and

Level 3— significant unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

The following tables provide a summary of the significant assets and liabilities that are measured at fair value on a recurring basis at the end of each period:

	March 28, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Debt and equity securities held in rabbi trusts	$ 35.1	$ 22.9	$ 12.2	$ —
Foreign exchange forward and option contracts	0.6	0.6	—	—
	$ 35.7	$ 23.5	$ 12.2	$ —
Liabilities:				
Deferred compensation liabilities	$ 13.7	$ —	$ 13.7	$ —
Contingent consideration	7.0	—	—	7.0
Foreign exchange forward and option contracts	0.6	0.6	—	—
	$ 21.3	$ 0.6	$ 13.7	$ 7.0

	September 27, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Debt and equity securities held in rabbi trusts	$ 35.3	$ 22.6	$ 12.7	$ —
Foreign exchange forward and option contracts	0.9	0.9	—	—
	$ 36.2	$ 23.5	$ 12.7	$ —
Liabilities:				
Deferred compensation liabilities	$ 13.5	$ —	$ 13.5	$ —
Contingent consideration	6.9	—	—	6.9
Foreign exchange forward and option contracts	1.4	1.4	—	—
	$ 21.8	$ 1.4	$ 13.5	$ 6.9

Debt and equity securities held in rabbi trust. Debt securities held in the rabbi trust primarily consist of U.S. government and agency securities and corporate bonds. When quoted prices are available in an active market, the investments are classified as level 1. When quoted market prices for a security are not available in an active market, they are classified as level 2. Equity securities held in the rabbi trust primarily consist of U.S. common stocks, which are valued using quoted market prices reported on nationally recognized securities exchanges.

Foreign exchange forward and option contracts. Foreign currency option and forward contracts are used to economically manage the foreign exchange exposures of operations outside the U.S. Quoted prices are available in an active market; as such, these derivatives are classified as level 1.

Deferred compensation liabilities. The Company maintains a non-qualified deferred compensation plan in the U.S., which permits eligible employees of the Company to defer a portion of their compensation. A recordkeeping account is set up for each participant and the participant chooses from a variety of funds for the deemed investment of their accounts. The measurement funds generally correspond to the funds offered in the Company's U.S. tax-qualified defined contribution retirement plan and the account balance fluctuates with the investment returns on those funds.

Contingent consideration. In October 2012, the Company recorded contingent consideration of $6.9 million upon the acquisition of CNS Therapeutics. This contingent consideration, which could potentially total a maximum of $9.0 million, is primarily based on whether the FDA approves another concentration of Gablofen on or before December 31, 2016. The fair value of the contingent payments was measured based on the probability-weighted present value of the consideration expected to be transferred using a discount rate of 1.0%. There were no changes to the initial estimate of the fair value of the consideration during the six months ended March 28, 2014.

Balance at September 27, 2013	$ 6.9
Accretion expense	0.1
Balance at March 28, 2014	$ 7.0

Financial Instruments Not Measured at Fair Value

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and the majority of other current assets and liabilities approximate fair value because of their short-term nature. The Company classifies cash on hand and deposits in banks, including commercial paper, money market accounts and other investments it may hold from time to time, with an original maturity to the Company of three months or less, as cash and cash equivalents (level 1). The fair value of restricted cash is equivalent to its carrying value of $20.2 million and $24.0 million as of March 28, 2014 and September 27, 2013, respectively (level 1), substantially all of which is included in other assets on the unaudited condensed consolidated balance sheets. The Company's life insurance contracts are carried at cash surrender value, which is based on the present value of future cash flows under the terms of the contracts (level 3). Significant assumptions used in determining the cash surrender value include the amount and timing of future cash flows, interest rates and mortality charges. The fair value of these contracts approximates the carrying value of $68.7 million and $67.7 million at March 28, 2014 and September 27, 2013, respectively. These contracts are included in other assets on the unaudited condensed consolidated balance sheets.

The carrying value of the Company's loan payable approximates fair value due to its short term nature. Since the quoted market prices for the Company's Term Loan, 8.00% and 9.50% debentures are not available in an active market, they are classified as level 2 for purposes of developing an estimate of fair value. The Company's 3.50% notes and 4.75% notes are classified as level 1, as quoted prices are available in an active market for these notes. The following table presents the carrying values and estimated fair values of the Company's long-term debt, excluding capital leases, as of the end of each period:

	March 28, 2014		September 27, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loan payable	$ —	$ —	$ 0.1	$ 0.1
Term loan	1,296.8	1,301.0	—	—
3.50% notes due April 2018	300.0	296.0	299.9	293.7
9.50% debentures due May 2022	10.4	14.2	10.4	14.3
8.00% debentures due March 2023	8.0	10.2	8.0	10.2
4.75% notes due April 2023	598.2	571.6	598.2	568.5

Concentration of Credit and Other Risks

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of accounts receivable. The Company does not require collateral from customers. A portion of the Company's accounts receivable outside the U.S. includes sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies.

The Company routinely evaluates all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. The Company has not incurred any significant losses on government receivables; however, if the financial condition of customers or the countries' healthcare systems continue to deteriorate such that their ability to make payments is uncertain, additional allowances may be required in future periods.

The Company's accounts receivable, net of allowance for doubtful accounts, in Spain and Italy, which the Company has been closely monitoring, at the end of each period were as follows:

	March 28, 2014	September 27, 2013
Spain	$ 9.8	$ 9.2
Italy	10.7	12.6

Net sales to customers in Spain and Italy totaled $12.4 million and $14.1 million for the three months ended March 28, 2014 and March 29, 2013, respectively, and $24.7 million and $26.3 million for the six months ended March 28, 2014 and March 29, 2013, respectively.

The following table shows net sales attributable to distributors that accounted for 10% or more of the Company's total net sales:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Cardinal Health, Inc.	15%	20%	18%	20%
McKesson Corporation	15%	19%	15%	16%
Amerisource Bergen Corporation	10%	6%	11%	7%

The following table shows accounts receivable attributable to distributors that accounted for 10% or more of the Company's gross accounts receivable at the end of each period:

	March 28, 2014	September 27, 2013
Cardinal Health, Inc.	20 %	18 %
McKesson Corporation	23 %	22 %
Amerisource Bergen Corporation	13 %	14 %

The following table shows net sales attributable to products that accounted for 10% or more of the Company's total net sales:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Optiray™ (CMDS)	13%	13%	13%	14%
Acetaminophen products (API)	9%	10%	8%	10%
Methylphenidate ER (Specialty Generics)	8%	11%	9%	7%

Molybdenum-99 ("Mo-99") is a key raw material in the Company's Ultra-Technekow™ DTE technetium generators that are sold by its Global Medical Imaging segment. There are only eight suppliers of this raw material worldwide. The Company has agreements to obtain Mo-99 from three nuclear research reactors and relies predominantly upon two of these reactors for its Mo-99 supply. Accordingly, a disruption in the commercial supply or a significant increase in the cost of this material from these sources could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

19. Segment Data

Selected information by business segment was as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Net sales:				
Specialty Pharmaceuticals	$ 324.3	$ 344.4	$ 633.8	$ 604.6
Global Medical Imaging	222.4	229.1	441.0	458.8
Net sales of operating segments [1]	546.7	573.5	1,074.8	1,063.4
Other [2]	11.1	11.8	23.2	25.9
Net sales	$ 557.8	$ 585.3	$ 1,098.0	$ 1,089.3
Operating income:				
Specialty Pharmaceuticals	$ 105.9	$ 105.0	$ 218.9	$ 140.0
Global Medical Imaging	10.3	18.9	14.7	68.0
Segment operating income	116.2	123.9	233.6	208.0
Unallocated amounts:				
Corporate and allocated expenses [3]	(72.7)	(40.3)	(97.9)	(65.7)
Intangible asset amortization	(15.5)	(8.8)	(24.3)	(17.7)
Restructuring and related charges, net [4]	(21.7)	(6.9)	(29.8)	(7.9)
Separation costs	(2.6)	(14.4)	(4.8)	(26.4)
Operating income	$ 3.7	$ 53.5	$ 76.8	$ 90.3

(1) Amounts represent sales to external customers.

(2) Represents products that were sold to Covidien, our former parent company, which is discussed in Note 14.

(3) Includes administration expenses and certain compensation, environmental and other costs not charged to the Company's operating segments.

(4) Includes restructuring-related accelerated depreciation of $0.5 million for the three months ended March 29, 2013 and $0.1 million and $1.3 million million for the six months ended March 28, 2014 and March 29, 2013, respectively. Restructuring-related accelerated depreciation for the three months ended March 28, 2014 was immaterial.

20. Condensed Consolidating and Combining Financial Statements

In November 2012, MIFSA was formed as a 100%-owned subsidiary of Covidien in connection with the Separation. MIFSA is a holding company established to own, directly or indirectly, substantially all of the operating subsidiaries of the Company, to issue debt securities and to perform treasury operations. At the time of the Separation, MIFSA became a 100%-owned subsidiary of Mallinckrodt plc.

MIFSA is the borrower under the Notes, which are fully and unconditionally guaranteed by Mallinckrodt plc. The following information provides the composition of the Company's comprehensive income, assets, liabilities, equity and cash flows by relevant group within the Company: Mallinckrodt plc as guarantor of the Notes, MIFSA as issuer of the Notes and the operating companies that represent assets of MIFSA. There are no subsidiary guarantees related to the Notes.

Set forth below are the unaudited condensed consolidating financial statements for the three and six months ended March 28, 2014 and as of March 28, 2014 and September 27, 2013, and the unaudited condensed combining financial statements for the three and six months ended March 29, 2013. Eliminations represent adjustments to eliminate investments in subsidiaries and intercompany balances and transactions between or among Mallinckrodt plc, MIFSA and the other subsidiaries. Unaudited condensed consolidating and combining financial information for Mallinckrodt plc and MIFSA, on a standalone basis, has been presented using the equity method of accounting for subsidiaries.

MALLINCKRODT PLC
CONDENSED CONSOLIDATING BALANCE SHEET
As of March 28, 2014
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 0.2	$ 86.7	$ 248.0	$ —	$ 334.9
Accounts receivable, net	—	—	334.2	—	334.2
Inventories	—	—	444.7	—	444.7
Deferred income taxes	—	—	371.7	—	371.7
Prepaid expenses and other current assets	0.5	0.2	146.9	—	147.6
Intercompany receivable	5.9	—	8.3	(14.2)	—
Total current assets	6.6	86.9	1,553.8	(14.2)	1,633.1
Property, plant and equipment, net	—	—	997.5	—	997.5
Goodwill	—	—	853.9	—	853.9
Intangible assets, net	—	—	1,715.0	—	1,715.0
Investment in subsidiaries	1,319.4	3,896.9	—	(5,216.3)	—
Intercompany loan receivable	21.5	—	468.4	(489.9)	—
Other assets	—	42.0	213.8	—	255.8
Total Assets	$ 1,347.5	$ 4,025.8	$ 5,802.4	$ (5,720.4)	$ 5,455.3
Liabilities and Shareholders' Equity					
Current Liabilities:					
Current maturities of long-term debt	$ —	$ 9.8	$ 1.4	$ —	$ 11.2
Accounts payable	1.6	—	118.3	—	119.9
Accrued payroll and payroll-related costs	0.1	—	57.9	—	58.0
Accrued branded rebates	—	—	33.6	—	33.6
Accrued and other current liabilities	1.1	21.0	381.0	—	403.1
Intercompany payable	6.3	2.1	5.8	(14.2)	—
Total current liabilities	9.1	32.9	598.0	(14.2)	625.8
Long-term debt	—	2,185.2	19.5	—	2,204.7
Pension and postretirement benefits	—	—	104.0	—	104.0
Environmental liabilities	—	—	63.7	—	63.7
Deferred income taxes	—	—	794.8	—	794.8
Other income tax liabilities	—	—	148.1	—	148.1
Intercompany loans payable	—	489.9	—	(489.9)	—
Other liabilities	—	—	175.8	—	175.8
Total liabilities	9.1	2,708.0	1,903.9	(504.1)	4,116.9
Shareholders' equity	1,338.4	1,317.8	3,898.5	(5,216.3)	1,338.4
Total Liabilities and Shareholders' Equity	$ 1,347.5	$ 4,025.8	$ 5,802.4	$ (5,720.4)	$ 5,455.3

MALLINCKRODT PLC
CONDENSED CONSOLIDATING BALANCE SHEET
As of September 27, 2013
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 1.2	$ 56.5	$ 217.8	$ —	$ 275.5
Accounts receivable, net	—	—	400.8	—	400.8
Inventories	—	—	403.1	—	403.1
Deferred income taxes	—	—	171.1	—	171.1
Prepaid expenses and other current assets	1.0	—	133.4	—	134.4
Intercompany receivable	2.7	—	12.2	(14.9)	—
Total current assets	4.9	56.5	1,338.4	(14.9)	1,384.9
Property, plant and equipment, net	—	—	997.4	—	997.4
Goodwill	—	—	532.0	—	532.0
Intangible assets, net	—	—	422.1	—	422.1
Investment in subsidiaries	1,266.1	2,520.4	—	(3,786.5)	—
Intercompany loan receivable	—	2.4	409.6	(412.0)	—
Other assets	—	11.2	209.0	—	220.2
Total Assets	$ 1,271.0	$ 2,590.5	$ 3,908.5	$ (4,213.4)	$ 3,556.6
Liabilities and Shareholders' Equity					
Current Liabilities:					
Current maturities of long-term debt	$ —	$ —	$ 1.5	$ —	$ 1.5
Accounts payable	0.1	—	120.8	—	120.9
Accrued payroll and payroll-related costs	0.1	—	66.4	—	66.5
Accrued branded rebates	—	—	34.6	—	34.6
Accrued and other current liabilities	0.6	18.3	357.8	—	376.7
Intercompany payable	12.2	—	2.7	(14.9)	—
Total current liabilities	13.0	18.3	583.8	(14.9)	600.2
Long-term debt	—	898.1	20.2	—	918.3
Pension and postretirement benefits	—	—	108.0	—	108.0
Environmental liabilities	—	—	39.5	—	39.5
Deferred income taxes	—	—	310.1	—	310.1
Other income tax liabilities	—	—	153.1	—	153.1
Intercompany loans payable	2.4	409.6	—	(412.0)	—
Other liabilities	—	—	171.8	—	171.8
Total liabilities	15.4	1,326.0	1,386.5	(426.9)	2,301.0
Shareholders' equity	1,255.6	1,264.5	2,522.0	(3,786.5)	1,255.6
Total Liabilities and Shareholders' Equity	$ 1,271.0	$ 2,590.5	$ 3,908.5	$ (4,213.4)	$ 3,556.6

MALLINCKRODT PLC
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 28, 2014
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 557.8	$ —	$ 557.8
Cost of sales	—	—	295.2	—	295.2
Gross profit	—	—	262.6	—	262.6
Selling, general and administrative expenses	7.9	0.1	186.1	—	194.1
Research and development expenses	—	—	41.4	—	41.4
Separation costs	0.6	—	2.0	—	2.6
Restructuring charges, net	—	—	21.7	—	21.7
Gains on divestiture and license	—	—	(0.9)	—	(0.9)
Operating (loss) income	(8.5)	(0.1)	12.3	—	3.7
Interest expense	—	(12.8)	0.4	—	(12.4)
Interest income	—	—	0.5	—	0.5
Other income (expense), net	22.3	—	(22.7)	—	(0.4)
Intercompany interest and fees	(0.9)	—	0.9	—	—
Equity in net income of subsidiaries	(1.1)	11.7	—	(10.6)	—
Income (loss) from continuing operations before income taxes	11.8	(1.2)	(8.6)	(10.6)	(8.6)
Income tax expense (benefit)	0.2	(0.1)	(20.4)	—	(20.3)
Income (loss) from continuing operations	11.6	(1.1)	11.8	(10.6)	11.7
Loss from discontinued operations, net of income taxes	—	—	(0.1)	—	(0.1)
Net income (loss)	11.6	(1.1)	11.7	(10.6)	11.6
Other comprehensive loss, net of tax	(2.3)	(2.3)	(2.4)	4.7	(2.3)
Comprehensive income (loss)	$ 9.3	$ (3.4)	$ 9.3	$ (5.9)	$ 9.3

MALLINCKRODT PLC
CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 29, 2013
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Combined
Net sales	$ —	$ —	$ 585.3	$ —	$ 585.3
Cost of sales	—	—	311.8	—	311.8
Gross profit	—	—	273.5	—	273.5
Selling, general and administrative expenses	—	—	160.7	—	160.7
Research and development expenses	—	—	39.2	—	39.2
Separation costs	—	—	14.4	—	14.4
Restructuring charges, net	—	—	6.4	—	6.4
Gains on divestiture and license	—	—	(0.7)	—	(0.7)
Operating income	—	—	53.5	—	53.5
Interest expense	—	—	(0.1)	—	(0.1)
Interest income	—	—	0.1	—	0.1
Other income (expense), net	—	—	—	—	—
Intercompany interest and fees	—	—	—	—	—
Equity in net income of subsidiaries	34.0	34.0	—	(68.0)	—
Income from continuing operations before income taxes	34.0	34.0	53.5	(68.0)	53.5
Income tax expense	—	—	19.0	—	19.0
Income from continuing operations	34.0	34.0	34.5	(68.0)	34.5
Loss from discontinued operations, net of income taxes	—	—	(0.5)	—	(0.5)
Net income	34.0	34.0	34.0	(68.0)	34.0
Other comprehensive loss, net of tax	(14.5)	(14.5)	(10.5)	25.0	(14.5)
Comprehensive income	$ 19.5	$ 19.5	$ 23.5	$ (43.0)	$ 19.5

MALLINCKRODT PLC
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
For the six months ended March 28, 2014
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 1,098.0	$ —	$ 1,098.0
Cost of sales	—	—	579.8	—	579.8
Gross profit	—	—	518.2	—	518.2
Selling, general and administrative expenses	11.9	0.2	328.2	—	340.3
Research and development expenses	—	—	80.4	—	80.4
Separation costs	1.4	—	3.4	—	4.8
Restructuring charges, net	—	—	29.7	—	29.7
Gains on divestiture and license	—	—	(13.8)	—	(13.8)
Operating (loss) income	(13.3)	(0.2)	90.3	—	76.8
Interest expense	—	(23.3)	1.1	—	(22.2)
Interest income	—	—	0.8	—	0.8
Other income (expense), net	23.0	—	(24.0)	—	(1.0)
Intercompany interest and fees	(4.0)	—	4.0	—	—
Equity in net income of subsidiaries	51.5	74.9	—	(126.4)	—
Income from continuing operations before income taxes	57.2	51.4	72.2	(126.4)	54.4
Income tax (benefit) expense	—	(0.1)	(3.6)	—	(3.7)
Income from continuing operations	57.2	51.5	75.8	(126.4)	58.1
Loss from discontinued operations, net of income taxes	—	—	(0.9)	—	(0.9)
Net income	57.2	51.5	74.9	(126.4)	57.2
Other comprehensive loss, net of tax	(2.1)	(2.1)	(2.3)	4.4	(2.1)
Comprehensive income	$ 55.1	$ 49.4	$ 72.6	$ (122.0)	$ 55.1

MALLINCKRODT PLC
CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME
For the six months ended March 29, 2013
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Combined
Net sales	$ —	$ —	$ 1,089.3	$ —	$ 1,089.3
Cost of sales	—	—	582.3	—	582.3
Gross profit	—	—	507.0	—	507.0
Selling, general and administrative expenses	—	—	307.5	—	307.5
Research and development expenses	—	—	77.6	—	77.6
Separation costs	—	—	26.4	—	26.4
Restructuring charges, net	—	—	6.6	—	6.6
Gains on divestiture and license	—	—	(1.4)	—	(1.4)
Operating income	—	—	90.3	—	90.3
Interest expense	—	—	(0.2)	—	(0.2)
Interest income	—	—	0.1	—	0.1
Other income (expense), net	—	—	0.2	—	0.2
Intercompany interest and fees	—	—	—	—	—
Equity in net income of subsidiaries	53.2	53.2	—	(106.4)	—
Income from continuing operations before income taxes	53.2	53.2	90.4	(106.4)	90.4
Income tax expense	—	—	36.1	—	36.1
Income from continuing operations	53.2	53.2	54.3	(106.4)	54.3
Loss from discontinued operations, net of income taxes	—	—	(1.1)	—	(1.1)
Net income	53.2	53.2	53.2	(106.4)	53.2
Other comprehensive loss, net of tax	(13.9)	(13.9)	(9.9)	23.8	(13.9)
Comprehensive income	$ 39.3	$ 39.3	$ 43.3	$ (82.6)	$ 39.3

MALLINCKRODT PLC
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the six months ended March 28, 2014
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:					
Net cash (used in) provided by operating activities	$ 8.6	$ (17.1)	$ 149.7	$ —	$ 141.2
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(50.7)	—	(50.7)
Acquisitions and intangibles, net of cash acquired	—	—	(1,293.2)	—	(1,293.2)
Intercompany loan investment	(21.5)	—	(58.8)	80.3	—
Repayment of intercompany loan investment	—	2.4	—	(2.4)	—
Investment in subsidiary	—	(1,300.0)	—	1,300.0	—
Restricted cash	—	—	4.1	—	4.1
Other	—	—	8.0	—	8.0
Net cash (used in) investing activities	(21.5)	(1,297.6)	(1,390.6)	1,377.9	(1,331.8)
Cash Flows From Financing Activities:					
Issuance of external debt	—	1,296.8	—	—	1,296.8
Repayment of external debt	—	—	(30.1)	—	(30.1)
Repayment of capital leases	—	—	(0.7)	—	(0.7)
Debt financing costs	—	(32.2)	—	—	(32.2)
Excess tax benefit from share-based compensation	—	—	4.0	—	4.0
Proceeds from exercise of share options	16.1	—	—	—	16.1
Purchase of treasury shares	(1.8)	—	—	—	(1.8)
Advances from intercompany borrowings	—	80.3	—	(80.3)	—
Payment on intercompany borrowings	(2.4)	—	—	2.4	—
Capital contribution	—	—	1,300.0	(1,300.0)	—
Net cash provided by (used in) financing activities	11.9	1,344.9	1,273.2	(1,377.9)	1,252.1
Effect of currency rate changes on cash	—	—	(2.1)	—	(2.1)
Net increase in cash and cash equivalents	(1.0)	30.2	30.2	—	59.4
Cash and cash equivalents at beginning of period	1.2	56.5	217.8	—	275.5
Cash and cash equivalents at end of period	$ 0.2	$ 86.7	$ 248.0	$ —	$ 334.9

MALLINCKRODT PLC
CONDENSED COMBINING STATEMENT OF CASH FLOWS
For the six months ended March 29, 2013
(unaudited, in millions)

	Mallinckrodt plc	Mallinckrodt International Finance S.A.	Other Subsidiaries	Eliminations	Combined
Cash Flows From Operating Activities:					
Net cash (used in) provided by operating activities	$ —	$ (4.8)	$ (3.0)	$ —	$ (7.8)
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(76.7)	—	(76.7)
Acquisition, net of cash acquired	—	—	(88.1)	—	(88.1)
Restricted cash	—	—	0.9	—	0.9
Other	—	—	(1.1)	—	(1.1)
Net cash (used in) investing activities	—	—	(165.0)	—	(165.0)
Cash Flows From Financing Activities:					
Repayment of capital leases	—	—	(0.7)	—	(0.7)
Debt financing costs	—	—	(2.3)	—	(2.3)
Excess tax benefit from share-based compensation	—	—	3.0	—	3.0
Net transfers from (to) parent	—	4.8	168.0	—	172.8
Net cash provided by (used in) financing activities	—	4.8	168.0	—	172.8
Effect of currency rate changes on cash	—	—	—	—	—
Net increase in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of period	—	—	—	—	—
Cash and cash equivalents at end of period	$ —	$ —	$ —	$ —	$ —

21. Subsequent Events

Questcor Pharmaceuticals

On April 5, 2014, the Company entered into a definitive merger agreement to acquire Questcor, a high-growth biopharmaceutical company, for approximately $5.6 billion. Questcor shareholders will receive $30.00 per share in cash and 0.897 shares of the Company for each share of Questcor common stock owned. The Company has entered into debt financing commitments that, together with cash on hand, are expected to be sufficient to provide the funds necessary to consummate the transaction. The Company expects that the financing will consist of a combination of a senior secured term loan facility and senior notes. The acquisition is expected to provide a strong and sustainable platform for future revenue and earnings growth within the Company's Specialty Pharmaceuticals segment. Subject to customary closing conditions, the transaction is currently expected to be completed in the fourth fiscal quarter of 2014.

Lower Passaic River Environmental Reserve

On April 11, 2014, the EPA issued its revised FFS, with remedial alternatives to address cleanup of the lower 8-mile stretch of the River, which also included a "no action" option. The EPA estimates the cost for the alternatives range from $365.0 million to $3.2 billion. The EPA's preferred approach would involve bank-to-bank dredging of the lower 8-mile stretch of the River and installing an engineered cap at a discounted, estimated cost of $1.7 billion. Based on the issuance of the EPA's revised FFS, the Company recorded a $23.1 million accrual in the second quarter of fiscal 2014 representing the Company's estimate of its allocable share of the joint and several remediation liability resulting from this matter. Despite the issuance of the revised FFS, there are many uncertainties associated with the final agreed upon remediation and the Company's allocable share of the remediation. Given those uncertainties, the amounts accrued may not be indicative of the amounts for which the Company is ultimately responsible and will be refined as events in the remediation process occur.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated and combined financial statements and the accompanying notes included in this Quarterly Report on Form 10-Q. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks, uncertainties and assumptions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed in Item 1A. Risk Factors of our Annual Report on Form 10-K filed with the United States ("U.S.") Securities and Exchange Commission ("the SEC") on December 13, 2013 and within Item 1A. Risk Factors of this Quarterly Report on Form 10-Q.

We own or have rights to use the trademarks and trade names that we use in conjunction with the operation of our business. One of the more important trademarks that we own or have rights to use that appears in this Quarterly Report on Form 10-Q is "Mallinckrodt," which is a registered trademark or the subject of pending trademark applications in the U.S. and other jurisdictions. Solely for convenience, we only use the ™ or ® symbols the first time any trademark or trade name is mentioned in the following discussion. Such references are not intended to indicate in any way that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks and trade names. Each trademark or trade name of any other company appearing in the following discussion is, to our knowledge, owned by such other company.

Overview

We are a global company that develops, manufactures, markets and distributes both branded and specialty generic pharmaceuticals, active pharmaceutical ingredients ("API") and diagnostic imaging agents. These products are found in almost every hospital, standalone diagnostic imaging center or pharmacy in the U.S. and we have a commercial presence in approximately 65 countries. We believe our extensive commercial reach and formulation expertise, coupled with our ability to navigate the highly regulated and technical nature of its business, have created compelling competitive advantages that we anticipate will sustain future revenue growth.

We conduct our business in the following two segments:

- *Specialty Pharmaceuticals* produces and markets branded and specialty generic pharmaceuticals and API, comprised of medicinal opioids, synthetic controlled substances, acetaminophen and other active ingredients; and
- *Global Medical Imaging* develops, manufactures and markets contrast media and delivery systems ("CMDS") and radiopharmaceuticals (nuclear medicine).

For further information on our business and products, refer to our Annual Report on Form 10-K filed with the SEC on December 13, 2013.

Significant Events

Separation from Covidien

On June 28, 2013, the Pharmaceuticals business of Covidien plc ("Covidien") was transferred to Mallinckrodt plc, thereby completing its legal separation from Covidien ("the Separation"). On July 1, 2013, Mallinckrodt plc began regular way trading on the New York Stock Exchange under the ticker symbol "MNK."

Our unaudited condensed consolidated and combined financial statements reflect the consolidated financial results of Mallinckrodt plc and its subsidiaries as an independent, publicly-traded company for the three and six months ended March 28, 2014 and the consolidated financial position as of March 28, 2014 and September 27, 2013. The three and six months ended March 29, 2013 reflect the combined results of operations of the Pharmaceuticals business of Covidien. Our unaudited condensed combined financial statements for the three and six months ended March 29, 2013 may not be indicative of our future performance and do not necessarily reflect the results of operations and cash flows that would have been had we operated as an independent, publicly-traded company during that period. The unaudited condensed combined financial statements for the three and six months ended March 29, 2013 include expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and share-based compensation. These expenses were allocated to us on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. The amounts allocated were $13.6 million and $25.5 million during the three and six months ended March 29, 2013, respectively, and were included within selling, general and administrative expenses. Management considers the bases on which the expenses were allocated to reasonably reflect the utilization of services provided to, or the benefit received by, us; however, the allocations may not reflect the expense we would have incurred as an independent, publicly-traded company during that period. Following the Separation, we have performed these functions using our own resources or purchased services, certain of which are being provided by Covidien during a transitional period pursuant to a transition services agreement dated June 28, 2013, between Mallinckrodt and Covidien, particularly in relation to areas outside the U.S. The terms and prices on which such services are rendered may not be as favorable as those that were allocated to us by Covidien.

Pending Acquisition of Questcor Pharmaceuticals

On April 5, 2014, we entered into a definitive merger agreement to acquire Questcor Pharmaceuticals, Inc. ("Questcor"), a high-growth biopharmaceutical company, for approximately $5.6 billion. Questcor shareholders will receive $30.00 per share in cash and 0.897 shares of Mallinckrodt plc for each share of Questcor common stock owned. We have entered into debt financing commitments that, together with cash on hand, are expected to be sufficient to provide the funds necessary to consummate the transaction. We expect that the financing will consist of a combination of a senior secured term loan facility and senior notes. The acquisition is expected to provide a strong and sustainable platform for future revenue and earnings growth within our Specialty Pharmaceuticals segment. Subject to customary closing conditions, the transaction is currently expected to be completed in the fourth fiscal quarter of 2014.

Acquisition of Cadence Pharmaceuticals

On March 19, 2014, we acquired all of the outstanding common stock of Cadence Pharmaceuticals, Inc. ("Cadence"), a biopharmaceuticals company focused on commercializing products principally for use in the hospital setting, for total consideration of $14.00 per share in cash, or approximately $1.3 billion. The acquisition was primarily funded through a $1.3 billion variable rate senior secured term loan credit facility, as further discussed below. Cadence's product, OFIRMEV® (acetaminophen) injection ("Ofirmev"), is a proprietary intravenous formulation of acetaminophen for the management of mild to moderate pain, the management of moderate to severe pain with adjunctive opioid analgesics and the reduction of fever. The acquisition of Cadence adds a growth product to the Specialty Pharmaceuticals product portfolio and provides us an opportunity to expand our reach into the adjacent hospital market, in which Cadence established a strong presence.

Debt Financing

In March 2014, in connection with the acquisition of Cadence, Mallinckrodt International Finance S.A. ("MIFSA") and Mallinckrodt CB LLC ("MCB"), each a subsidiary of us, entered into senior secured credit facilities consisting of a $1.3 billion variable rate senior secured term loan facility due 2021 ("the Term Loan") and a $250.0 million revolving credit facility due 2019 ("the Revolver"). The Term Loan requires quarterly principal amortization payments in an amount equal to 0.25% of the original principal amount of the Term Loan, payable on the last day of each calendar quarter, commencing on June 30, 2014. The Revolver contains a $150.0 million letter of credit provision. We incurred an original issue discount of 0.25%, or $3.3 million associated with the Term Loan, and debt financing costs of $32.2 million.

License of Intellectual Property

We were involved in patent disputes with a counterparty relating to certain intellectual property relevant to extended-release oxymorphone. In December 2013, the counterparty agreed to pay us an upfront cash payment of $4.0 million and contractually obligated future payments of $8.0 million through July 2018, in exchange for the withdrawal of all claims associated with the intellectual property and a license to utilize our intellectual property. We have completed the earnings process associated with the agreement and recorded an $11.7 million gain, included within gains on divestiture and license, during the six months ended March 28, 2014.

Nuclear Imaging

In November 2012, the High Flux Reactor ("HFR") in Petten, the Netherlands, one of two primary reactors we utilize to irradiate targets as part of our Molybdenum 99 ("Mo-99") processing operation experienced an unscheduled shutdown. Mo-99 is a key raw material in our Ultra-Technekow™ DTE technetium generators that are sold via our Global Medical Imaging segment. We were able to receive increased target irradiations at two other reactors and purchased additional Mo-99 from other sources to continue meeting customer orders; however, the additional Mo-99 we procured from alternative sources came at significantly higher costs. The reactor resumed production in June 2013.

In October 2013, the HFR experienced another unscheduled shutdown. In addition, our own Mo-99 processing facility in Petten, the Netherlands also experienced a shutdown. The HFR resumed production of medical isotopes and irradiation of materials in February 2014 and the Mo-99 processing facility resumed production in April 2014. We believe profitability of our Global Medical Imaging segment may improve, primarily in the fourth quarter, once we satisfy the significantly higher cost procurement commitments that we entered into during the shutdowns. Ongoing increased raw material and manufacturing costs will very likely limit our ability to return the Global Medical Imaging segment to historical operating margins.

Lower Passaic River Environmental Reserve

On April 11, 2014, the U.S. Environmental Protection Agency ("EPA") issued its revised Focused Feasibility Study ("FFS"), with remedial alternatives to address cleanup of the lower 8-mile stretch of the Lower Passaic River Study Area ("the River"), which also included a "no action" option. The EPA estimates the cost for the alternatives range from $365.0 million to $3.2 billion. The EPA's preferred approach would involve bank-to-bank dredging of the lower 8-mile stretch of the River and installing an engineered cap at a discounted, estimated cost of $1.7 billion. Based on the issuance of the EPA's revised FFS, we recorded a $23.1 million accrual in the second quarter of fiscal 2014 representing our estimate of our allocable share of the joint and several remediation liability resulting from this matter. Despite the issuance of the revised FFS, there are many uncertainties associated with the final agreed upon remediation and our allocable share of the remediation. Given those uncertainties, the amounts accrued may not be indicative of the amounts for which we are ultimately responsible and will be refined as events in the remediation process occur.

Business Factors Influencing the Results of Operations

New Products

In March 2014, the U.S. Food and Drug Administration ("FDA") approved our New Drug Application ("NDA") for XARTEMIS™ XR (oxycodone HCl and acetaminophen) extended-release tablets (CII) ("Xartemis XR"), originally filed under MNK-795, for the management of acute pain severe enough to require opioid treatment and in patients for whom alternative treatment options are ineffective, not tolerated or would otherwise be inadequate. Xartemis XR is the first and only extended-release oral combination of oxycodone and acetaminophen. In February 2014, we were granted a patent from the U.S. Patent and Trademark Office, which contains composition claims directed to unique design, formulation, pharmacokinetic and release characteristics of Xartemis XR. Pursuant to the terms of our licensing agreement, we accrued, and capitalized as an intangible asset, a $10.0 million milestone payment to Depomed, Inc., which was paid in April 2014, in connection with the FDA approval of Xartemis XR.

In January 2014, the FDA approved our NDA for PENNSAID® (diclofenac sodium topical solution) 2% w/w ("Pennsaid 2%"), originally filed as MNK-395. Pennsaid 2% is a topical non-steroidal anti-inflammatory drug (NSAID) indicated for the treatment of pain associated with osteoarthritis of the knee, and an extension of our Pennsaid franchise. This new formulation provides a twice-daily administration and is dispensed for topical usage in a new metered dose pump bottle. Pennsaid 2% was commercially launched in February 2014.

In December 2012, we received approval from the FDA to manufacture Methylphenidate HCl extended-release tablets USP (CII) ("Methylphenidate ER"), a generic version of the branded CONCERTA®, a registered trademark of Alza Corporation, for the treatment of attention deficit hyperactivity disorder in 27mg, 36mg and 54mg tablets. We held a 180-day exclusivity period for each of the 27mg, 36mg and 54mg strengths, which began upon the commercial launch of each tablet. We launched the 27mg tablet upon FDA approval during the first quarter of fiscal 2013 and launched the 36mg and 54mg tablets during the second quarter of fiscal 2013. In February 2013, we submitted a supplement to our approved Abbreviated New Drug Application ("ANDA") for the 18mg tablet. In January 2014, we received a Complete Response Letter from the FDA requesting additional information, and we are working to address this request. In July 2013, a competitor received FDA approval to manufacture all strengths of Methylphenidate ER and has entered the marketplace. As our exclusivity has expired, other competitors may also enter the market for Methylphenidate ER.

In August 2012, the FDA approved a 32mg tablet of EXALGO® (hydromorphone HCl) extended-release tablets (CII) ("Exalgo"), which further expanded the patient population that Exalgo can effectively treat with a single daily dose. The 8mg, 12mg and 16mg tablets were approved by the FDA in March 2010 for the treatment of chronic pain in opioid-tolerant patients requiring continuous around-the-clock opioid analgesia for an extended amount of time; and have shown significant prescription growth since launch in April 2010. Exalgo was granted marketing exclusivity in the U.S. as a prescription medicine through March 2013 and is protected by two Orange Book-listed patents for a method of treating moderate to severe pain. Beginning in November 2013 for the 8mg, 12mg and 16mg tablets and May 2014 for the 32mg tablet, a third party has the right, pursuant to agreements with us, to sell a generic version of Exalgo; however, their entrance into the market is dependent upon receiving FDA marketing approval. We expect sales of Exalgo to decrease in fiscal 2014 (compared with $126.1 million in fiscal 2013) when a third party enters the market pursuant to these agreements. Additionally, our patents for the 8mg, 12mg and 16mg tablets expire in July 2014.

Net sales of Xartemis XR, Pennsaid 2%, Methylphenidate ER and Exalgo were $76.2 million and $90.3 million during the three months ended March 28, 2014 and March 29, 2013, respectively, and $168.7 million and $128.9 million during the six months ended March 28, 2014 and March 29, 2013, respectively.

Restructuring Initiatives

We continue to realign our cost structure due to the changing nature of our business and look for opportunities to achieve operating efficiencies. As such, in August 2013 our board of directors approved a restructuring program in the amount of $100.0 million to $125.0 million that is expected to occur over a three-year period with a two-year cost recovery period.

During the three months ended March 28, 2014 and March 29, 2013, we incurred restructuring and related charges, net, of $21.7 million and $6.9 million, respectively. Restructuring and related charges, net for the three months ended March 29, 2013 included accelerated depreciation costs of $0.5 million; accelerated depreciation during the three months ended March 28, 2014 was immaterial. During the six months ended March 28, 2014 and March 29, 2013, we incurred restructuring and related charges, net, of $29.8 million and $7.9 million, respectively, which included accelerated depreciation costs of $0.1 million and $1.3 million, respectively. The restructuring charges incurred during the three and six months ended March 28, 2014 primarily related to employee severance and benefits, consulting costs and a $2.6 million non-cash facility closure charge associated with restructuring activities within the Global Medical Imaging segment. Restructuring charges during the three and six months ended March 28, 2014 include employee severance actions with near-term cost reductions, primarily within selling, general and administrative expenses, and long-term cost reductions to cost of sales. The restructuring charges incurred during the three and six months ended March 29, 2013 primarily related to severance and employee benefit costs within the Specialty Pharmaceuticals segment.

Research and Development Investment

We expect to continue to invest in research and development ("R&D") activities, as well as enter into license agreements to supplement our internal R&D initiatives. We intend to focus our R&D investments in the specialty pharmaceuticals area, specifically investments to support our Brands business, where we believe there is the greatest opportunity for growth and profitability.

Specialty Pharmaceuticals. We devote significant R&D resources for our branded products. A number of our branded products are protected by patents and have enjoyed market exclusivity. Our R&D strategy focuses on branded product development in the area of pain, other central nervous system areas, such as spasticity, and adjacent areas. We are presently developing a number of branded products, some of which utilize novel drug-delivery systems, through a combination of internal and collaborative programs. MNK-155 has completed Phase III clinical trials and our NDA was filed with the FDA in March 2014; the application is pending FDA acceptance of the filing.

In accordance with a Pediatric Research Equity Act requirement included in the NDA approval for Ofirmev, Cadence began enrolling patients in 2012 in a post-marketing efficacy study of Ofirmev in infants and neonates. The data from this study will be used to satisfy a formal written request Cadence received from the FDA under Section 505A of the U.S. Food, Drug and Cosmetic Act that was made as part of the approval process for Ofirmev. The FDA has agreed to an August 2015 due date for completion of this study. Upon timely completion and the acceptance by the FDA of the data from this study, Ofirmev will be eligible for an additional six months of marketing exclusivity in the U.S. The FDA is also currently reviewing a supplemental NDA that Cadence submitted in December 2013, which would offer Ofirmev in flexible intravenous bags.

We are presently developing a number of specialty generic products through a combination of internal and collaborative programs. From a product development perspective, we are focused on controlled substances with difficult-to-replicate pharmacokinetic profiles. In addition, we are focused on process improvements to increase yields and reduce costs. As of March 28, 2014, we had various ANDAs on file with the FDA, including a supplement, filed in February 2013, to our approved ANDA for the 18mg tablet of Methylphenidate ER. In January 2014, we received a Complete Response Letter from the FDA requesting additional information, and we are working to address this request. If accepted, we will have all four tablet strengths available on the market, as we currently only offer the 27mg, 36mg and 54mg strengths.

Global Medical Imaging. Our R&D efforts in our Global Medical Imaging segment are focused on driving efficiency throughout CMDS. In our Nuclear Imaging business, we are expanding our portfolio of radioisotopes and better utilizing existing capacity.

Results of Operations

Three Months Ended March 28, 2014 Compared with Three Months Ended March 29, 2013

Net Sales

Net sales by geographic area were as follows (dollars in millions):

	Three Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
U.S.	$ 403.1	$ 413.0	(2.4)%
Europe, Middle East and Africa	99.8	104.3	(4.3)
Other	54.9	68.0	(19.3)
Net sales	$ 557.8	$ 585.3	(4.7)

Net sales in the three months ended March 28, 2014 decreased $27.5 million, or 4.7%, to $557.8 million, compared with $585.3 million for the three months ended March 29, 2013. This decrease was primarily driven by lower Specialty Generics and API net sales, due to decreases in Methylphenidate ER, as a result of initial stocking associated with the launch of the 36mg and 54mg dosage strengths in the prior year, increased market competition, customer incentive payments and lower CMDS net sales. These decreases were partially offset by benefits from certain strategic pricing initiatives and increased net sales from new Specialty Pharmaceuticals products. For further information on changes in our net sales, refer to "Business Segment Results" within this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating Income

Gross profit. Gross profit for the three months ended March 28, 2014 decreased $10.9 million, or 4.0%, to $262.6 million, compared with $273.5 million for the three months ended March 29, 2013. The decrease in gross profit primarily resulted from lower net sales in the current year period, increased amortization associated with Ofirmev and increased manufacturing and raw material costs in the Global Medical Imaging segment, including the unscheduled shutdown of our Mo-99 processing facility and the HFR that supplies us with our Mo-99. These factors were partially offset by benefits from certain strategic pricing initiatives. Gross profit margin was 47.1% for the three months ended March 28, 2014, compared with 46.7% for the three months ended March 29, 2013.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended March 28, 2014 were $194.1 million, compared with $160.7 million for the three months ended March 29, 2013, an increase of $33.4 million, or 20.8%. The increase primarily resulted from a $23.1 million environmental remediation charge, $18.5 million of transaction costs associated with our acquisition of Cadence and pending acquisition of Questcor, higher internal and third-party expenses associated with being an independent, publicly-traded company, and higher expenses in our Brands business related to the launch of Xartemis XR and Pennsaid 2%, partially offset by benefits from restructuring activities and certain prior year costs that did not recur in the three months ended March 28, 2014. In the three months ended March 29, 2013, selling, general and administrative expenses included allocations from Covidien of $13.6 million for general corporate expenses. These allocations are generally consistent with functions we have developed in our corporate build-out, and ceased following the completion of the Separation on June 28, 2013. Selling, general and administrative expenses were 34.8% of net sales for the three months ended March 28, 2014 and 27.5% of net sales for the three months ended March 29, 2013.

Research and development expenses. R&D expenses increased $2.2 million, or 5.6%, to $41.4 million for the three months ended March 28, 2014, compared with $39.2 million for the three months ended March 29, 2013. As products, such as Xartemis XR, Pennsaid 2% and MNK-155, move toward or through the FDA review process, we have devoted additional resources to other potential products in our R&D pipeline and the continued pursuit of abuse-deterrent labeling for Xartemis XR. As a percentage of our net sales, R&D expenses were 7.4% and 6.7% for the three months ended March 28, 2014 and March 29, 2013, respectively.

Separation costs. During the three months ended March 28, 2014 and March 29, 2013, we incurred separation costs of $2.6 million and $14.4 million, respectively, primarily related to legal, accounting, tax and other professional fees. Separation costs were higher in the prior year period as we approached and completed the Separation on June 28, 2013. We have continued to incur costs related to the Separation as a result of our transition services agreement with Covidien, our costs to implement information and accounting systems, share-based compensation related to the conversion of Covidien awards to Mallinckrodt awards, and other transitional costs; however, these costs are not expected to recur at historical levels.

Restructuring and related charges, net. During the three months ended March 28, 2014, we recorded $21.7 million of restructuring and related charges, net, which primarily related to employee severance and benefits, consulting costs and a $2.6 million non-cash facility closure charge associated with restructuring activities within the Global Medical Imaging segment. During the three months ended March 29, 2013, we recorded restructuring and related charges, net of $6.9 million, of which $0.5 million related to accelerated depreciation and was included in cost of sales. The remaining $6.4 million primarily related to severance and employee benefit costs within the Specialty Pharmaceuticals segment.

Gains on divestiture and license. During the three months ended March 28, 2014 and March 29, 2013, we recorded gains on divestiture and license of $0.9 million and $0.7 million, respectively, both of which primarily related to the sale of the rights to market TussiCaps extended-release capsules in fiscal 2011.

Non-Operating Items

Interest expense and interest income. During the three months ended March 28, 2014, net interest expense was $11.9 million. Net interest expense is primarily attributable to our $900.0 million issuance of senior unsecured notes in April 2013. Interest expense during the three months ended March 28, 2014 includes $1.3 million of non-cash interest expense.

Other (expense) income, net. During the three months ended March 28, 2014, we recorded other expense, net of $0.4 million, which represents miscellaneous items, including gains and losses on intercompany foreign currency financing transactions and related hedging instruments.

Provision for income taxes. Income tax benefit was $20.3 million on loss from operations before income taxes of $8.6 million for the three months ended March 28, 2014 and income tax expense was $19.0 million on income from continuing operations before income taxes of $53.5 million for the three months ended March 29, 2013. The effective tax rates were impacted by the Cadence acquisition and the deductibility of separation costs due to the tax free status of the Separation. The rate for the three months ended March 28, 2014 was most notably impacted by the inclusion of a $20.7 million tax benefit associated with the Cadence acquisition, acquisition and financing costs and amortization of the acquired intangible asset. During the three months ended March 28, 2014, we received a $0.4 million tax benefit on $2.6 million of separation costs compared with a $1.0 million tax benefit on $14.4 million of separation costs for the three months ended March 29, 2013. These impacts on the effective tax rate for the three months ended March 28, 2014 were magnified by the level of loss from continuing operations before income taxes. Furthermore, our effective tax rate for the three months ended March 29, 2013 reflected the business as historically managed by Covidien rather than as an independent, publicly-traded company.

Loss from discontinued operations, net of income taxes. We recorded $0.1 million and $0.5 million losses on discontinued operations, net of income taxes, during the three months ended March 28, 2014 and March 29, 2013, respectively. These amounts relate to indemnification obligations to the purchaser of our Specialty Chemicals business (formerly known as Mallinckrodt Baker), which was sold during fiscal 2010.

Six Months Ended March 28, 2014 Compared with Six Months Ended March 29, 2013

Net Sales

Net sales by geographic area were as follows (dollars in millions):

	Six Months Ended		Percentage Change
	March 28, 2014	March 29, 2013	
U.S.	$ 786.1	$ 749.1	4.9 %
Europe, Middle East and Africa	194.0	197.9	(2.0)
Other	117.9	142.3	(17.1)
Net sales	$ 1,098.0	$ 1,089.3	0.8

Net sales in the six months ended March 28, 2014 increased $8.7 million, or 0.8%, to $1,098.0 million, compared with $1,089.3 million for the six months ended March 29, 2013. This increase was primarily driven by increased sales within our Specialty Pharmaceuticals segment resulting from the launch timing of Methylphenidate ER in December 2012, certain strategic pricing initiatives and increased sales of Exalgo. These increases were partially offset by strategic customer incentive payments and increased market competition and decreased sales in our CMDS businesses. For further information on changes in our net sales, refer to "Business Segment Results" within this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating Income

Gross profit. Gross profit for the six months ended March 28, 2014 increased $11.2 million, or 2.2%, to $518.2 million, compared with $507.0 million for the six months ended March 29, 2013. The increase in gross profit primarily resulted from higher net sales in the current year period, benefits from certain strategic pricing initiatives and a favorable product mix from increased sales of our higher margin pharmaceutical products. These factors were partially offset by increased manufacturing and raw material costs in the Global Medical Imaging segment, including the unscheduled shutdowns of our Mo-99 processing facility and the HFR that supplies us with Mo-99. Gross profit margin was 47.2% for the six months ended March 28, 2014, compared with 46.5% for the six months ended March 29, 2013.

Selling, general and administrative expenses. Selling, general and administrative expenses for the six months ended March 28, 2014 were $340.3 million, compared with $307.5 million for the six months ended March 29, 2013, an increase of $32.8 million, or 10.7%. The increase primarily resulted from a $23.1 million environmental remediation charge, $18.5 million of transaction costs associated with our acquisition of Cadence and pending acquisition of Questcor, higher internal and third-party expenses associated with being an independent, publicly-traded company, and higher expenses in our Brands business related to the launch of Xartemis XR and Pennsaid 2%; partially offset by benefits from restructuring activities and certain prior year costs that did not recur in the six months ended March 28, 2014. In the six months ended March 29, 2013, selling, general and administrative expenses included higher legal settlement costs and allocations from Covidien of $25.5 million for general corporate expenses. These allocations are generally consistent with functions we have developed in our corporate build-out and ceased following the completion of the Separation on June 28, 2013. Selling, general and administrative expenses were 31.0% of net sales for the six months ended March 28, 2014 and 28.2% of net sales for the six months ended March 29, 2013.

Research and development expenses. R&D expenses increased $2.8 million, or 3.6%, to $80.4 million for the six months ended March 28, 2014, compared with $77.6 million for the six months ended March 29, 2013. As products, such as Xartemis XR, Pennsaid 2% and MNK-155, move toward or through the FDA review process, we have devoted additional resources to other potential products in our R&D pipeline and the continued pursuit of abuse-deterrent labeling for Xartemis XR. As a percentage of our net sales, R&D expenses were 7.3% and 7.1% for the six months ended March 28, 2014 and March 29, 2013, respectively.

Separation costs. During the six months ended March 28, 2014 and March 29, 2013, we incurred separation costs of $4.8 million and $26.4 million, respectively, primarily related to legal, accounting, tax and other professional fees. Separation costs were higher in the prior year period as we approached and completed the Separation on June 28, 2013. We have continued to incur costs related to the Separation as a result of our transition services agreement with Covidien, our costs to implement information and accounting systems, share-based compensation related to the conversion of Covidien awards to Mallinckrodt awards, and other transitional costs; however, these costs are not expected to recur at historical levels.

Restructuring and related charges, net. During the six months ended March 28, 2014, we recorded $29.8 million of restructuring and related charges, net, of which $0.1 million related to accelerated depreciation and was included in cost of sales. The remaining $29.7 million primarily related to employee severance and benefits, consulting costs and a $2.6 million non-cash facility closure charge associated with restructuring activities within the Global Medical Imaging segment. During the six months ended March 29, 2013, we recorded restructuring and related charges, net of $7.9 million, of which $1.3 million related to accelerated depreciation and was included in cost of sales. The remaining $6.6 million primarily related to severance and employee benefit costs within the Specialty Pharmaceuticals segment.

Gains on divestiture and license. During the six months ended March 28, 2014 and March 29, 2013, we recorded gains on divestiture and license of $13.8 million and $1.4 million, respectively. The $13.8 million gain recorded during the six months ended March 28, 2014 primarily resulted from an $11.7 million gain from the license of intellectual property to a third-party related to extended-release oxymorphone.

Non-Operating Items

Interest expense and interest income. During the six months ended March 28, 2014, net interest expense was $21.4 million. Net interest expense is primarily attributable to our $900.0 million issuance of senior unsecured notes in April 2013. Interest expense during the six months ended March 28, 2014 includes $1.9 million non-cash interest expense.

Other (expense) income, net. During the six months ended March 28, 2014, we recorded other expense, net of $1.0 million and during the six months March 29, 2013, we recorded other income, net of $0.2 million, both of which represent miscellaneous items, including gains and losses on intercompany foreign currency financing transactions and related hedging instruments.

Provision for income taxes. Income tax benefit was $3.7 million on income from continuing operations before income taxes of $54.4 million for the six months ended March 28, 2014 and income tax expense was $36.1 million on income from continuing operations before income taxes of $90.4 million for the six months ended March 29, 2013. The effective tax rates were impacted by the Cadence acquisition and the deductibility of separation costs due to the tax free status of the Separation. The rate for the six months ended March 28, 2014 was most notably impacted by the inclusion of a $20.7 million tax benefit associated with the Cadence acquisition, acquisition and financing costs and amortization of the acquired intangible asset. During the six months ended March 28, 2014, we received a $1.1 million tax benefit on $4.8 million of separation costs compared with a $1.3 million tax benefit on $26.4 million of separation costs for the six months ended March 29, 2013. These impacts on the effective tax rate for the six months ended March 28, 2014 were magnified by the level of income from continuing operations before income taxes. Furthermore, our effective tax rate for the six months ended March 29, 2013 reflected the business as historically managed by Covidien rather than as an independent, publicly-traded company.

Loss from discontinued operations, net of income taxes. We recorded $0.9 million and $1.1 million losses on discontinued operations, net of income taxes, during the six months ended March 28, 2014 and March 29, 2013, respectively. These amounts relate to indemnification obligations to the purchaser of our Specialty Chemicals business (formerly known as Mallinckrodt Baker), which was sold during fiscal 2010.

Business Segment Results

The businesses included within our Specialty Pharmaceuticals and Global Medical Imaging segments are described below:

Specialty Pharmaceuticals

- *Brands* include branded pharmaceuticals for pain and spasticity.
- *Specialty Generics and API* produces specialty generic pharmaceutical products (including those to treat attention deficit hyperactivity disorder and addiction), medicinal opioids, synthetic controlled substances and acetaminophen.

Global Medical Imaging

- *Contrast Media and Delivery Systems* develops, manufactures and markets contrast media for diagnostic imaging applications, and power injectors to allow delivery of contrast media.
- *Nuclear Imaging* manufactures and markets radioactive isotopes and associated pharmaceuticals used for the diagnosis and treatment of disease.

Management measures and evaluates our operating segments based on segment net sales and operating income. Management excludes corporate expenses, amortization of intangibles, restructuring and related charges, net and separation costs from segment operating income. In addition, management evaluates the operating results of the segments excluding revenues and expenses associated with sales of products to our former parent company, Covidien. Although these amounts are excluded from segment operating income, as applicable, they are included in reported consolidated and combined operating income and accordingly, are included in our discussion of our consolidated and combined results of operations.

Three Months Ended March 28, 2014 Compared with Three Months Ended March 29, 2013

Net Sales

Net sales by segment are shown in the following table (dollars in millions):

	Three Months Ended		
	March 28, 2014	**March 29, 2013**	**Percentage Change**
Specialty Pharmaceuticals	$ 324.3	$ 344.4	(5.8)%
Global Medical Imaging	222.4	229.1	(2.9)
Net sales of operating segments	546.7	573.5	(4.7)
Other [1]	11.1	11.8	(5.9)
Net sales	$ 557.8	$ 585.3	(4.7)

(1) Represents products that were sold to Covidien.

Specialty Pharmaceuticals. Net sales for the three months ended March 28, 2014 decreased $20.1 million, or 5.8%, to $324.3 million, compared with $344.4 million for the three months ended March 29, 2013. The decrease in net sales was primarily driven by an $18.3 million decrease in Methylphenidate ER as a result of initial stocking associated with the launch of the 36mg and 54mg dosage strength tablets in the second quarter of fiscal 2013, a $17.7 million decrease in hydrocodone-related products due to lower volume from competitive pressures, and an $11.6 million net sales decrease in oxycodone-related products, due to $5.0 million of strategic customer incentive payments and lower volume. These decreases were partially offset by a $19.3 million increase in other controlled substances resulting from certain strategic pricing initiatives and $5.3 million in net sales from approximately one week of Ofirmev net sales.

Net sales for Specialty Pharmaceuticals by geography were as follows (dollars in millions):

	Three Months Ended		
	March 28, 2014	**March 29, 2013**	**Percentage Change**
U.S.	$ 298.4	$ 314.3	(5.1)%
Europe, Middle East and Africa	22.6	26.1	(13.4)
Other	3.3	4.0	(17.5)
Net sales	$ 324.3	$ 344.4	(5.8)

Net sales for Specialty Pharmaceuticals by key products were as follows (dollars in millions):

	Three Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
Methylphenidate ER	$ 43.3	$ 61.6	(29.7)%
Oxycodone (API) and oxycodone-containing tablets	36.3	47.9	(24.2)
Hydrocodone (API) and hydrocodone-containing tablets	19.7	37.4	(47.3)
Other controlled substances	134.0	114.7	16.8
Other	35.9	35.0	2.6
Specialty Generics and API	269.2	296.6	(9.2)
Exalgo	28.9	28.7	0.7
Ofirmev	5.3	—	—
Other	20.9	19.1	9.4
Brands	55.1	47.8	15.3
Specialty Pharmaceuticals	$ 324.3	$ 344.4	(5.8)

Global Medical Imaging. Net sales for the three months ended March 28, 2014 decreased $6.7 million, or 2.9%, to $222.4 million compared with $229.1 million for the three months ended March 29, 2013. The decrease was primarily driven by a $5.6 million decline in net sales of CMDS products, which were impacted by certain strategic restructuring actions aimed at improving profitability, partially offset by increased U.S. net sales due favorable comparisons to the prior year. Nuclear sales decreased only slightly despite supply-chain disruptions in the current year.

Net sales for Global Medical Imaging by geography were as follows (dollars in millions):

	Three Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
U.S.	$ 104.7	$ 97.8	7.1 %
Europe, Middle East and Africa	77.2	78.2	(1.3)
Other	40.5	53.1	(23.7)
Net sales	$ 222.4	$ 229.1	(2.9)

Net sales for Global Medical Imaging by key products were as follows (dollars in millions):

	Three Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
Optiray™	$ 71.3	$ 75.1	(5.1)%
Other	41.3	43.1	(4.2)
Contrast Media and Delivery Systems	112.6	118.2	(4.7)
Nuclear Imaging	109.8	110.9	(1.0)
Global Medical Imaging	$ 222.4	$ 229.1	(2.9)

Operating Income

Operating income by segment and as a percentage of segment net sales for the three months ended March 28, 2014 and March 29, 2013 is shown in the following table (dollars in millions):

	Three Months Ended			
	March 28, 2014		March 29, 2013	
Specialty Pharmaceuticals	$ 105.9	32.7%	$ 105.0	30.5%
Global Medical Imaging	10.3	4.6	18.9	8.2
Segment operating income	116.2	21.3	123.9	21.6
Unallocated amounts:				
Corporate and allocated expenses	(72.7)		(40.3)	
Intangible asset amortization	(15.5)		(8.8)	
Restructuring and related charges, net [1]	(21.7)		(6.9)	
Separation costs	(2.6)		(14.4)	
Total operating income	$ 3.7		$ 53.5	

(1) Includes restructuring-related accelerated depreciation of $0.5 million for the three months ended March 29, 2013. Restructuring-related accelerated depreciation for the three months ended March 28, 2014 was immaterial.

Specialty Pharmaceuticals. Operating income for the three months ended March 28, 2014 increased $0.9 million to $105.9 million, compared with $105.0 million for the three months ended March 29, 2013. Our operating margin increased to 32.7% for the three months ended March 28, 2014, compared with 30.5% for the three months ended March 29, 2013. The increase in operating income and margin was primarily due to strategic pricing actions partially offset by a $17.0 million increase in selling, general and administrative expenses and lower sales of high margin Methylphenidate ER. The higher selling, general and administrative expenses were primarily to support the launch of Xartemis XR and Pennsaid 2%.

Global Medical Imaging. Operating income for the three months ended March 28, 2014 decreased $8.6 million to $10.3 million, compared with $18.9 million for the three months ended March 29, 2013. Our operating margin decreased to 4.6% for the three months ended March 28, 2014, compared with 8.2% for the three months ended March 29, 2013. The decrease in operating income was attributable to lower net sales, increased nuclear manufacturing and raw material costs and higher regulatory compliance costs. Our increased nuclear manufacturing and raw material costs were most significantly impacted by the unscheduled shutdowns of our Mo-99 processing facility and the HFR that supplies us with Mo-99, which decreased operating income by $9.0 million compared to the prior year quarter. These factors were partially offset by increased U.S. CMDS net sales due to favorable comparisons to prior year. Ongoing increased manufacturing and raw material costs and lower net sales will very likely limit our ability to return the Global Medical Imaging segment to historical operating margins on a long-term basis.

Corporate and allocated expenses. Corporate and allocated expenses were $72.7 million and $40.3 million for the three months ended March 28, 2014 and March 29, 2013, respectively. The increase primarily resulted from a $23.1 million environmental remediation charge, $18.5 million of transaction costs associated with our acquisition of Cadence, pending acquisition of Questcor and increased internal and third-party costs of being an independent publicly-traded company, partially offset by certain prior year costs that did not recur in the three months ended March 28, 2014. We were allocated general corporate expenses of $13.6 million during the three months ended March 29, 2013 for certain services provided by Covidien. These allocations ceased in periods following the completion of the Separation on June 28, 2013.

Six Months Ended March 28, 2014 Compared with Six Months Ended March 29, 2013

Net Sales

Net sales by segment are shown in the following table (dollars in millions):

	Six Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
Specialty Pharmaceuticals	$ 633.8	$ 604.6	4.8 %
Global Medical Imaging	441.0	458.8	(3.9)
Net sales of operating segments	1,074.8	1,063.4	1.1
Other [1]	23.2	25.9	(10.4)
Net sales	$ 1,098.0	$ 1,089.3	0.8

(1) Represents products that were sold to Covidien.

Specialty Pharmaceuticals. Net sales for the six months ended March 28, 2014 increased $29.2 million, or 4.8%, to $633.8 million, compared with $604.6 million for the six months ended March 29, 2013. The increase in net sales was primarily driven by a $40.0 million increase in other controlled substances resulting from certain strategic pricing initiatives, a $28.7 million increase in sales from Methylphenidate ER, which was launched in December 2012, and a $20.3 million increase in branded products primarily from Exalgo net sales growth and approximately one week of Ofirmev sales. These increases were partially offset by a $37.3 million net sales decrease in oxycodone-related products, due to $24.4 million of strategic customer incentive payments and lower volume, and a $19.2 million decrease in hydrocodone-related products due to lower volume from competitive pressures.

Net sales for Specialty Pharmaceuticals by geography were as follows (dollars in millions):

	Six Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
U.S.	$ 580.3	$ 547.9	5.9 %
Europe, Middle East and Africa	47.4	48.6	(2.5)
Other	6.1	8.1	(24.7)
Net sales	$ 633.8	$ 604.6	4.8

Net sales for Specialty Pharmaceuticals by key products were as follows (dollars in millions):

	Six Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
Methylphenidate ER	$ 99.6	$ 70.9	40.5 %
Oxycodone (API) and oxycodone-containing tablets	47.9	85.2	(43.8)
Hydrocodone (API) and hydrocodone-containing tablets	49.8	69.0	(27.8)
Other controlled substances	254.2	214.2	18.7
Other	67.6	70.9	(4.7)
Specialty Generics and API	519.1	510.2	1.7
Exalgo	65.1	58.0	12.2
Ofirmev	5.3	—	—
Other	44.3	36.4	21.7
Brands	114.7	94.4	21.5
Specialty Pharmaceuticals	$ 633.8	$ 604.6	4.8

Global Medical Imaging. Net sales for the six months ended March 28, 2014 decreased $17.8 million, or 3.9%, to $441.0 million compared with $458.8 million for the six months ended March 29, 2013. The decrease was primarily driven by a $15.4 million decline in net sales of CMDS products, which were impacted by certain restructuring actions aimed at improving profitability, partially offset by increased U.S. net sales due to favorable comparisons to prior year. Nuclear sales decreased only slightly despite supply-chain disruptions in the current year.

Net sales for Global Medical Imaging by geography were as follows (dollars in millions):

	Six Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
U.S.	$ 205.8	$ 199.6	3.1 %
Europe, Middle East and Africa	146.6	149.3	(1.8)
Other	88.6	109.9	(19.4)
Net sales	$ 441.0	$ 458.8	(3.9)

Net sales for Global Medical Imaging by key products were as follows (dollars in millions):

	Six Months Ended		
	March 28, 2014	March 29, 2013	Percentage Change
Optiray	$ 143.4	$ 154.5	(7.2)%
Other	80.8	85.1	(5.1)
Contrast Media and Delivery Systems	224.2	239.6	(6.4)
Nuclear Imaging	216.8	219.2	(1.1)
Global Medical Imaging	$ 441.0	$ 458.8	(3.9)

Operating Income

Operating income by segment and as a percentage of segment net sales for the six months ended March 28, 2014 and March 29, 2013 is shown in the following table (dollars in millions):

	Six Months Ended			
	March 28, 2014		March 29, 2013	
Specialty Pharmaceuticals	$ 218.9	34.5%	$ 140.0	23.2%
Global Medical Imaging	14.7	3.3	68.0	14.8
Segment operating income	233.6	21.7	208.0	19.6
Unallocated amounts:				
Corporate and allocated expenses	(97.9)		(65.7)	
Intangible asset amortization	(24.3)		(17.7)	
Restructuring and related charges, net [1]	(29.8)		(7.9)	
Separation costs	(4.8)		(26.4)	
Total operating income	$ 76.8		$ 90.3	

(1) Includes restructuring-related accelerated depreciation of $0.1 million and $1.3 million for the six months ended March 28, 2014 and March 29, 2013, respectively.

Specialty Pharmaceuticals. Operating income for the six months ended March 28, 2014 increased $78.9 million to $218.9 million, compared with $140.0 million for the six months ended March 29, 2013. Our operating margin increased to 34.5% for the six months ended March 28, 2014, compared with 23.2% for the six months ended March 29, 2013. The increase in operating income and margin was primarily due to strategic pricing actions, increased net sales of higher margin products, such as Methylphenidate ER, and the $11.7 million gain on the license of intellectual property to a third-party. These increases were partially offset by a $16.9 million increase in selling, general and administrative expenses. The higher selling, general and administrative expenses were primarily to support the launch of Xartemis XR and Pennsaid 2%.

Global Medical Imaging. Operating income for the six months ended March 28, 2014 decreased $53.3 million to $14.7 million, compared with $68.0 million for the six months ended March 29, 2013. Our operating margin decreased to 3.3% for the six months ended March 28, 2014, compared with 14.8% for the six months ended March 29, 2013. The decrease in operating income was attributable to lower net sales, increased nuclear manufacturing and raw material costs and higher regulatory compliance costs. Our increased nuclear manufacturing and raw material costs were most significantly impacted by the unscheduled shutdowns of our Mo-99 processing facility and the HFR that supplies us with Mo-99, which decreased operating income by $24.3 million compared to the prior year period. Ongoing increased materials and manufacturing costs and lower net sales will very likely limit our ability to return the Global Medical Imaging segment to historical operating margins on a long-term basis.

Corporate and allocated expenses. Corporate and allocated expenses were $97.9 million and $65.7 million for the six months ended March 28, 2014 and March 29, 2013, respectively. The increase primarily resulted from a $23.1 million environmental remediation charge, $18.5 million of transaction costs associated with our acquisition of Cadence and pending acquisition of Questcor, as well as increased internal and third-party costs of being an independent publicly-traded company, partially offset by certain prior year costs that did not recur in the six months ended March 28, 2014. We were allocated general corporate expenses of $25.5 million during the six months ended March 29, 2013 for certain services provided by Covidien. These allocations ceased in periods following the completion of the Separation on June 28, 2013.

Liquidity and Capital Resources

Significant factors driving our liquidity position include cash flows generated from operating activities, financing transactions, capital expenditures and cash paid in connection with acquisitions and license agreements. Historically, we have typically generated, and expect to continue to generate, positive cash flow from operations. Through June 28, 2013, as part of Covidien, our cash was swept regularly by Covidien. Covidien also funded our operating and investing activities as needed prior to the Separation, including during the six months ended March 29, 2013. Cash flows related to financing activities for the six months ended March 29, 2013 reflect changes in Covidien's investments in us. Our cash flows for the six months ended March 29, 2013 may not be indicative of our future performance and do not necessarily represent the cash flows that would have been generated had we operated as an independent, publicly-traded company for that period.

Our ability to fund our capital needs is impacted by our ongoing ability to generate cash from operations and access to capital markets. We believe that our future cash from operations, borrowing capacity under our revolving credit facility and access to capital markets will provide adequate resources to fund our working capital needs, capital expenditures, current debt obligations and strategic investments.

A summary of our cash flows from operating, investing and financing activities is provided in the following table (dollars in millions):

	Six Months Ended	
	March 28, 2014	March 29, 2013
Net cash provided by (used in):		
Operating activities	$ 141.2	$ (7.8)
Investing activities	(1,331.8)	(165.0)
Financing activities	1,252.1	172.8
Effect of currency exchange rate changes on cash and cash equivalents	(2.1)	—
Net increase in cash and cash equivalents	$ 59.4	$ —

Operating Activities

Net cash provided by operating activities of $141.2 million for the six months ended March 28, 2014 was primarily attributable to income from continuing operations, as adjusted for non-cash items, partially offset by a $2.6 million inflow from net investment in working capital. The working capital inflow was primarily driven by a $79.6 million decrease in accounts receivable partially offset by a $39.0 million increase in inventory and a $34.0 million decrease in accounts payable. The higher inventory levels were driven by the availability of increased U.S. Drug Enforcement Administration quota following annual renewals. The decrease in accounts receivable was due to higher customer incentive reserves and favorable timing of cash collections.

Net cash used in operating activities of $7.8 million for the six months ended March 29, 2013 was primarily attributable to a $136.3 million outflow from net investments in working capital, partially offset by income from continuing operations, as adjusted for non-cash items. The working capital outflow was primarily driven by a $77.8 million increase in accounts receivable, a $38.4 million decrease in accrued and other liabilities and a $23.1 million increase in inventory, partially offset by a $27.3 million increase in income taxes payable, which was recorded in parent company investment. The increase in accounts receivable was attributable to sales growth primarily from the launch of Methylphenidate ER. The decrease in accrued and other liabilities resulted largely from a $37.5 million voluntary contribution to our pension plans and the annual payout of cash bonuses for performance in the prior fiscal year.

Investing Activities

Net cash used in investing activities increased $1,166.8 million to $1,331.8 million for the six months ended March 28, 2014, compared with $165.0 million for the six months ended March 29, 2013. This increase primarily resulted from a $1,286.0 million payment, net of cash acquired, made during the three months ended March 28, 2014 to acquire Cadence and $7.2 million for the acquisition of other intangible assets; these were partially offset by an $88.1 million payment made during the three months ended December 28, 2012 to acquire CNS Therapeutics, Inc. and a $26.0 million decrease in capital expenditures.

Financing Activities

Net cash provided by financing activities was $1,252.1 million for the six months ended March 28, 2014, compared with net cash provided by financing activities of $172.8 million for the six months ended March 29, 2013. The $1,079.3 million increase largely resulted from $1,296.8 million in proceeds from the issuance of external debt used to fund the Cadence acquisition, partially offset by the current year $30.1 million repayment of debt, primarily related to debt assumed in the Cadence acquisition, and prior year net transfers from Covidien of $172.8 million, which reflected the funding of the CNS Therapeutics, Inc. acquisition and higher capital expenditures.

Debt and Capitalization

At March 28, 2014, total debt was $2,215.9 million compared with total debt at September 27, 2013 of $919.8 million.

In March 2014, in connection with the acquisition of Cadence, Mallinckrodt International Finance S.A. ("MIFSA") and Mallinckrodt CB LLC ("MCB"), each a subsidiary of Mallinckrodt plc, entered into senior secured credit facilities consisting of a $1.3 billion term loan facility due 2021 ("the Term Loan") and a $250.0 million revolving credit facility due 2019 ("the Revolver") (collectively, "the Facilities"). The Facilities are fully and unconditionally guaranteed by Mallinckrodt plc, certain of its direct or indirect wholly-owned U.S. subsidiaries and each of its direct or indirect wholly-owned subsidiaries that owns directly or indirectly any such wholly-owned U.S. subsidiary (collectively, "the Guarantors"). The Facilities are secured by a security interest in certain assets of MIFSA, MCB and the Guarantors. The Facilities contain customary affirmative and negative covenants, which include, amongst other things, restrictions on our ability to declare or pay dividends, create liens, incur additional indebtedness, enter into sale and lease-back transactions, make investments, dispose of assets and merge or consolidate with any other person. In addition, the Revolver contains a financial covenant that may limit our total net leverage ratio, which is defined as the ratio of (i) our consolidated debt, less any unrestricted cash and cash equivalents, to (ii) our adjusted consolidated EBITDA, as defined in the credit agreement. The Facilities bear interest at LIBOR plus a margin based on our total net leverage ratio, and the Term Loan is subject to a minimum LIBOR level of 0.75%. Interest payment dates are variable based on the LIBOR rate utilized, but we generally expects interest to be payable every 90 days. The Term Loan requires quarterly principal amortization payments in an amount equal to 0.25% of the original principal amount of the Term Loan, payable on the last day of each calendar quarter, commencing on June 30, 2014, with the remaining balance payable on the due date, March 19, 2021. We incurred an original issue discount of 0.25%, or $3.3 million associated with the Term Loan. The Revolver contains a $150.0 million letter of credit provision, of which none had been issued as of March 28, 2014. Unused commitments on the Revolver are subject to an annual commitment fee, determined by reference to our public debt rating, which was 0.375% as of March 28, 2014, and the fee applied to outstanding letters of credit is based on the interest rate applied to borrowings. As of March 28, 2014, the applicable interest rate on outstanding borrowings under the Revolver would have been approximately 3.00%; however, there were no outstanding borrowings. As of March 28, 2014, the applicable interest rate for the Term Loan was 3.50% and outstanding borrowings totaled $1.3 billion.

In conjunction with entering into the Revolver in March 2014, MIFSA terminated the $250.0 million five-year senior unsecured revolving credit facility entered into in March 2013.

In April 2013, MIFSA issued and sold in a private placement $300.0 million aggregate principal amount of 3.50% senior unsecured notes due April 2018 and $600.0 million aggregate principal amount of 4.75% senior unsecured notes due April 2023 (collectively, "the Notes"). In connection with the initial offering, MIFSA entered into a registration rights agreement with the initial purchasers in which MIFSA agreed, among other things, to register the Notes with the SEC within one year of the issuance of the Notes. On January 16, 2014, MIFSA filed the registration statement, which was declared effective on March 5, 2014, and the bonds were exchanged in accordance with the registration statement. The Notes are subject to an indenture which contains customary affirmative and negative covenants. Mallinckrodt plc has fully and unconditionally guaranteed the Notes on an unsecured and unsubordinated basis. MIFSA pays interest on the Notes semiannually in arrears on April 15 and October 15 of each year.

As of March 28, 2014, we were, and expect to remain, in compliance with the provisions and covenants associated with the Term Loan, the Revolver, the Notes and our other debt agreements.

Commitments and Contingencies

Contractual Obligations

Cadence, a subsidiary of Mallinckrodt plc, contracts with various third-party manufacturers for the commercial supply of Ofirmev. Under these agreements, Cadence is required to purchase a certain minimum number of vials each year during the terms of the contracts. As of March 28, 2014, the remaining obligations are $74.2 million, to be paid within the next five years. These amounts relate to Cadence's amended supply agreement with Lawrence Laboratories, an operating division of Swords Laboratories and a member of the Bristol-Myers Squibb Company ("BMS") group of companies, entered into in 2013. Under this agreement, Bristol-Myers Squibb Srl ("BMS Anagni"), an indirect subsidiary of BMS located in Anagni, Italy, manufactures Ofirmev in vials for sale and distribution by us in the U.S. and Canada. BMS Anagni is currently our sole supplier of Ofirmev.

Cadence also has a manufacturing and supply agreement with Laboratorios Grifols, S.A. ("Grifols"), which it entered into in March 2013. Under this agreement, Grifols will develop, manufacture and supply commercial quantities of Ofirmev in flexible IV bags. As of March 28, 2014, no obligations existed under this agreement as the initial contract year does not commence until the FDA has approved the product and manufacturing at this facility.

Legal Proceedings

We are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described in Note 16 of Notes to Condensed Consolidated and Combined Financial Statements of this Quarterly Report on Form 10-Q. We believe that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, we believe, unless indicated in Note 16 of Notes to Condensed Consolidated and Combined Financial Statements, given the information currently available, that their ultimate resolution will not have a material adverse effect on our financial condition, results of operations and cash flows.

Guarantees

In disposing of assets or businesses, we have historically provided representations, warranties and indemnities to cover various risks and liabilities, including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities related to periods prior to disposition. We assess the probability of potential liabilities related to such representations, warranties and indemnities and adjust potential liabilities as a result of changes in facts and circumstances. We believe, given the information currently available, that their ultimate resolution will not have a material adverse effect on our financial condition, results of operations and cash flows.

In connection with the sale of the Specialty Chemicals business (formerly known as Mallinckrodt Baker) in fiscal 2010, we agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to certain environmental, health and safety matters have a term of 17 years from the sale, while some of the other indemnification obligations have an indefinite term. The amount of the liability relating to all of these indemnification obligations included in other liabilities on our unaudited condensed consolidated balance sheet as of March 28, 2014 was $16.8 million, of which $13.9 million related to environmental, health and safety matters. The value of the environmental, health and safety indemnity was measured based on the probability-weighted present value of the costs expected to be incurred to address environmental, health and safety claims made under the indemnity. The aggregate fair value of these indemnification obligations did not differ significantly from their aggregate carrying value at March 28, 2014. As of March 28, 2014, the maximum future payments we could be required to make under these indemnification obligations was $71.4 million. We were required to pay $30.0 million into an escrow account as collateral to the purchaser, of which $19.4 million remained in other assets on our unaudited condensed consolidated balance sheet at March 28, 2014.

We have recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in Note 16 of Notes to Condensed Consolidated and Combined Financial Statements. In addition, we are liable for product performance; however, we believe, given the information currently available, that their ultimate resolution will not have a material adverse effect on our financial condition, results of operations and cash flows.

Off-Balance Sheet Arrangements

We are required to provide the U.S. Nuclear Regulatory Commission financial assurance demonstrating our ability to fund the decommissioning of our Maryland Heights, Missouri radiopharmaceuticals production facility upon closure, though we do not intend to close this facility. We have provided this financial assurance in the form of a $58.0 million surety bond.

In addition, as of March 28, 2014, we had a $21.1 million letter of credit to guarantee decommissioning costs associated with our Saint Louis, Missouri plant. As of March 28, 2014, we had various other letters of credit and guarantee and surety bonds totaling $30.7 million.

We exchanged title to $27.4 million of our plant assets in return for an equal amount of Industrial Revenue Bonds ("IRB") issued by Saint Louis County. We also simultaneously leased such assets back from Saint Louis County under a capital lease expiring December 2025, the terms of which provide us with the right of offset against the IRBs. The lease also provides an option for us to repurchase the assets at the end of the lease for nominal consideration. These transactions collectively result in a ten-year property tax abatement from the date the property is placed in service. Due to right of offset, the capital lease obligation and IRB asset are recorded net in the unaudited condensed consolidated balance sheets. We expect that the right of offset will be applied to payments required under these arrangements.

In addition, the separation and distribution agreement entered into with Covidien at the Separation provides for cross-indemnities principally designed to place financial responsibility of the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Covidien's remaining business with Covidien, among other indemnities.

Critical Accounting Policies and Estimates

The preparation of our unaudited condensed consolidated and combined financial statements in conformity with accounting principles generally accepted in the U.S. requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities.

We believe that our accounting policies for revenue recognition, inventory, goodwill and other intangible assets, contingencies, pension and postretirement benefits, share-based compensation and income taxes are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. During the six months ended March 28, 2014, there were no significant changes to these policies or in the underlying accounting assumptions and estimates used in the above critical accounting policies from those disclosed in our annual consolidated and combined financial statements and accompanying notes included in our Annual Report on Form 10-K filed with the SEC on December 13, 2013.

Forward-Looking Statements

We have made forward-looking statements in this Quarterly Report on Form 10-Q that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "project," "anticipate," "estimate," "predict," "potential," "continue," "may," "should" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements.

The risk factors included within Item 1A. Risk Factors of this Quarterly Report on Form 10-Q and within Item 1A. of our Annual Report on Form 10-K filed with the SEC on December 13, 2013 could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

These forward-looking statements are made as of the filing date of this Quarterly Report on Form 10-Q. We expressly disclaim any obligation to update these forward-looking statements other than as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our operations include activities in the United States ("U.S.") and countries outside of the U.S. These operations expose us to a variety of market risks, including the effects of changes in interest rates and currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program. We do not utilize derivative instruments for trading or speculative purposes.

Interest Rate Risk

As of March 28, 2014, we had $1,300.0 million outstanding variable rate debt on our term loan, with an interest rate payable as of March 28, 2014 of LIBOR plus margin of 2.75%, or 3.50%. An unfavorable 25 basis point change in the interest rate would increase our quarterly interest payments by approximately $0.8 million. The carrying value of the term loan as of March 28, 2014 was $1,296.8 million. The remainder of our outstanding debt consisted primarily of our fixed-rate 3.50% and 4.75% senior unsecured notes due in April 2018 and April 2023, respectively, with a combined principal amount of $900.0 million. The carrying value of these notes was $898.2 million as of March 28, 2014. As these notes are fixed-rate debt, they do not subject us to interest rate risk.

In addition, we maintain a $250.0 million five-year senior secured revolving credit facility with a variable interest rate equal to LIBOR plus a margin based on our total net leverage ratio. As a result, we will be exposed to fluctuations in interest rates to the extent of our borrowings under this facility. As of March 28, 2014, there were no outstanding borrowings under this credit facility.

Currency Risk

Certain net sales and costs of our international operations are denominated in the local currency of the respective countries. As such, profits from these subsidiaries may be impacted by fluctuations in the value of these local currencies relative to the U.S. dollar. We also have significant intercompany financing arrangements that may result in gains and losses in our results of operations. In an effort to mitigate the impact of currency exchange rate effects we may hedge certain operational and intercompany transactions; however, our hedging strategies may not fully offset gains and losses recognized in our results of operations.

The unaudited condensed consolidated statement of income is significantly exposed to currency risk from intercompany financing arrangements, which primarily consist of intercompany debt and intercompany cash pooling, where the denominated currency of the transaction differs from the functional currency of one or more of our subsidiaries. We performed a sensitivity analysis for these arrangements as of March 28, 2014 that measures the potential unfavorable impact to income from continuing operations before income taxes from a hypothetical 10% adverse movement in foreign exchange rates relative to the U.S. dollar, with all other variables held constant. The aggregate potential unfavorable impact from a hypothetical 10% adverse change in foreign exchange rates was $33.9 million as of March 28, 2014. This hypothetical loss does not reflect any hypothetical benefits that would be derived from hedging activities, including cash holdings in similar foreign currencies, that we have historically utilized to mitigate our exposure to movements in foreign exchange rates.

The financial results of our non-U.S. operations are translated into U.S. dollars, further exposing us to currency exchange rate fluctuations. We have performed a sensitivity analysis as of March 28, 2014 that measures the change in the net financial position arising from a hypothetical 10% adverse movement in the exchange rates of the Euro, the British Pound and the Canadian Dollar, our most widely used foreign currencies, relative to the U.S. dollar, with all other variables held constant. The aggregate potential change in net financial position from a hypothetical 10% adverse change in the above currencies was $39.1 million as of March 28, 2014. The change in the net financial position associated with the translation of these currencies is generally recorded as an unrealized gain or loss on foreign currency translation within accumulated other comprehensive income in shareholders' equity of our unaudited condensed consolidated balance sheets.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended ("the Exchange Act"), is recorded, processed, summarized and reported within the specified time periods, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO concluded that, as of that date, our disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

Under the rules and regulations of the United States Securities and Exchange Commission, we are not required to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 until we file our Annual Report on Form 10-K for the fiscal year ending September 26, 2014. In our Annual Report on Form 10-K for the fiscal year ending September 26, 2014, management and our independent registered public accounting firm will be required to provide an assessment as to the effectiveness of our internal controls over financial reporting.

Changes in Internal Control over Financial Reporting

Historically, we have relied on Covidien's financial controls and resources to manage certain aspects of our business and report our results. As a result of the Separation, we are in the process of reviewing, revising and adopting policies, as needed, to meet all regulatory requirements applicable to us as an independent, publicly-traded company. While many of these changes in staffing, policies and systems were accomplished prior to March 28, 2014, we continue to review and document our internal controls over financial reporting and may, from time to time, make changes aimed at enhancing their effectiveness. These efforts may lead to changes in our internal control over financial reporting.

Other than those noted above, there have not been any changes in our internal control over financial reporting that occurred during our fiscal quarter ended March 28, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described below. We believe that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, we believe, unless indicated in Note 16 of Notes to Condensed Consolidated and Combined Financial Statements, given the information currently available, that their ultimate resolution will not have a material adverse effect on our financial condition, results of operations and cash flows. For further information on pending legal proceedings, refer to Note 16 of Notes to Condensed Consolidated and Combined Financial Statements.

Item 1A. Risk Factors.

Other than the following risk factors relating to our acquisition of Cadence Pharmaceuticals, Inc. ("Cadence"), our pending acquisition of Questcor Pharmaceuticals, Inc. ("Questcor") and other new or updated risk factors included in Amendment No. 1 to our Form S-4 filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") on March 4, 2014, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on December 13, 2013. Refer to Item 1A. Risk Factors in our Annual Report on Form 10-K for a discussion of other risks to which our business, financial condition, results of operations and cash flows are subject.

Risks Related to Our Acquisition of Cadence Pharmaceuticals, Inc.

The failure to successfully integrate Cadence's business and operations in the expected time frame may adversely affect the combined company's future results.

We believe that the acquisition of Cadence will result in certain benefits, including certain cost synergies and operational efficiencies. However, to realize these anticipated benefits, the businesses of Mallinckrodt and Cadence must be successfully combined. The success of the acquisition will depend on the combined company's ability to realize these anticipated benefits from combining the businesses of Mallinckrodt and Cadence. The combined company may fail to realize the anticipated benefits of the acquisition for a variety of reasons, including the following:

- failure to successfully manage relationships with customers, distributors, licensors and suppliers;
- failure to leverage the increased scale of the combined company quickly and effectively;
- potential difficulties integrating and harmonizing financial reporting systems;
- the loss of key employees; and
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company.

The actual integration may result in additional and unforeseen expenses or delays. If the combined company is not able to successfully integrate Cadence's business and operations, or if there are delays in combining the businesses, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.

Cadence's business and the commercial and financial success of our acquisition of Cadence depend on the commercial success of Cadence's only product, Ofirmev.

Cadence's success, and consequently the success of our acquisition of Cadence, depends on the continued success of the commercialization of its only product, Ofirmev (acetaminophen) injection ("Ofirmev"), which was approved by the U.S. Food and Drug Administration ("FDA") in November 2010 for the management of mild to moderate pain, the management of moderate to severe pain with adjunctive opioid analgesics and the reduction of fever in adults and children two years of age and older.

Cadence launched Ofirmev in January 2011, but our ability to maintain and increase revenues from sales of Ofirmev following our acquisition of Cadence will depend on several factors, including:

- our ability to increase market demand for Ofirmev through our own marketing and sales activities, and any other arrangements to promote this product we may later establish;
- our ability to maintain and defend the patent protection and regulatory exclusivity of Ofirmev;
- our ability to continue to procure a supply of Ofirmev from its sole source third-party manufacturer in sufficient quantities and at acceptable quality and pricing levels in order to meet commercial demand;
- the performance of Cadence's third-party manufacturer and our ability to ensure that the supply chain for Ofirmev efficiently and consistently delivers Ofirmev to our customers;
- our ability to deploy and support a qualified sales force;
- our ability to maintain fees and discounts payable to the wholesalers and distributors who distribute Ofirmev, as well as to group purchasing organizations, at commercially reasonable levels;
- whether the Federal Trade Commission ("FTC"), Department of Justice ("DOJ") or third parties seek to challenge and are successful in challenging Cadence's settlement agreement with Paddock Laboratories, Inc., Perrigo Company and Paddock Laboratories, LLC (collectively, "Perrigo"), its settlement agreement with Sandoz, Inc., Sandoz AG, Neogen International N.V. and APC Pharmaceuticals, LLC or its settlement agreement with Wockhardt USA LLC;
- warnings or limitations that may be required to be added to Ofirmev's FDA-approved labeling;
- the occurrence of adverse side effects or inadequate therapeutic efficacy of Ofirmev, and any resulting product liability claims or product recalls; and
- our ability to achieve hospital formulary acceptance for Ofirmev, and to the extent third-party payors separately cover and reimburse for Ofirmev, the availability of adequate levels of reimbursement for Ofirmev from third-party payors.

Any disruption in our ability to generate net sales from the sale of Ofirmev or lack of success in its commercialization will have a substantial adverse impact on our business, financial condition, results of operations and cash flows.

The patent rights that Cadence has in-licensed covering Ofirmev are limited to a specific intravenous formulation of acetaminophen. As a result, the market opportunity for this product may be limited by the lack of patent protection for the active ingredient itself and other formulations of intravenous acetaminophen may be developed by competitors.

The active ingredient in Ofirmev is acetaminophen. Patent protection is not available for the acetaminophen molecule itself in the territories licensed to Cadence, which include the U.S. and Canada. As a result, competitors who obtain the requisite regulatory approval can offer products with the same active ingredient as Ofirmev so long as the competitors do not infringe any process or formulation patents that Cadence has in-licensed from Bristol-Myers Squibb Company ("BMS") and its licensor, SCR Pharmatop S.A. ("Pharmatop"). Cadence is the exclusive licensee of two U.S. patents and two Canadian patents owned by Pharmatop, under BMS's license to these patents from Pharmatop. U.S. Patent No. 6,028,222 ("the '222 patent") (Canadian patent number 2,233,924), covers the formulation of Ofirmev, and this patent expires in August 2017. U.S. Patent No. 6,992,218 ("the '218 patent") (Canadian patent number 2,415,403), covers the process used to manufacture Ofirmev, and this patent expires in June 2021. We plan to complete a pediatric clinical trial of Ofirmev and, upon timely completion and the acceptance by the FDA of the data from this study, we expect that Ofirmev will be eligible for an additional six months of marketing exclusivity in the U.S.

We are also aware of several U.S. and Canadian patents and patent applications directed to various potential injectable formulations of acetaminophen as well as methods of making and using these potential formulations. For example, Injectapap, a liquid formulation of acetaminophen for intramuscular injection, was approved by the FDA for the reduction of fever in adults in March 1986, although it was subsequently withdrawn from the market by McNeil Pharmaceutical in July 1986. The number of patents and patent applications directed to products in the same field as Ofirmev indicates that competitors have sought to develop and may seek to market competing formulations that may not be covered by Cadence's licensed patents and patent applications. The commercial opportunity for Ofirmev could be significantly harmed if competitors are able to develop alternative formulations of acetaminophen outside the scope of Cadence's in-licensed patents. We are also aware of a number of third-party patents in the U.S. that claim methods of making acetaminophen.

Five third parties have challenged, and additional third parties may challenge, the patents covering Ofirmev, which could result in the invalidation or unenforceability of some or all of the relevant patent claims. If a third party files a New Drug Application ("NDA") or Abbreviated New Drug Application ("ANDA") for a generic drug product containing acetaminophen and relies in whole or in part on studies conducted by or for Cadence, the third party will be required to certify to the FDA that, in the opinion of that third party, the patent listed in the Orange Book for a branded product is invalid, unenforceable or will not be infringed by the manufacture, use or sale of the third party's generic drug product. A third party certification that the new product will not infringe the Orange Book-listed patents for Ofirmev, or that such patents are invalid, is called a Paragraph IV patent certification. If the third party submits a Paragraph IV patent certification to the FDA, a notice of the Paragraph IV patent certification must also be sent to Cadence once the third party's NDA or ANDA is accepted for filing by the FDA. A lawsuit may then be initiated to defend the patents identified in the notice. The filing of a patent infringement lawsuit within 45 days of the receipt of notice of a Paragraph IV patent certification automatically prevents the FDA from approving the NDA or ANDA until the earlier of the expiration of a 30-month period, the expiration of the patents, the entry of a settlement order stating that the patents are invalid or not infringed, a decision in the infringement case that is favorable to the NDA or ANDA applicant, or such shorter or longer period as the court may order. If a patent infringement lawsuit is not initiated within the required 45-day period, the third-party's NDA or ANDA will not be subject to the 30-month stay.

For example, in August 2011, Cadence and Pharmatop filed suit in the U.S. District Court for the District of Delaware against Perrigo and Exela Pharma Sciences, LLC, Exela PharmaSci, Inc. and Exela Holdings, Inc. (collectively, "Exela"). The lawsuit followed the notices that Cadence received in July 2011 from each of Perrigo and Exela concerning their filings of ANDAs containing a Paragraph IV patent certification with the FDA for a generic version of Ofirmev. In the lawsuit, Cadence alleged that Perrigo and Exela each infringed the '222 patent and the '218 patent by filing their respective ANDAs seeking approval from the FDA to market a generic version of Ofirmev prior to the expiration of these patents. The '222 and the '218 patents are listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. The patent infringement lawsuit was filed within 45 days of receipt of the pertinent notice letters, thereby triggering a stay of FDA approval of the Perrigo ANDA and the Exela ANDA until the earlier of the expiration of a 30-month period, the expiration of the '222 and '218 patents, the entry of a settlement order or consent decree stating that the '222 and '218 patents are invalid or not infringed, a decision in the case concerning infringement or validity that is favorable to Perrigo or Exela, or such shorter or longer period as the Court may order. Each of Perrigo and Exela filed an answer in the case that asserted, among other things, non-infringement and invalidity of the asserted patents, as well as certain counterclaims.

Cadence settled with Perrigo and the case against Perrigo was dismissed on November 30, 2012. In connection with the settlement and license agreements entered into in November 2012, Perrigo was granted the exclusive right of first refusal to negotiate an agreement with Cadence to market an authorized generic version of Ofirmev in the U.S. in the event that Cadence elects to launch an authorized generic version of the product. The license agreement also provides that, if Cadence enters into an agreement for Perrigo to market an authorized generic version of Ofirmev during the license period, Perrigo would purchase the product exclusively from Cadence. Cadence would receive product costs plus an administrative fee, as well as a royalty payment based on the net profits achieved by Perrigo from the sale of the authorized generic product. Additionally, Cadence granted Perrigo the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under Perrigo's ANDA after December 6, 2020, or earlier under certain circumstances. The FTC or the DOJ could seek to challenge Cadence's settlement with Perrigo, or a competitor, customer or other third-party could initiate a private action under antitrust or other laws challenging the settlement with Perrigo. Any such challenge could be both expensive and time consuming and may render the settlement agreement unenforceable.

A bench trial for the lawsuit with Exela was held and the court ruled in favor of Cadence in November 2013 and found that Exela's ANDA for a generic version of Ofirmev infringed the '222 and '218 patents. An appeal of the decision in favor of Cadence was filed by Exela on December 20, 2013. It is not possible to predict the outcome of this appeal. An adverse outcome could result in the launch of one or more generic versions of Ofirmev before the expiration of the last of the listed patents in June 6, 2021 (or December 6, 2021 if pediatric exclusivity is granted), which could adversely affect our ability to successfully maximize the value of Ofirmev if our acquisition of Cadence is completed, and would negatively impact our financial condition and results of operations, including causing a significant decrease in our revenues and cash flows.

In addition, in January 2013, Cadence filed suit in the U.S. District Court for the Southern District of California against Fresenius Kabi USA, LLC ("Fresenius") following receipt of a December 2012 notice from Fresenius concerning its submission of a NDA containing a Paragraph IV patent certification with the FDA for a generic version of Ofirmev. In February 2013, Cadence filed suit in the U.S. District Court for the Southern District of California against Sandoz, Inc. ("Sandoz") following receipt of a December 2012 notice from Sandoz concerning its submission of an ANDA containing a Paragraph IV patent certification with the FDA for a generic version of Ofirmev. In October 2013, Cadence filed a motion to amend its complaint against Sandoz to join Sandoz AG, Neogen International N.V., APC Pharmaceuticals, LLC, and DIACO S.p.A. (together with Sandoz, "the Sandoz Parties") to the lawsuit against Sandoz due to the involvement of each of these companies with the preparation of the Sandoz ANDA and related matters. In the lawsuits against Fresenius and the Sandoz Parties, which were coordinated for purposes of discovery and other pretrial proceedings in the Southern District of California, Cadence alleged that Fresenius and the Sandoz Parties each infringed the '222 patent and the '218 patent by filing a NDA, in the case of Fresenius, or an ANDA, in the case of the Sandoz Parties, seeking approval from the FDA to market a generic version of Ofirmev prior to the expiration of these patents. Both Fresenius and the Sandoz Parties filed answers in the Southern District of California asserting, among other things, non-infringement and invalidity of the asserted patents, as well as

certain counterclaims. Both the Fresenius and Sandoz lawsuits were filed within 45 days of receipt of the respective notice letters, thereby triggering a stay of FDA approval of the Fresenius NDA and the Sandoz ANDA until the earlier of the expiration of a 30-month period, the expiration of the '222 and '218 patents, the entry of a settlement order or consent decree stating that the '222 and '218 patents are invalid or not infringed, a decision in the case concerning infringement or validity that is favorable to Fresenius and/or the Sandoz Parties, or such shorter or longer period as the Court may order.

In January 2014, Cadence entered into a settlement agreement and a binding term sheet for a license agreement with the Sandoz Parties. The settlement agreement includes a stipulation by the parties requesting dismissal with prejudice of the lawsuit filed by Cadence relating to the ANDA filed by Sandoz. Under the terms of the license, Cadence granted to the holder of the Sandoz ANDA and its affiliates the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under the Sandoz ANDA beginning December 6, 2020, or earlier under certain circumstances. Cadence also agreed that in the event that Cadence determines to launch an authorized generic version of Ofirmev (i.e., a generic version marketed under Cadence's NDA) in the U.S. and Perrigo elects not to exercise its right of first refusal to become the distributor of the authorized generic version of the product, Cadence will grant a similar right of first refusal to the holder of the Sandoz ANDA on substantially the same terms as those previously granted to Perrigo. Litigation remains ongoing against Fresenius, and the bench trial for such lawsuit is tentatively scheduled to commence on July 14, 2014.

In December 2013, Cadence received a notice from Wockhardt USA LLC ("Wockhardt") stating that Wockhardt filed an ANDA containing a Paragraph IV patent certification with the FDA for a generic version of Ofirmev. This notice stated that the Paragraph IV patent certification was made with respect to both the '222 patent and the '218 patent. Cadence filed suit against Wockhardt Limited, Wockhardt BIO AG and Wockhardt on January 22, 2014 in the U.S. District Court of Delaware, and on January 23, 2014, in the U.S. District Court of New Jersey. In March 2014, Cadence entered into a settlement agreement and a license agreement with Wockhardt. The settlement agreement includes a stipulation by the parties requesting dismissal with prejudice of the lawsuit filed by Cadence relating to the ANDA filed by Wockhardt. Under the terms of the license agreement, Cadence granted to the holder of the Wockhardt ANDA and its affiliates the non-exclusive right to market a generic intravenous acetaminophen product in the U.S. under the Wockhardt ANDA beginning December 6, 2020, or earlier under certain circumstances.

Litigation or other proceedings to enforce or defend intellectual property rights are often very complex in nature and may be very expensive and time-consuming. Litigation relating to Cadence and its intellectual property may result in unfavorable results that could adversely impact our ability to prevent third parties from competing with our products. Any adverse outcome of such litigation could result in one or more generic versions of Ofirmev being launched without our or Cadence's consent before the expiration of one or both of the patents Cadence has in-licensed from BMS and its licensor, Pharmatop, which could adversely affect our ability to successfully execute our business strategy to increase sales of Ofirmev and negatively impact our financial condition and results of operations. We intend to vigorously enforce Cadence's intellectual property rights relating to Ofirmev to prevent the marketing of infringing generic products without Cadence's consent prior to the expiration of its patents. However, given the unpredictability inherent in litigation, we cannot predict or guarantee the outcome of these matters or any other litigation. Regardless of how these matters are ultimately resolved, these matters may be costly, time-consuming and distracting to our management, which could have a material adverse effect on our business.

The protection of Cadence's intellectual property rights is critical to its success and any failure on its or our part to adequately secure such rights would materially affect our business.

Our commercial success relating to Ofirmev depends on maintaining patent protection and trade secret protection for Ofirmev, as well as for any other products or product candidates that we may license or acquire, and successfully defending these patents and trade secrets against third-party challenges. We will only be able to protect its technologies from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them.

In April 2012, Exela filed suit against David J. Kappos and the U.S. Patent and Trademark Office ("USPTO") in the U.S. District Court for the Eastern District of Virginia for declaratory judgment seeking a reversal of the USPTO's decision not to act on a petition by Exela to vacate the USPTO's April 2003 order reviving the international application for the '218 patent. The lawsuit followed the USPTO's rejection of Exela's petition to the USPTO filed in November 2011, which sought to vacate the April 23, 2003 order granting Pharmatop's petition to revive the '218 patent. The USPTO determined that Exela lacked standing to seek such relief. Exela also seeks declaratory judgment that the USPTO's rules and regulations that allow for revival of abandoned, international patent applications under the "unintentional" standard are invalid, and similar relief in connection with one or more counterclaims it has filed in the Delaware litigation. Cadence's motion to intervene in this lawsuit was granted in October 2012. In December 2012, the district court dismissed the case with prejudice as barred by the applicable statute of limitations. In February 2013, Exela appealed the district court's decision to the Court of Appeals for the Federal Circuit. Oral argument was held on February 3, 2014. A decision by the Court of Appeals in favor of Exela could result in the invalidation of the '218 patent.

Additionally, in September 2012, Exela filed with the USPTO a Request for Ex Parte Reexamination of the '222 patent. In December 2012, Cadence received notice that the USPTO had granted the Request for Reexamination. The reexamination process is provided for by law and requires the USPTO to consider the scope and validity of the patent based on substantial new questions of patentability raised by a third party or the USPTO. In February 2013, Cadence and Pharmatop filed with the USPTO a patent owner's statement commenting on the reexamination request, and in April 2013, Exela filed comments in response to the patent owner's statement. In a non-final, initial office action issued by the USPTO on August 13, 2013, the USPTO rejected certain claims of the '222 patent. A response to the first office action was filed in November 2013. A supplemental amendment and response was filed on February 28, 2014 and a next office action was issued March 27, 2014.

In addition, in January 2014, an unidentified third party filed with the USPTO a Request for Ex Parte Reexamination of the '218 patent. The reexamination request was granted on March 14, 2014.

All of the claims of the '222 and '218 patents remain valid and in force during the reexamination proceedings. Because Cadence and Pharmatop believe that the scope and validity of the patent claims in these patents are appropriate and that the USPTO's prior issuances of the patents were correct, Cadence, in conjunction with Pharmatop, will vigorously defend these patents. We cannot predict whether Cadence, Pharmatop and us ultimately will succeed in maintaining the scope and validity of the claims of these patents during reexamination. If any of the patent claims in these patents ultimately are narrowed during prosecution before the USPTO, the extent of the patent coverage afforded to Ofirmev could be impaired, which could potentially harm our business and operating results.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in pharmaceutical or biotechnology patents has emerged to date in the U.S. The patent situation outside the U.S. is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the U.S. and other countries may diminish the value of Cadence's intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in Cadence's patents or in third-party patents.

The degree of future protection for proprietary rights associated with Ofirmev is uncertain, because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep its competitive advantage. For example:

- Cadence's licensors might not have been the first to make the inventions covered by each of its pending patent applications and issued patents;
- Cadence's licensors might not have been the first to file patent applications for these inventions;
- others may independently develop similar or alternative technologies or duplicate Ofirmev or other product candidates or technologies;
- the issued patents covering Ofirmev or other product candidates may not provide a basis for commercially viable active products, may not provide us with any competitive advantages, or may be challenged by third parties;
- we may not develop additional proprietary technologies that are patentable; or
- patents of others may have an adverse effect on Ofirmev.

Patent applications in the U.S. are maintained in confidence for at least 18 months after their earliest effective filing date. Consequently, we cannot be certain that Cadence licensors were the first to invent or the first to file patent applications on its products or product candidates. In the event that a third party has also filed a U.S. patent application relating to its products or product candidates or a similar invention, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention in the U.S. The costs of these proceedings could be substantial and it is possible that our efforts would be unsuccessful, resulting in a material adverse effect on Cadence's U.S. patent position. Furthermore, Cadence may not have identified all U.S. and foreign patents or published applications that affect its business either by blocking its ability to commercialize its drugs or by covering similar technologies that affect its drug market.

In addition, some countries, including Canada, do not grant patent claims directed to methods of treating humans, and in these countries patent protection may not be available at all to protect Cadence's products or product candidates. Even if patents are issued, we cannot guarantee that the claims of those patents will be valid and enforceable or provide us with any significant protection against competitive products, or otherwise be commercially valuable to us.

Cadence also relies on trade secrets to protect its technology, particularly where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Cadence's licensors, employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose its information to competitors. Enforcing a claim that a third party illegally obtained and is using Cadence's trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the U.S. are sometimes less willing to protect trade secrets. Moreover, Cadence's competitors may independently develop equivalent knowledge, methods and know-how.

If Cadence's licensors or we fail to obtain or maintain patent protection or trade secret protection for Ofirmev or any other product or product candidate it may license or acquire, third parties could use its proprietary information, which could impair its ability to compete in the market and adversely affect our ability to generate revenues and achieve profitability.

Risk Related to Our Business

The global supply of fission-produced Mo-99 is limited. Our inability to obtain and/or to timely transport Mo-99 to our Tc-99m generator production facilities could prevent us from delivering our Ultra-Technekow DTE Tc-99m generators to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues or increased costs if we procure supply from other sources.

Molybdenum-99 ("Mo-99") is a critical ingredient of our technetium-99m ("Tc-99m") generators. Mo-99 is produced in nuclear research reactors utilizing high enriched uranium ("HEU") or low enriched uranium ("LEU") targets. These targets, either tubular or flat and of varying sizes, are fabricated from HEU or LEU and, in either case, aluminum. The targets are placed in or near the core of the nuclear reactor where fission reactions occur resulting in the production of Mo-99 and other isotopes. This process, which takes approximately six days, is known as target irradiation. There are currently eight reactors around the world producing the global supply of Mo-99. We have agreements to obtain Mo-99 from three of these reactors and we rely predominantly on two of these reactors for our Mo-99 supply. These reactors are subject to scheduled and unscheduled shutdowns which can have a significant impact on the amount of Mo-99 available for processing. Mo-99 produced at these reactors is then finished at one of five processing sites located throughout the world, including our processing facility located in the Netherlands. At the processing facility, the targets are dissolved and chemically separated. In this process, the Mo-99 is isolated as a radiochemical. Once finished, Mo-99 must be transported to generator facilities where it is loaded into our Tc-99m generators that are sold, in the U.S., principally to nuclear radiopharmacies as well as hospitals and, in Europe and other markets, principally to hospitals, where single unit doses are then prepared. Mo-99 has a 66-hour half-life and decays primarily into Tc-99m, which has a half-life of only six hours. The radiopharmacies or hospitals prepare dosages from the Tc-99m generators for use in single photon emission computed tomography imaging medical procedures. Given the product's radioactive decay, if we encounter delays in transporting Mo-99 to our generator facilities, or if the generator facilities experience delays in loading Mo-99, we may be limited in the amount of Ultra-Technekow DTE generators that we could manufacture, distribute and sell, which could have a material adverse effect on our competitive position, business, financial condition, results of operation and cash flows.

In November 2012, the High Flux Reactor ("HFR") in the Netherlands, one of two primary reactors we utilize, experienced an unscheduled shutdown. We were able to receive increased target irradiations at the two other reactors and purchased additional Mo-99 from other sources to continue meeting customer orders; however, the additional Mo-99 we procured from alternative sources came at a higher than normal cost. The reactor resumed production in June 2013.

In October 2013, the HFR experienced another unscheduled shutdown. In addition, our own Mo-99 processing facility in the Netherlands also experienced a shutdown. The HFR resumed production of medical isotopes and irradiation of materials in February 2014 and the Mo-99 processing facility resumed production in April 2014. We expect improvements in profitability in the Global Medical Imaging segment, starting in the fourth quarter, once we satisfy higher cost procurement commitments that we entered into during the shutdowns.

Future unplanned shutdowns of nuclear reactors that we use to irradiate targets could impact the amount of available Mo-99, which could result in global shortages, continued increased raw material costs and decreased sales. While we are pursuing additional sources of Mo-99 from potential producers around the world to augment our current supply, it is not certain whether these possible additional sources of Mo-99 will produce commercial quantities of Mo-99 for our business, or that these suppliers, together with our current suppliers, will be able to deliver a sufficient quantity of Mo-99 to meet our needs. Ongoing increased raw material and manufacturing costs will very likely limit our ability to return the Global Medical Imaging segment to historical operating margins.

Changes in laws and regulations may materially adversely affect us.

The development, manufacture, marketing, sale, promotion, and distribution of our products are subject to comprehensive government regulation. Changes in laws and regulations could affect us in various ways. For example, both the federal and state governments have given increased attention to the public health issue of opioid abuse, overdose and diversion. At the federal level, the White House Office of National Drug Control Policy continues to coordinate efforts between the FDA, U.S. Drug Enforcement Administration ("DEA") and other agencies to address this problem. In January 2013, the FDA released draft guidance on incorporating abuse-deterrent characteristics into extended-release opioids. When the FDA finds that a new formulation has abuse-deterrent characteristics, the agency has the authority to require that generics also have abuse-deterrent characteristics. One of our ANDAs that is currently under review in the U.S. refers to a NDA that did not have abuse-deterrent characteristics. From a compliance standpoint, the DEA continues to increase its efforts to hold manufacturers, distributors and pharmacies accountable through various enforcement actions as well as the implementation of compliance practices for controlled substances, including suspicious order monitoring activities for Schedule II opioids. In addition, many state legislatures continue to consider various bills intended to reduce

opioid abuse, overdose and diversion, for example by establishing prescription drug monitoring programs, mandating prescriber education and prohibiting the substitution of generic versions of opioids that lack abuse-deterrent characteristics for branded products that have them. Future legislation and regulation in the markets that we serve could affect access to healthcare products and services, increase rebates, reduce prices or the rate of price increases for healthcare products and services, change healthcare delivery systems, create new fees and obligations for the pharmaceutical industry, or require additional reporting and disclosure. These and other changes in laws and regulations could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

In October 2013, the FDA announced its recommendation that the DEA reschedule hydrocodone combination products (such as Vicodin® (registered trademark of AbbVie, Inc.) and our developmental product MNK-155) from Schedule III to Schedule II, thereby increasing regulatory controls on these drug products. The FDA issued its formal recommendation to the Department of Health and Human Services, who in turn issued a similar recommendation to the DEA in December 2013. In February 2014, the DEA issued its proposal to reschedule hydrocodone combination products from Schedule III to Schedule II. The DEA proposal was open for comment through April 28, 2014. At this time, it is too early to determine the degree of impact the hydrocodone rescheduling, if adopted, will have on our business.

Our operations expose us to the risk of material health, safety and environmental liabilities, litigation and violations.

We are subject to numerous federal, state, local and non-U.S. environmental protection and health and safety laws and regulations governing, among other things:

- the generation, storage, use and transportation of hazardous materials;
- emissions or discharges of substances into the environment;
- investigation and remediation of hazardous substances or materials at various sites;
- chemical constituents in products and end-of-life disposal, mandatory recycling and take-back programs; and
- the health and safety of our employees.

We may not have been, or we may not at all times be, in full compliance with environmental and health and safety laws and regulations. In the event a regulatory authority concludes that we are not in full compliance with these laws, we could be fined, criminally charged or otherwise sanctioned. Environmental laws are becoming more stringent, including outside the U.S., resulting in increased costs and compliance burdens.

Certain environmental laws assess liability on current or previous owners of real property and current or previous owners or operators of facilities for the costs of investigation, removal or remediation of hazardous substances or materials at such properties or at properties at which parties have disposed of hazardous substances. Liability for investigative, removal and remedial costs under certain federal and state laws is retroactive, strict (*i.e.*, can be imposed regardless of fault) and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. Certain radiological licenses at certain manufacturing sites owned by us require the establishment of decommissioning programs which will require remediation in accordance with regulatory requirements upon cessation of operations at such sites. We have received notification from the U.S. Environmental Protection Agency and similar state environmental agencies that conditions at a number of sites where the disposal of hazardous substances requires investigation, cleanup and other possible remedial action. These agencies may require that we reimburse the government for its costs incurred at these sites or otherwise pay for the costs of investigation and cleanup of these sites, including by providing compensation for natural resource damage claims arising from such sites.

In the ordinary course of our business planning process, we take into account our known environmental matters as we plan for our future capital and operating expenditures requirements. The ultimate cost of site cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. We concluded that, as of March 28, 2014, it was probable that we would incur remedial costs in the range of $44.9 million to $118.6 million. We also concluded that, as of March 28, 2014, the best estimate within this range was $68.0 million. For further information on our environmental obligations, refer to Note 16 of the Notes to Condensed Consolidated and Combined Financial Statements included within this Quarterly Report on Form 10-Q. Based upon information known to date, we believe our current capital and operating plans are adequate for costs associated with the investigation, cleanup and potential remedial action for our known environmental matters.

While we have planned for future capital and operating expenditures to comply with environmental laws, our costs of complying with current or future environmental protection and health and safety laws and regulations, or our liabilities arising from past or future releases of, or exposures to, hazardous substances may exceed our estimates or could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. We may also be subject to additional environmental claims for personal injury or cost recovery actions for remediation of facilities in the future based on our past, present or future business activities.

We may not achieve the anticipated benefits of price increases enacted on our pharmaceutical products, which may adversely affect our business.

From time to time, we initiate price increases on certain of our pharmaceutical products. There is no guarantee that our customers will be receptive to these price increases and continue to purchase the products at historical quantities. If customers do not maintain or increase existing sales volumes after price increases are enacted, and we are unable to replace lost sales with order from other customers, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Risks Related to Our Indebtedness

MIFSA's indebtedness could adversely affect its financial condition and prevent it from fulfilling its obligations under the notes.

Mallinckrodt International Finance, S.A. ("MIFSA") has indebtedness, which could adversely affect its ability to fulfill its obligations under the notes and have a negative impact on its financing options and liquidity position. As of March 28, 2014, we had $2,215.9 million of total debt. We incurred additional indebtedness in connection with our acquisition of Cadence and also expect to incur a significant amount of debt in connection with the acquisition of Questcor. We may also incur other additional indebtedness in the future.

Subject to the limits contained in the credit agreement that governs the term loan and credit facility, the indenture that governs the notes and our other debt instruments, we may be able to incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify.

Our indebtedness may impose restrictions on us that could have material adverse consequences by:

- making it more difficult for us to satisfy our obligations with respect to the credit facilities, the notes and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- exposing us to the risk of increased interest rates as borrowings under the term loan and revolving credit facility are at variable rates of interest;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a competitive disadvantage to other, less leveraged competitors; and
- increasing our costs of borrowing.

In addition, the indenture that governs the notes and the credit agreement governing the term loan and revolving credit facility contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of repayment of our debt.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the term loan, revolving credit facility and the notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the term loan, revolving credit facility and the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the term loan, revolving credit facility and the notes. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

In addition, MIFSA conducts its operations through its subsidiaries, none of which are guarantors of the notes. Accordingly, repayment of the notes is dependent on the generation of cash flow by MIFSA's subsidiaries and their ability to make such cash available to MIFSA, by distribution, debt repayment or otherwise. MIFSA's subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. MIFSA's subsidiaries may not be able to, or may not be permitted to, make distributions to enable MIFSA to make payments in respect of the notes. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit MIFSA's ability to obtain cash from its subsidiaries. In the event that MIFSA does not receive distributions from its subsidiaries, MIFSA may be unable to make required principal and interest payments on the notes.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under the notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the notes and/or lenders under the term loan and revolving credit facility could declare all outstanding principal and interest under such notes or term loan to be due and payable, the lenders under the revolving credit facility could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Our variable-rate indebtedness exposes us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our term loan and credit facility are subject to variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable-rate indebtedness would increase and our net income would decrease, even though the amount borrowed under the facilities remained the same. As of March 28, 2014, we had $1,300.0 million outstanding variable-rate debt on our term loan. The term loan has an interest rate as of March 28, 2014 of 3.50%, which is comprised of LIBOR plus margin of 2.75%. The LIBOR setting has a minimum value of 0.75%. An unfavorable 25 basis point increase in LIBOR in excess of the 0.75% minimum value would increase our quarterly payments by approximately $0.8 million.

Despite our current level of indebtedness, Mallinckrodt plc and its subsidiaries may still be able to incur more debt. This could further exacerbate the risks to our financial condition described above.

Mallinckrodt plc and its subsidiaries may be able to incur significant additional indebtedness in the future. In particular, we expect to incur significant additional indebtedness in connection with our pending acquisition of Questcor. If we incur any additional indebtedness that ranks equally with the notes, subject to collateral arrangements, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company. This may have the effect of reducing the amount of proceeds paid to debt holders. If new debt is added to our current debt levels, the related risks that we now face could intensify.

The terms of the credit agreement that governs the term loan and revolving credit facility and the indenture that governs the notes restrict our current and future operations, particularly our ability to respond to changes or to pursue our business strategies.

The indenture that governs the notes and the credit agreement governing the term loan and revolving credit facility contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including limitations or restrictions on our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions on or repurchase or redeem our capital stock;
- make loans or investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- enter into agreements restricting the Issuer's subsidiaries' ability to pay dividends;
- enter into sale and leaseback transactions; and
- consolidate or merge.

As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively, execute our growth strategy or take advantage of new business opportunities.

In addition, the restrictive covenants in the credit agreement that govern the credit facility require us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control.

A breach of the covenants under the indenture that governs the notes or under the credit agreement that governs the credit facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement that governs the credit facility would permit the lenders under the credit facility to terminate all commitments to extend further credit under the credit facility. In the event our lenders or noteholders accelerate the repayment of our borrowings, the issuer of the notes and Mallinckrodt may not have sufficient assets to repay that indebtedness.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating from Standard & Poor's Corporation ("S&P") and Moody's Investor Services, Inc. ("Moody's"). Any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. Credit ratings are not recommendations to purchase, hold or sell the notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the notes.

Any future lowering of our ratings (including in connection with the transactions related to the acquisition of Questcor) likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating assigned to our notes is subsequently lowered or withdrawn for any reason (including in connection with the transactions related to the acquisition of Questcor), holders of the notes may not be able to resell their notes without a discount.

Risks Related to the Pending Acquisition of Questcor Pharmaceuticals, Inc.

On April 5, 2014, we entered into an Agreement and Plan of Merger ("the Merger Agreement") by and among Mallinckrodt plc, Quincy Merger Sub, Inc. ("Merger Sub") and Questcor. Subject to the terms and conditions of the Merger Agreement, Merger Sub will merge with and into Questcor ("the Merger"), with Questcor surviving the Merger as a wholly-owned indirect subsidiary of Mallinckrodt.

Because the market price of our ordinary shares will fluctuate, Questcor shareholders cannot be sure of the market price of our ordinary shares they will receive.

At the effective time (as described in the Merger Agreement), each share of Questcor's common stock issued and outstanding immediately prior to the Merger (other than shares held by Questcor, Merger Sub or any of their respective subsidiaries, dissenting shares and Questcor employee restricted stock awards) will be converted into the right to receive (i) $30.00 in cash and (ii) 0.897 ordinary shares of Mallinckrodt ("the Merger Consideration").

The market price of our ordinary shares, which Questcor shareholders will receive in the Merger, will continue to fluctuate through the date of the closing of the Merger. Accordingly, at the time of the Questcor special meeting, Questcor shareholders will not know or be able to determine the market price of the ordinary shares they will receive upon completion of the Merger. It is possible that, at the time of the closing of the Merger, the shares of Questcor common stock held by Questcor shareholders may have a greater market value than the cash and the Mallinckrodt ordinary shares for which they are exchanged. The market price of our ordinary shares on the date of the Questcor special meeting may not be indicative of the market price of our ordinary shares that Questcor shareholders will receive upon completion of the acquisition. The market prices of our ordinary shares and Questcor common stock are subject to general price fluctuations in the market for publicly-traded equity securities and have experienced volatility in the past. Stock price changes may result from a variety of factors, including general market and economic conditions and changes in the respective businesses, operations and prospects, and regulatory considerations of Mallinckrodt and Questcor. Market assessments of the benefits of the Merger and the likelihood that the Merger will be completed, as well as general and industry-specific market and economic conditions, may also impact market prices of our ordinary shares and Questcor common stock. Many of these factors are beyond our and Questcor's control. You should obtain current market quotations for shares of Questcor common stock and for our ordinary shares.

The market price for our ordinary shares following the closing may be affected by factors different from those that historically have affected Questcor common stock and Mallinckrodt ordinary shares.

Upon completion of the Merger, holders of shares of Questcor common stock (other than the holders of excluded shares and dissenting shares) will become holders of our ordinary shares. Our businesses differ from those of Questcor, and accordingly our results of operations will be affected by some factors that are different from those currently affecting the results of operations of Questcor. In addition, upon completion of the Merger, holders of our ordinary shares will become holders of shares in the combined company. The results of operation of the combined company may also be affected by factors different from those currently affecting us.

Mallinckrodt's and Questcor's obligation to complete the Merger is conditioned on, among other things, shareholder approval and the expiration or termination of the applicable waiting period under the HSR Act, which if delayed, not granted or granted with unacceptable conditions, may delay or jeopardize the consummation of the Merger, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Merger.

The Merger is subject to customary closing conditions. These closing conditions include, among others, the receipt of required approvals by the Questcor shareholders and our shareholders and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR Act"). We and Questcor can provide no assurance that clearance under the HSR Act will be obtained. Moreover, as a condition to their clearance of the transaction under the HSR Act, the FTC or the Antitrust Division may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the combined company after the closing. These requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the effective time or reduce the anticipated benefits of the transaction. Further, no assurance can be given that the required shareholder approvals will be obtained or that the required closing conditions will be satisfied, and, if all required shareholder approvals are obtained and the closing conditions are satisfied, no assurance can be given as to the timing of the shareholder approvals or clearance under the HSR Act. If we and Questcor agree to any material requirements, limitations, costs, divestitures or restrictions in order to obtain clearance under the HSR Act required to consummate the transaction, these requirements, limitations, costs, divestitures or restrictions could adversely affect the combined company's ability to integrate our operations with Questcor's operations and/or reduce the anticipated benefits of the transaction. This could result in a failure to consummate the transaction or have a material adverse effect on the business and results of operations of the combined company.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed.

The Merger Agreement contains a number of conditions that must be fulfilled to complete the Merger. Those conditions include: the approval of the merger proposal by Questcor shareholders, approval of the issuance of Mallinckrodt ordinary shares by our shareholders, clearance under the HSR Act, absence of orders prohibiting completion of the Merger, effectiveness of the registration statement to register the issuance of Mallinckrodt ordinary shares in connection with the Merger, approval of our ordinary shares to be issued to Questcor shareholders for listing on the New York Stock Exchange, Mallinckrodt not being treated as a domestic corporation for U.S. federal income tax purposes as of or after the closing date of the Merger as a result of a change in law, the continued accuracy of the representations and warranties of both parties subject to specified materiality standards, and the performance by both parties of their covenants and agreements. These conditions to the closing of the Merger may not be fulfilled and, accordingly, the Merger may not be completed. In addition, if the Merger is not completed by October 6, 2014 (subject to extension to January 6, 2015 if the only conditions not satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing, which conditions shall be capable of being satisfied) are conditions relating to HSR clearance and the absence of any orders or injunctions under antitrust laws, and subject to extension based on the number of days remaining in the marketing period plus three business days), either we or Questcor may choose not to proceed with the Merger. In addition, we or Questcor may elect to terminate the Merger Agreement in certain other circumstances, and the parties can mutually decide to terminate the Merger Agreement at any time prior to the consummation of the Merger, before or after shareholder approval.

The Merger Agreement contains provisions that restrict our ability to pursue alternatives to the Merger and, in specified circumstances, could require Mallinckrodt to pay Questcor a termination fee.

Under the Merger Agreement, we are restricted, subject to certain exceptions, from soliciting, initiating, knowingly encouraging, discussing or negotiating, or furnishing information with regard to, any inquiry, proposal or offer for a competing acquisition proposal from any person or entity. We may not terminate the Merger Agreement and enter into an agreement with respect to a superior proposal. If our board of directors (after consultation with our financial advisors and legal counsel) determines that such proposal is more favorable to our shareholders than the Merger and our board of directors recommends such proposal to our shareholders, Questcor may be entitled to terminate the Merger Agreement. Under such circumstances, we may be required to pay Questcor a termination fee equal to $131,450,000. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us from considering or proposing that acquisition, even if such third party were prepared to enter into a transaction that is more favorable to us and its shareholders than the Merger. Additionally, in the event the Merger Agreement is terminated due to the failure of our shareholders to approve the issuance of Mallinckrodt ordinary shares in connection with the Merger, we may be required to pay Questcor a fee of $37,560,000, increasing to $131,450,000 in certain circumstances.

While the Merger is pending, Mallinckrodt will be subject to business uncertainties that could adversely affect our businesses.

Uncertainty about the effect of the Merger on employees, customers and suppliers may have an adverse effect on us. These uncertainties may impair our ability to attract, retain and motivate key personnel until the Merger is consummated and for a period of time thereafter, and could cause customers, suppliers and others who deal with us to seek to change existing business relationships with us. Employee retention may be challenging during the pendency of the Merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with the businesses, the business of the combined company following the Merger could be seriously harmed. In addition, the Merger Agreement restricts us from taking specified actions until the Merger occurs without the consent of Questcor. These restrictions may prevent us from pursuing attractive business opportunities that may arise prior to the completion of the Merger.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

Since the announcement of the Merger Agreement on April 7, 2014, eight putative shareholder class action complaints have been filed in California in one court against Questcor, the members of its board of directors, Mallinckrodt and Quincy Merger Sub challenging the proposed Merger. The actions allege that members of the Questcor board of directors breached their fiduciary duties by agreeing to sell Questcor for inadequate consideration and pursuant to an inadequate process, and that we and Quincy Merger Sub aided and abetted these alleged breaches. Among other remedies, the plaintiffs seek to enjoin the Merger. Such legal proceedings could delay or prevent the Merger from becoming effective within the agreed upon timeframe. In addition, plantiffs in a prior-pending derivative litigation, *In re Questcor Pharmaceuticals, Inc. Shareholder Derivative Litigation*, pending in the U.S. District Court for the Central District of California, have filed an application to lift the stay of that action in order to file an amended complaint alleging that the board of directors of Questcor breached their fiduciary duties in connect with the acquisition.

Risks Related to the Business of the Combined Company

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

The ability of Mallinckrodt to realize the anticipated benefits of the transaction will depend, to a large extent, on the combined company's ability to integrate the two businesses. The combination of two independent businesses is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating their business practices and operations. The integration process may disrupt the businesses and, if implemented ineffectively, would restrict the realization of the full expected benefits. The failure to meet the challenges involved in integrating the two businesses and to realize the anticipated benefits of the transaction could cause an interruption of or a loss of momentum in, the activities of the combined company and could adversely affect the results of operations of the combined company.

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

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination;
- difficulties in the integration of operations and systems;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in the assimilation of employees;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- challenges in keeping existing customers and obtaining new customers;
- challenges in attracting and retaining key personnel; and
- coordinating a geographically dispersed organization.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of the businesses of us and Questcor are integrated successfully, the full benefits of the transaction may not be realized, including the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame, or at all. Or, additional unanticipated costs may be incurred in the integration of the businesses of us and Questcor. All of these factors could cause dilution to our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares. As a result, we cannot assure you that the combination of us and Questcor will result in the realization of the full benefits anticipated from the transaction.

Combining the businesses of Mallinckrodt and Questcor may be more difficult, costly or time-consuming than expected, which may adversely affect our results and negatively affect the value of our ordinary shares following the completion of the Merger.

Mallinckrodt and Questcor have entered into the Merger Agreement because each believes that the Merger will be beneficial to it and its respective shareholders and that combining the businesses of us and Questcor will produce benefits and cost savings. If we are not able to successfully combine the businesses of Mallinckrodt and Questcor in an efficient and effective manner, the anticipated benefits and cost savings of the Merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of our ordinary shares may be affected adversely.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual synergies, if achieved, may be lower than what we expect and may take longer to achieve than anticipated. If we are not able to adequately address integration challenges, we may be unable to successfully integrate our and Questcor's operations or to realize the anticipated benefits of the integration of the two companies.

Mallinckrodt and Questcor will incur direct and indirect costs as a result of the Merger.

Mallinckrodt and Questcor will incur substantial expenses in connection with completing the Merger, and over a period of time following the completion of the Merger, we further expect to incur substantial expenses in connection with coordinating the businesses, operations, policies and procedures of us and Questcor. While we have assumed that a certain level of transaction and coordination expenses will be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of these transaction and coordination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately. These expenses may exceed the costs historically borne by us and Questcor.

We expect that, following the completion of the Merger, we will have significantly less cash on hand than the sum of cash on hand of us and Questcor prior to the completion of the Merger. This reduced amount of cash could adversely affect our ability to grow.

We expect to utilize cash on the balance sheet to fund a portion of the purchase price and expenses associated with the Merger. This could leave the company with significantly less cash and cash equivalents on hand than the approximately $334.9 million and $261.1 million of cash and cash equivalents of Mallinckrodt and Questcor, respectively, as of March 28, 2014 and March 31, 2014, respectively. Although our management believes that we will have access to cash sufficient to meet our business objectives and capital needs, the lessened availability of cash and cash equivalents following the consummation of the Merger could constrain our ability to grow our business. Our financial position following the Merger could also make us vulnerable to general economic downturns and industry conditions, and place us at a competitive disadvantage relative to our competitors that have more cash at their disposal. In the event that we do not have adequate capital to maintain or develop our business, additional capital may not be available to us on a timely basis, on favorable terms, or at all.

If the Merger is consummated, we will incur a substantial amount of debt to finance the cash portion of the Merger Consideration, which could restrict its ability to engage in additional transactions or incur additional indebtedness.

In connection with the Merger, we expect that one or more of its subsidiaries will borrow up to $1.85 billion using a combination of senior credit facilities, senior notes or borrowings under a bridge facility. Following the completion of the Merger, the combined company will have a significant amount of indebtedness outstanding. This substantial level of indebtedness could have important consequences to our business, including making it more difficult to satisfy our obligations, increasing our vulnerability to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and restricting us from pursuing certain business opportunities. These limitations could reduce the benefits we expect to achieve from the Merger or impede our ability to engage in future business opportunities or strategic acquisitions.

The Merger may not be accretive and may cause dilution to our earnings per share, which may negatively affect the market price of our ordinary shares.

Although we currently anticipate that the Merger will be accretive to earnings per share (on an adjusted earnings basis) from and after the Merger, this expectation is based on preliminary estimates, which may change materially.

We expect to issue or reserve for issuance approximately 59.0 million ordinary shares in connection with completion of the Merger. The issuance of these these new ordinary shares could have the effect of depressing the market price of our ordinary shares.

In addition, we could also encounter additional transaction-related costs or other factors such as the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to our earnings per share or decrease or delay the expected accretive effect of the Merger and cause a decrease in the market price of our ordinary shares.

Our status as a foreign corporation for U.S. federal tax purposes could be affected by a change in law and the Merger is conditioned upon such status not changing as a result of such a change in law.

We believe that, under current law, we are treated as a foreign corporation for U.S. federal tax purposes. However, changes to the inversion rules in Section 7874 or the U.S. Treasury Regulations promulgated thereunder or other U.S. Internal Revenue Service ("IRS") guidance could adversely affect our status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application to us, Questcor, our respective shareholders, shareholders and affiliates, and/or the Merger. In addition, recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, and such legislation, if passed, could have an adverse effect on us. For example, in March 2014, the President of the United States proposed legislation which would amend the anti-inversion rules. Although its application is limited to transactions closing after 2014, no assurance can be given that proposal will not be changed in the legislative process and be enacted to apply to prior transactions. It is a condition to each party's obligation to complete the Merger that we not be treated as a domestic corporation for U.S. federal income tax purposes as of or after the closing date of the Merger as a result of a change in law prior to the closing date of the Merger.

Future changes to U.S. and foreign tax laws could adversely affect us.

The U.S. Congress, the Organisation for Economic Co-operation and Development and other Government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.S. and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us and our affiliates (including Questcor and its affiliates after the Merger).

Transfers of our ordinary shares, other than by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

For the majority of transfers of our ordinary shares, there will not be any stamp duty. Transfers of our ordinary shares effected by means of the transfer of book entry interests in Depository Trust Company ("DTC") are not subject to Irish stamp duty. However, if you hold your ordinary shares directly rather than beneficially through DTC, any transfer of your ordinary shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). A shareholder who directly holds shares may transfer those shares into his or her own broker account to be held through DTC (or vice versa) without giving rise to Irish stamp duty provided that there is no change in the ultimate beneficial ownership of the shares as a result of the transfer and the transfer is not in contemplation of a sale of the shares by a beneficial owner to a third party.

Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of your shares.

In certain limited circumstances, dividends paid by us may be subject to Irish dividend withholding tax.

In certain limited circumstances, Irish dividend withholding tax ("DWT") (currently at a rate of 20%) may arise in respect of dividends, if any, paid on our ordinary shares. A number of exemptions from DWT exist pursuant to which shareholders resident in the U.S. and shareholders resident in the certain countries may be entitled to exemptions from DWT.

Dividends paid in respect of our ordinary shares that are owned by a U.S. resident and held through DTC will not be subject to DWT provided the address of the beneficial owner of such shares in the records of the broker holding such shares is recorded as being in the U.S. (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by us). Similarly, dividends paid in respect of our ordinary shares that are held outside of DTC and are owned by a former Questcor shareholder who is a resident of the U.S. will not be subject to DWT if such shareholder has provided a completed IRS Form 6166 or a valid DWT Form to our transfer agent to confirm its U.S. residence and claim an exemption. Shareholders resident in certain other countries may also be eligible for exemption from DWT on dividends paid in respect of their shares provided they have furnished valid DWT Forms to their brokers (in respect of shares held through DTC) (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by us) or to our transfer agent (in respect of shares held outside of DTC). However, other shareholders may be subject to DWT, which if you are such a shareholder could adversely affect the price of your shares.

Risks Related to Questcor's Business

You should read and consider risk factors specific to Questcor's business that will also affect the combined company after the Merger. These risks are described in Part I, Item 1A of Questcor's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 26, 2014, and in other documents that are incorporated by reference into this document.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Issuer Purchases of Securities

The following table summarizes the repurchase activity of our common stock during the quarter ended March 28, 2014. All transactions represent deemed repurchases in connection with the vesting of restricted share units under employee benefit plans to satisfy minimum statutory tax withholding obligations.

	Total Number of Shares Purchased	Average Price Paid per Share [1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased under Plans or Programs
December 28, 2013 to January 24, 2014	154	$ 52.29	—	—
January 25, 2014 to February 28, 2014	3,285	58.00	—	—
March 1, 2014 to March 28, 2014	9,295	69.70	—	—

(1) Shares valued at the closing price of our ordinary shares on the vesting date.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Disclosures Required Pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, as amended, Mallinckrodt plc hereby discloses the following information regarding the activities in Iran of one of its affiliates.

In late February 2014, Mallinckrodt discovered that one of its non-U.S. subsidiaries, Mallinckrodt Medical B.V. ("MBV"), made sales of medical devices used for brachytherapy to a Dutch customer that subsequently delivered the devices to hospitals in Iran. These hospitals may be owned or controlled, directly or indirectly, by the Iranian government. MBV made 12 such sales during the fiscal year ended September 27, 2013 (resulting in net sales of approximately $25.7 thousand), and we estimate the net profit from these sales was less than that amount. Additionally, two such sales occurred during the three months ended March 28, 2014 (resulting in net sales of approximately $4.5 thousand) and we estimate the net profit from the sales were less than that amount.

MBV has not made additional sales to Iran since the activity was discovered in late February 2014, and the company intends to apply for a specific license from the Office of Foreign Assets Control ("OFAC") to continue these activities in the future.

Mallinckrodt plc has filed a voluntary self-disclosure with OFAC regarding these activities, and intends to cooperate fully with OFAC.

Item 6. **Exhibits.**

Exhibit Number	Exhibit
2.1	Agreement and Plan of Merger, dated as of February 10, 2014, by and among Mallinckrodt plc, Madison Merger Sub, Inc. and Cadence Pharmaceuticals, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed February 11, 2014).
2.2	Agreement and Plan of Merger, dated as of April 5, 2014, by and among Mallinckrodt plc, Quincy Merger Sub, Inc. and Questcor Pharmaceuticals, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed April 7, 2014).
4.1	Amendment to the Rights Agreement, dated as of April 23, 2014, by and between Mallinckrodt plc and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 24, 2014).
10.1	Mallinckrodt plc Stock and Incentive Plan Terms and Conditions of Restricted Unit Award.
10.2	Mallinckrodt plc Stock and Incentive Plan Terms and Conditions of Option Award.
10.3	Mallinckrodt plc Stock and Incentive Plan Terms and Conditions of Performance Unit Award FY14-FY16 Performance Cycle.
10.4	Mallinckrodt plc Stock and Incentive Plan Terms and Conditions of Restricted Unit Award 2014 Director Grant.
10.5	Mallinckrodt Pharmaceuticals Change in Control Severance Plan for Certain U.S. Officers and Executives (Amended May 1, 2014).
10.6	Mallinckrodt Pharmaceuticals Severance Plan for U.S. Officers and Executives (Amended May 1, 2014).
10.7	Credit Agreement, dated as of March 19, 2014, by and among Mallinckrodt plc, Mallinckrodt International Finance S.A., Mallinckrodt CB LLC, the lenders party thereto from time to time and Deutsche Bank AG New York Branch, as Administrative Agent (incorporated by reference to Exhibit (b)(3) of the Company's Schedule TO/A filed March 19, 2014).
10.8	Support Agreement, dated as of April 23, 2014, by and between Mallinckrodt plc, Paulson & Co. Inc. and all funds and accounts managed by Paulson & Co. Inc. or any of its affiliates (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 24, 2014).
10.9	IV APAP Agreement (U.S. and Canada), dated as of February 21, 2006, by and between Cadence Pharmaceuticals, Inc. and Bristol-Myers Squibb Company (incorporated by reference to Exhibit 10.11 to Amendment No. 2 of Cadence Pharmaceuticals, Inc.'s Registration Statement on Form S-1 filed September 25, 2006).
10.10	License Agreement, dated as of December 23, 2002, by and among SCR Pharmatop and Bristol-Myers Squibb Company (incorporated by reference to Exhibit 10.12 to Amendment No. 2 of Cadence Pharmaceuticals, Inc.'s Registration Statement on Form S-1 filed September 25, 2006).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File (Form 10-Q for the quarterly period ended March 28, 2014 filed in XBRL). The financial information contained in the XBRL-related documents is "unaudited" and "unreviewed."

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MALLINCKRODT PUBLIC LIMITED COMPANY

By: /s/ Matthew K. Harbaugh

Matthew K. Harbaugh
Senior Vice President and Chief Financial Officer
(principal financial officer)

Date: May 8, 2014

Mallinckrodt plc
Stock and Incentive Plan

TERMS AND CONDITIONS
OF
RESTRICTED UNIT AWARD

RESTRICTED UNIT AWARD granted on January 2, 2014 (the "Grant Date").

1. **Grant of Restricted Units.** Mallinckrodt plc (the "Company") has granted you <<####>> Restricted Units subject to the provisions of these Terms and Conditions and the Plan. The Company will hold the Restricted Units in a bookkeeping account on your behalf until such units become payable or are forfeited or cancelled.

2. **Amount and Form of Payment.** Each Restricted Unit represents one (1) Ordinary Share and vested Restricted Units will be redeemed solely for Shares, subject to Section 10.

3. **Dividends**. Each unvested Restricted Unit will be credited with a Dividend Equivalent Unit ("DEU") for any cash or stock dividends distributed by the Company on an Ordinary Share. DEUs will be calculated at the same dividend rate paid to other holders of Ordinary Shares and will vest in accordance with the vesting schedule applicable to the underlying Restricted Units.

4. **Vesting.** Except as provided below, Restricted Units subject to this Award will vest according to the following schedule:

Date	**Vested Percentage**
1st Anniversary of Grant Date	25%
2nd Anniversary of Grant Date	50%
3rd Anniversary of Grant Date	75%
4th Anniversary of Grant Date	100%

If your employment terminates before full (100%) vesting, you will forfeit the unvested portion of Restricted Units. However, if your employment terminates due to Normal Retirement (your employment terminates on or after the date you attain age 60 and the sum of your age and years of service equals at least 70), Early Retirement (your employment terminates on or after the date you attain age 55 and the sum of your age and years of service equals at least 60), death, Disability, a Change in Control or Divestiture or Outsourcing Agreement, Restricted Units subject to this Award will become vested in accordance with the provisions of Section 5, 6 or 7, as applicable.

5. **Early Retirement, Normal Retirement, Disability or Death.** Notwithstanding the vesting provisions described in Section 4, Restricted Units subject to this Award will vest if your Termination of Employment is a result of your Early Retirement, Normal Retirement, Disability or death as follows:

(i) **Early Retirement**. If your employment terminates as a result of your Early Retirement (as defined in Section 4) and your Early Retirement occurs less than 12 months after the Grant Date, you will forfeit all Restricted Units subject to this Award. If, however, your Early Retirement occurs at least 12 months after the Grant Date, then you will be entitled to pro rata vesting of Restricted Units subject to this Award based on (A) the number of whole months completed from Grant Date through your Termination of Employment date divided by 48 times (B) the total number of Restricted Units subject to this Award minus (C) the number of Restricted Units subject to this Award that previously vested.

(ii) **Normal Retirement, Disability or Death**. If your employment terminates as a result of your Normal Retirement (as defined in Section 4), your death or a Disability, then you will become fully vested in all Restricted Units subject to this Award on the date of your Normal Retirement, death or Termination of Employment due to Disability.

6. **Termination of Employment Following a Change in Control.** Notwithstanding the vesting provisions described in Section 4, you will become fully vested in all Restricted Units subject to this Award on the date your employment terminates after a Change in Control if you satisfy one of the following requirements:

(i) Within 12 months after a Change in Control, the Company or any Subsidiary terminates your employment for any reason other than Cause, Disability or death; or

(ii) Within 12 months after a Change in Control and within 60 days after one of the events listed in this Section 6(ii), you terminate your employment because (A) the Company or any Subsidiary (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position (including titles and reporting relationships and level), authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations or which results in a significant diminution in your position, authority, duties or responsibilities; or (B) the Company or any Subsidiary, without your consent, (1) requires you to relocate to a principal place of employment more than 50 miles from your existing place of employment and which increases your commute from your principal residence by more than 50 miles; or (2) reduces your base salary, annual bonus, or retirement, welfare, share incentive, perquisite (if any) and other benefits when taken as a whole; provided, however, that upon an event described in (A) or (B) above, you submit written

notice of such event to the Company and the Company has not cured such action within 15 days after receipt of such notice.

7. **Termination of Employment Resulting From Divestiture or Outsourcing Agreement**. Notwithstanding the vesting provisions described in Section 4, and subject to the provisions of subsection (i) below, if your employment with the Company or a Subsidiary terminates as a result of a Divestiture or Outsourcing Agreement, then Restricted Units subject to this Award will vest on a pro-rata basis based on (A) the number of whole months completed from Grant Date through your Termination of Employment date divided by 48 times (B) the total number of Restricted Units subject to this Award minus (C) the number of Restricted Units subject to this Award that previously vested.

(i) Notwithstanding the foregoing provisions of this Section 7, you shall not be eligible for pro-rata vesting if (A) your Termination of Employment occurs on or prior to the closing date of a Divestiture or such later date as is provided specifically in the applicable transaction agreement or related agreements, or on the effective date of an Outsourcing Agreement (the "Applicable Employment Date"), and (B) you are offered Comparable Employment with the buyer, successor company or Outsourcing Agent, as applicable, but do not commence such employment on the Applicable Employment Date.

(ii) For purposes of this Section 7 and these Terms and Conditions, (A) "Comparable Employment" means employment at a location that is no more than 50 miles from your job location at the time of your Termination of Employment that has a base salary and target bonus opportunity that is at least equal to your base salary and target bonus opportunity in effect immediately prior to your Termination of Employment; (B) "Disposition of Assets" means the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated individual or entity; (C) "Disposition of a Subsidiary" means the disposition by the Company or Subsidiary of its interest in a subsidiary or controlled entity to an unrelated individual or entity, provided that such subsidiary or controlled entity ceases to be a member of the Company's controlled group as a result of such disposition; (D) "Divestiture" means a Disposition of Assets or a Disposition of a Subsidiary; and (E) "Outsourcing Agreement" means a written agreement between the Company or Subsidiary and an unrelated third party ("Outsourcing Agent") pursuant to which (1) the Company or Subsidiary transfers the performance of services previously performed by Company or Subsidiary employees to the Outsourcing Agent, and (2) the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

8. **Withholdings.** The Company has the right, prior to the issuance or delivery of any Shares subject to this Award, to withhold or require from you the amount necessary to satisfy applicable tax requirements (e.g., income tax, social insurance, payroll tax and payment on account), as determined by the Company. If, at any time after the Grant Date, you become subject to tax in more than one jurisdiction, the Company may be required to withhold or

account for applicable tax requirements in the various jurisdictions. By accepting this Award, you authorize the Company or any Subsidiary to satisfy applicable tax or tax withholding requirements by: (i) withholding from your wages or other cash compensation payable to you; (ii) withholding from any proceeds resulting from the sale of Shares subject to this Award either through a voluntary sale or through a mandatory sale arranged by the Company on your behalf and pursuant to this authorization; (iii) redemption by the Company at Fair Market Value of Shares due to you following the vesting of Shares subject to this Award; or (iv) a combination of (i), (ii) or (iii) above. Furthermore, if the Shares subject to this Award vest under circumstances where they have not otherwise been fully paid-up in accordance with the requirements of Irish law, the Company or any Subsidiary may require you to pay the par value of each Share which vests hereunder at the time of such vesting. The Company or any Subsidiary may take the payment from you by application of any of the methods of withholding set forth herein. If the Company or any Subsidiary cannot withhold or account for all taxes associated with this Award, or obtain payment of the par value of each Share that vests hereunder, by application of the means described herein, then, by accepting this Award, you agree that you will pay to the Company or any Subsidiary all amounts necessary to satisfy applicable tax requirements or the requirement that Shares be issued on a fully paid-up basis and acknowledge that the Company may refuse to issue or deliver Shares subject to this Award, or the proceeds from the sale of such Shares, if you do not comply with such obligations.

9. **Transfer of Award.** You may not transfer this Award or any interest in Restricted Units except by will or the laws of descent and distribution. Any other attempt to transfer this Award or any interest in Restricted Units is null and void.

10. **Forfeiture of Award.** You will forfeit all or a portion of the Restricted Units subject to this Award if your employment terminates under the circumstances described below:

(i) If the Company or Subsidiary terminates your employment for Cause, including, without limitation, a termination as a result of your violation of the Company's Guide to Business Conduct, then the Company will immediately rescind all unvested Restricted Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon your Termination of Employment for Cause, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all Restricted Units subject to this Award that vested during the 12-month period that occurs immediately before your Termination of Employment for Cause.

(ii) If, after your Termination of Employment, the Committee determines in its sole discretion that while you were a Company or Subsidiary employee you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then the Company will immediately rescind all unvested Restricted Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon the date the Committee determines that you could have been terminated for Cause, Shares (or, in the discretion of the Company, cash) equal in value to

the amount of all Restricted Units subject to this Award that vested during the period that begins 12 months immediately before your Termination of Employment and ends on the date that the Committee determines that you could have been terminated for Cause.

(iii) If the Committee determines in its sole discretion that at any time after your Termination of Employment and prior to the first anniversary of your Termination of Employment you (A) disclosed confidential or proprietary information related to any business of the Company or any Subsidiary or (B) entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (1) such employment or consultation arrangement would likely (in the Committee's sole discretion) result in the disclosure of confidential or proprietary information related to any business of the Company or any Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you had access to strategic or confidential information and (2) the Committee has not approved the arrangement in writing, then the Company will immediately rescind all unvested Restricted Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company, immediately upon the Committee's determination date, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all Restricted Units subject to this Award that vested during the period that begins 12 months immediately before your Termination of Employment and ends on the date of the Committee's determination.

11. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Committee shall adjust the number and kind of Shares covered by this Award and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by this Award. Any such determinations and adjustments made by the Committee will be binding on all persons.

12. **Restrictions on Payment of Shares.** Payment of Shares for Restricted Units is subject to the conditions that, to the extent required at the time of delivery of such Shares:

(i) The Shares covered by this Award will be duly listed, upon official notice of issuance, on the NYSE; and

(ii) A Registration Statement under the United States Securities Act of 1933 with respect to the Shares will be effective or an exemption from registration will apply.

If there is any registration, qualification, exchange control or other legal requirement imposed upon this Award or the Shares subject to this Award by applicable securities or exchange control laws (including rulings or regulations issued by the United States Securities and Exchange Commission or any other governmental agency with jurisdiction over the issuance of this Award or the Shares subject to this Award), the Company shall not be required to deliver any Shares subject to this Award before the Company, in its sole discretion, has determined that either (a) it has satisfied any such requirements or has received the requisite approval from the appropriate governmental agency; or (b) an exemption from such registration or exchange control requirement applies. By accepting this Award, you acknowledge that you understand that the Company is under no obligation to register this Award or the Shares subject to this Award with any governmental agency or to seek approval from any governmental agency for the issuance or sale of Shares subject to this Award.

13. **Disposition of Securities.** By accepting this Award, you acknowledge that you have read and understand the Company's Insider Trading Policy and are aware of and understand your obligations under United States federal securities laws with respect to trading in the Company's securities. The Company has the right to recover, or receive reimbursement for, any compensation or profit realized on the disposition of Shares received for Restricted Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

14. **Plan Terms Govern.** The vesting of Restricted Units, the disposition of any Shares received on or after such vesting, and the treatment of any gains received upon such disposition are subject to the terms of the Plan and any rules that the Committee prescribes. The Plan document, as amended from time to time, is incorporated into these Terms and Conditions. The Grant Letter and these Terms and Conditions shall together constitute the Award Certificate referred to in the Plan. Unless defined herein, capitalized terms used in these Terms and Conditions are defined in the Plan. If there is any conflict between the terms of the Plan and these Terms and Conditions, the Plan's terms govern. By accepting this Award, you acknowledge receipt of the Plan and the prospectus, as in effect on the Grant Date.

15. **Personal Data.** To comply with applicable law and to administer this Award appropriately, the Company and its agents may accumulate, hold and process your personal data and/or "sensitive personal data" within the meaning of applicable law ("Personal Data"). Personal Data includes, but is not limited to, the information provided to you as part of the grant package and any changes thereto (e.g., details of Restricted Units, including amounts awarded, unvested, or vested), other appropriate personal and financial data about you (e.g., name, home address, telephone number, date of birth, nationality, job title, reason for termination of employment and social security, social insurance or other identification number), and information about your participation in the Plan and Shares obtained under the Plan from time to time. By accepting this Award, you give your explicit consent to your employer's and the Company's accumulating, transferring, and processing Personal Data as necessary or appropriate for Plan administration. Your Personal Data will be retained only as long as is necessary to administer your participation in the Plan. If applicable, by accepting this Award, you also give your explicit consent to the Company's transfer of Personal Data outside the country in which

you work or reside and to the United States of America where the same level of data protection laws may not apply as in your home country. The legal persons for whom your Personal Data are intended (and by whom your Personal Data may be transferred, processed or exchanged) include the Company, its Subsidiaries (or former Subsidiaries as are deemed necessary), the outside Plan administrator, their respective agents, and any other person that the Company retains or utilizes for compensation planning or Plan administration purposes. You have the right to request a list of the names and addresses of any potential recipients of your Personal Data and to review and correct your Personal Data by contacting your local Human Resources Representative. By accepting this Award, you acknowledge your understanding that the transfer of the information outlined here is important to Plan administration and that failure to consent to the transmission of such information may limit or prohibit your participation in the Plan. By accepting this Award, you acknowledge that you are providing the consents herein on a purely voluntary basis and that, if you do not consent or if you later seek to revoke your consent, it will adversely impact the ability of the Company to administer your Awards but it will not adversely impact your employment status or service with your employer.

16. **No Contract of Employment or Promise of Future Grants.** By accepting this Award, you agree that you are bound by the terms of the Plan and these Terms and Conditions and acknowledge that this Award is granted in the Company's sole discretion and is not considered part of any employment contract or your ordinary or expected salary or other compensation for services of any kind rendered to the Company or any Subsidiary. You further agree that this Award, and your Plan participation, do not form, and will not be interpreted as forming, an employment contract or guarantee of employment with the Company or any Subsidiary. The Company, in its sole discretion, voluntarily established the Plan and may amend or terminate it at any time pursuant to the terms of the Plan. You understand that the grant of restricted units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of any restricted units, or benefits in lieu of restricted units, even if restricted units have been granted repeatedly in the past and that all decisions with respect to future grants will be in the Company's sole discretion. By accepting this Award, you also acknowledge that this Award and any gains received hereunder are extraordinary items and are not considered part of your salary or compensation for purposes of any pension or retirement benefits or for purposes of calculating any termination, severance, redundancy, resignation, end of service payments, bonuses, long-service awards, life or accident insurance benefits or similar payments. Neither this Award, nor any gains received hereunder, is intended to replace any pension rights or compensation. If the Company or Subsidiary terminates your employment for any reason, you agree that you will not be entitled to damages or compensation for breach of contract, dismissal (in any circumstances, including unfair dismissal) or compensation for any loss of office or otherwise to any sum, Shares, Restricted Units or other benefits to compensate you for the loss or diminution in value of any actual or prospective rights, benefits or expectation under or in relation to the Plan.

17. **Limitations.** Nothing in these Terms and Conditions or the Plan grants to you any right to continued employment with the Company or any Subsidiary or to interfere in any way with the Company or Subsidiary's right to terminate your employment at any time and for any reason, subject to applicable law. Payment of Shares is not secured by a trust, insurance

contract or other funding medium, and you do not have any interest in any fund or specific Company or Subsidiary asset by reason of this Award. You have no rights as a stockholder of the Company pursuant to this Award until Shares are actually delivered to you.

18. **Entire Agreement and Amendment.** These Terms and Conditions, the Grant Letter, and the Plan constitute the entire understanding between you and the Company regarding this Award. These Terms and Conditions supersede any prior agreements, commitments or negotiations concerning this Award. These Terms and Conditions may not be modified, altered or changed except by the Committee (or its delegate) in writing and pursuant to the terms of the Plan; provided, however, that the Company has the unilateral authority to amend these Terms and Conditions without your consent to the extent necessary to comply with applicable securities registration or exchange control requirements and to impose additional requirements on this Award or Shares subject to this Award if the Company, in its sole discretion, deems it necessary or advisable for legal or administrative reasons.

19. **Severability.** The invalidity or unenforceability of any provision of these Terms and Conditions will not affect the validity or enforceability of the other provisions of these Terms and Conditions, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

20. **Waiver.** By accepting this Award, you acknowledge that a waiver by the Company of any breach by you of a provision of these Terms and Conditions shall not operate or be construed as a waiver by the Company of any other provision of these Terms and Conditions or of a subsequent breach.

21. **Notices**. By accepting this Award, you agree to receive documents, notices and any other communications relating to your participation in the Plan in writing by regular mail to your last known address on file with your employer, the Company or Subsidiary or any outside Plan administrator, or by electronic means, including by e-mail, through an online system maintained by any outside Plan administrator or by a posting on the Company's intranet website or on an online system or website maintained by any outside Plan administrator.

22. **Code Section 409A Compliance.** Notwithstanding any other provision of these Terms and Conditions to the contrary, in the event that all or a portion of this Award becomes subject to Code Section 409A, the provisions contained in Section 7.12 of the Plan shall govern and shall supersede any applicable provision of these Terms and Conditions.

23. **Governing Law.** This Award and these Terms and Conditions are governed by the law of Ireland and shall be construed accordingly; provided, however, that, to the extent that any provisions of Irish employment law are relevant, such provisions shall only apply to an individual who has entered into a contract of employment with the Company or any of its Irish subsidiaries.

24. **Acceptance.** In order to receive this Award, you must electronically acknowledge and accept on Mallinckrodt's third party Equity Administrator's website the terms and conditions set forth in the Plan and these Terms and Conditions. By accepting this Award, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions contained in the Plan and these Terms and Conditions; and (ii) you understand and agree the Plan and these Terms and Conditions constitute the entire understanding between you and the Company regarding this Award, and any prior agreements, commitments or negotiations concerning this Award are replaced and superseded. If you do not acknowledge these Terms and Conditions on the website, you will not be entitled to your Award.

Mallinckrodt plc
Stock and Incentive Plan

TERMS AND CONDITIONS
OF
OPTION AWARD

OPTION AWARD granted on January 2, 2014 (the "Grant Date").

1. **Grant of Nonqualified Stock Option.** Mallinckrodt plc (the "Company") has granted to you a Nonqualified Stock Option to purchase <<####>> Ordinary Shares subject to the provisions of these Terms and Conditions and the Plan.

2. **Exercise Price.** The Exercise Price required to purchase the Shares subject to this Award is set forth in the Grant Letter.

3. **Vesting.** Except as provided below, Shares subject to this Award will vest according to the following schedule:

Date	Vested Percentage
1st Anniversary of Grant Date	25%
2nd Anniversary of Grant Date	50%
3rd Anniversary of Grant Date	75%
4th Anniversary of Grant Date	100%

If your employment terminates before full (100%) vesting, you will forfeit the unvested portion of this Award immediately upon your Termination of Employment date. If your employment terminates before the date described in Section 4 below, you may exercise the vested portion of this Award until the earlier of (i) the date described in Section 4 below or (ii) 90 days after your Termination of Employment date. However, if your employment terminates due to Normal Retirement (your employment terminates on or after the date you attain age 60 and the sum of your age and years of service equals at least 70), Early Retirement (your employment terminates on or after the date you attain age 55 and the sum of your age and years of service equals at least 60), death, Disability, a Change in Control or Divestiture or Outsourcing Agreement, Shares subject to this Award will become vested and exercisable in accordance with the provisions of Section 7, 8 or 9, as applicable.

4. **Term of Award.** Unless this Award has been terminated or cancelled, it will expire on the day before the 10th anniversary of the Grant Date. If the New York Stock Exchange ("NYSE") is not open for business on such date, this Award will expire at the close of the NYSE's first trading day that immediately precedes the day before the 10th anniversary of the Grant Date. The Stock Options granted by this Award may be exercised at any time before the expiration, termination or cancellation of this Award, provided that the time and manner of exercise is consistent with these Terms and Conditions.

5. **Payment of Exercise Price.** To exercise all or a portion of this Award, you must pay the Exercise Price for each Share as set forth in the Grant Letter. You may pay the Exercise Price in cash or by certified check, bank draft, wire transfer or postal or express money order or by any other method accepted by the Company, provided that such method of payment is permitted by applicable law at the time of exercise. You may pay the Exercise Price by using one or more of the following methods: (i) delivering a properly executed exercise notice to the Company or its agent, including an undertaking to pay the Exercise Price, together with irrevocable instructions to a broker to deliver promptly to the Company, within the typical settlement cycle for the sale of equity securities on the relevant trading market (or otherwise in accordance with Regulation T issued by the United States Board of Governors of the Federal Reserve System), the amount of sale proceeds with respect to the portion of the Shares to be acquired having a Fair Market Value on the date of exercise equal to the sum of the applicable portion of the Exercise Price being so paid; (ii) tendering (actually or by attestation) to the Company or its agent previously acquired Shares that have a Fair Market Value on the day prior to the date of exercise equal to the applicable portion of the Exercise Price being so paid; or (iii) instructing the Company to reduce the number of Shares that would otherwise be issued by such number of Shares as have in the aggregate a Fair Market Value on the date of exercise equal to the applicable portion of the Exercise Price being so paid. Notwithstanding the foregoing, you may not tender any form of payment or exercise this Award by any method that the Company determines, in its sole discretion, could violate any applicable law, regulation or Company policy or that is otherwise unacceptable to the Company. You are not required to purchase all Shares subject to this Award at one time, but you must pay the full Exercise Price by a means satisfactory to the Company for all Shares that you elect to purchase before they will be delivered. The date of exercise of a Stock Option shall be the date on which the Company receives the Exercise Price for such Stock Option. Notwithstanding anything in this Section 5 to the contrary, if this Award is scheduled to expire due to the expiration of the term on the date described in Section 4 above and the Fair Market Value of a Share on the last day of such term exceeds the Exercise Price for a Share subject to this Award, then, by accepting this Award, you agree that, unless you notify UBS Financial Services (see the contact information listed in Section 6 below) at least ten (10) business days before such expiration date that you do not wish for this Award to be exercised, you shall be treated as having instructed the Company to exercise the vested portion of this Award on the last day of such term and to pay the Exercise Price by application of the method described in (iii) above or such other method as determined by the Company, provided that such method complies with applicable law.

6. **Exercise of Stock Option.** If you are entitled to exercise a Stock Option subject to this Award, you may exercise it by contacting UBS Financial Services through its web site at https://onesource.ubs.com/mnk or by calling 1-855-896-9404. If someone other than you attempts to exercise Stock Options subject to this Award (for example, because the Stock Option is being exercised after your death), the Company will deliver the Shares only after determining that the person attempting to exercise Stock Options subject to this Award is your duly appointed personal representative or an individual to whom this Award has been transferred in accordance with these Terms and Conditions and the terms of the Plan.

7. Early **Retirement, Normal Retirement, Disability or Death.** Notwithstanding the vesting and exercise provisions described in Section 3, Shares subject to this Award will vest and remain exercisable if your Termination of Employment is a result of your Early Retirement, Normal Retirement, Disability or death as follows:

(i) Early **Retirement**. If your employment terminates as a result of your Early Retirement (as defined in Section 3) and your Early Retirement occurs less than 12 months after the Grant Date, you will forfeit all Shares subject to this Award. If, however, your Early Retirement occurs at least 12 months after the Grant Date, then you will be entitled to pro rata vesting of Shares subject to this Award based on (A) the number of whole months completed from Grant Date through your Termination of Employment date divided by 48 times (B) the total number of Shares subject to this Award minus (C) the number of Shares subject to this Award that previously vested. You will be entitled to exercise this Award until the earlier of (1) the date described in Section 4 or (2) the third anniversary of your Early Retirement date.

(ii) **Normal Retirement, Disability or Death**. If your employment terminates as a result of your Normal Retirement (as defined in Section 3), your death or a Disability, then you will become fully vested in all Shares subject to this Award on the date of your Normal Retirement, death or Termination of Employment due to Disability and be entitled to exercise this Award until the earlier of (A) the date described in Section 4 or (B) the third anniversary of the date of your Normal Retirement, death or Termination of Employment due to Disability, as applicable.

8. **Termination of Employment Following a Change in Control.** Notwithstanding the vesting and exercise provisions described in Section 3, you will become fully vested in all Shares subject to this Award on the date your employment terminates after a Change in Control and be entitled to exercise this Award until the earlier of (A) the date described in Section 4 or (B) the third anniversary of your Termination of Employment date, if you satisfy one of the following requirements:

(i) Within 12 months after a Change in Control, the Company or any Subsidiary terminates your employment for any reason other than Cause, Disability or death; or

(ii) Within 12 months after a Change in Control, and within 60 days after one of the events listed in this Section 8(ii), you terminate your employment because (A) the Company or any Subsidiary (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position (including titles and reporting relationships and level), authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations or which results in a significant diminution in your position, authority, duties or responsibilities; or (B) the Company or any Subsidiary, without your consent, (1) requires

you to relocate to a principal place of employment more than 50 miles from your existing place of employment and which increases your commute from your principal residence by more than 50 miles; or (2) reduces your base salary, annual bonus, or retirement, welfare, share incentive, perquisite (if any) and other benefits when taken as a whole; provided, however, that upon an event described in (A) or (B) above, you submit written notice of such event to the Company and the Company has not cured such action within 15 days after receipt of such notice.

9. **Termination of Employment Resulting From Divestiture or Outsourcing Agreement**. Notwithstanding the vesting and exercise provisions described in Section 3, and subject to the provisions of subsection (i) below, if your employment with the Company or a Subsidiary terminates as a result of a Divestiture or Outsourcing Agreement, then Shares subject to this Award will vest on a pro-rata basis based on (A) the number of whole months completed from Grant Date through your Termination of Employment date divided by 48 times (B) the total number of Shares subject to this Award minus (C) the number of Shares subject to this Award that previously vested. If you are entitled to pro rata vesting under this Section 9, then you will be entitled to exercise the vested portion of this Award until the earlier of (1) the date described in Section 4 or (2) the third anniversary of your Termination of Employment date.

(i) Notwithstanding the foregoing provisions of this Section 9, you shall not be eligible for pro-rata vesting and an extended Award exercise date if (A) your Termination of Employment occurs on or prior to the closing date of a Divestiture or such later date as is provided specifically in the applicable transaction agreement or related agreements, or on the effective date of an Outsourcing Agreement (the "Applicable Employment Date"), and (B) you are offered Comparable Employment with the buyer, successor company or Outsourcing Agent, as applicable, but do not commence such employment on the Applicable Employment Date.

(ii) For purposes of this Section 9 and these Terms and Conditions, (A) "Comparable Employment" means employment at a location that is no more than 50 miles from your job location at the time of your Termination of Employment that has a base salary and target bonus opportunity that is at least equal to your base salary and target bonus opportunity in effect immediately prior to your Termination of Employment; (B) "Disposition of Assets" means the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated individual or entity; (C) "Disposition of a Subsidiary" means the disposition by the Company or Subsidiary of its interest in a subsidiary or controlled entity to an unrelated individual or entity, provided that such subsidiary or controlled entity ceases to be a member of the Company's controlled group as a result of such disposition; (D) "Divestiture" means a Disposition of Assets or a Disposition of a Subsidiary; and (E) "Outsourcing Agreement" means a written agreement between the Company or Subsidiary and an unrelated third party ("Outsourcing Agent") pursuant to which (1) the Company or Subsidiary transfers the performance of services previously performed by Company or Subsidiary employees to the Outsourcing Agent, and (2) the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any

employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

10. **Withholdings.** The Company has the right, prior to the issuance or delivery of any Shares in connection with the exercise of all or a portion of this Award, to withhold or require from you the amount necessary to satisfy applicable tax requirements (*e.g.*, income tax, social insurance, payroll tax and payment on account), as determined by the Company. The methods described in Section 5 may also be used by you to pay, or by the Company to satisfy, your withholding tax obligation, provided that the use of such method for this purpose complies with Company policy and applicable law. If, at any time after the Grant Date, you become subject to tax in more than one jurisdiction, the Company may be required to withhold or account for applicable tax requirements in the various jurisdictions. By accepting this Award, you authorize the Company or any Subsidiary to satisfy applicable tax or tax withholding requirements by: (i) withholding from your wages or other cash compensation payable to you; (ii) withholding from any proceeds resulting from the sale of Shares subject to this Award either through an exercise and voluntary sale or through a mandatory sale arranged by the Company on your behalf and pursuant to this authorization; (iii) redemption by the Company at Fair Market Value of Shares due to you following the exercise of Shares subject to this Award; or (iv) a combination of (i), (ii) or (iii) above. If the Company or any Subsidiary cannot withhold or account for all taxes associated with this Award by application of the means described herein, then, by accepting this Award, you agree that you will pay to the Company or any Subsidiary all amounts necessary to satisfy applicable tax requirements and acknowledge that the Company may refuse to issue or deliver Shares subject to this Award, or the proceeds from the sale of such Shares, if you do not comply with this obligation.

11. **Transfer of Award.** You generally may not transfer this Award or any interest herein except by will or the laws of descent and distribution. However, you may transfer this Award to a "family member" (as defined in Section 7.1(b) of the Plan), provided that (i) you do not receive any consideration for the transfer and (ii) you furnish the Company's Vice President and Corporate Secretary with written notice of the transfer at least ten (10) business days in advance of such transfer. Notwithstanding the foregoing, any transfer of this Award may be delayed or prohibited if, in the sole discretion of the Company's Vice President and Corporate Secretary, such transfer would violate, or would have the potential to violate, applicable law, regulation or Company policy. If this Award is transferred pursuant to this provision, it will continue to be subject to the same terms and conditions that applied immediately prior to the transfer. This Award may be exercised by the transferee only to the same extent that you could have exercised this Award had no transfer occurred.

12. **Forfeiture of Award.** You will forfeit all or a portion of the Shares subject to this Award if your employment terminates under the circumstances described below:

(i) If the Company or Subsidiary terminates your employment for Cause, including, without limitation, a termination as a result of your violation of the Company's Guide to Business Conduct, then the Company will immediately rescind all unexercised portions of this Award (whether vested or unvested) and you will forfeit all rights you

have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon your Termination of Employment for Cause, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all profits you realized upon the exercise of any portion of this Award during the 12-month period that occurs immediately before your Termination of Employment for Cause.

(ii) If, after your Termination of Employment, the Committee determines in its sole discretion that while you were a Company or Subsidiary employee you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then the Company will immediately rescind all unexercised portions of this Award (whether vested or unvested) and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon the date the Committee determines that you could have been terminated for Cause, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all profits you realized upon the exercise of any portion of this Award during the period that begins 12 months immediately before your Termination of Employment and ends on the date that the Committee determines that you could have been terminated for Cause.

(iii) If the Committee determines in its sole discretion that at any time after your Termination of Employment and prior to the first anniversary of your Termination of Employment you (A) disclosed confidential or proprietary information related to any business of the Company or any Subsidiary or (B) entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (1) such employment or consultation arrangement would likely (in the Committee's sole discretion) result in the disclosure of confidential or proprietary information related to any business of the Company or any Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you had access to strategic or confidential information and (2) the Committee has not approved the arrangement in writing, then the Company will immediately rescind all unexercised portions of this Award (whether vested or unvested) and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company, immediately upon the Committee's determination date, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all profits you realized upon the exercise of any portion of this Award during the period that begins 12 months immediately before your Termination of Employment and ends on the date of the Committee's determination.

13. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Committee shall adjust the number and kind of Shares covered by this

Award, the Exercise Price and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by this Award. Any such determinations and adjustments made by the Committee will be binding on all persons.

14. **Restrictions on Exercise.** Exercise of this Award is subject to the conditions that, to the extent required at the time of exercise:

(i) The Shares covered by this Award will be duly listed, upon official notice of issuance, on the NYSE; and

(ii) A Registration Statement under the United States Securities Act of 1933 with respect to the Shares will be effective or an exemption from registration will apply.

If there is any registration, qualification, exchange control or other legal requirement imposed upon this Award or the Shares subject to this Award by applicable securities or exchange control laws (including rulings or regulations issued by the United States Securities and Exchange Commission or any other governmental agency with jurisdiction over the issuance of this Award or the Shares subject to this Award), the Company shall not be required to deliver any Shares subject to this Award before the Company, in its sole discretion, has determined that either (a) it has satisfied any such requirements or has received the requisite approval from the appropriate governmental agency; or (b) an exemption from such registration or exchange control requirement applies. By accepting this Award, you acknowledge that you understand that the Company is under no obligation to register this Award or the Shares subject to this Award with any governmental agency or to seek approval from any governmental agency for the issuance or sale of Shares subject to this Award.

15. **Disposition of Securities.** By accepting this Award, you acknowledge that you have read and understand the Company's Insider Trading Policy and are aware of and understand your obligations under United States federal securities laws with respect to trading in the Company's securities. By accepting this Award, you also agree not to use the Company's "cashless exercise" program (or any successor program) at any time when you possess material non-public information with respect to the Company (including Subsidiaries) or when using the program would otherwise result in a violation of applicable securities law. The Company has the right to recover, or receive reimbursement for, any compensation or profit realized on the exercise of this Award or by the disposition of Shares received upon exercise of this Award to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

16. **Plan Terms Govern.** The vesting and exercise of this Award, the disposition of any Shares received upon the exercise of all or a portion of this Award, and the treatment of any gain on the disposition of such Shares are subject to the terms of the Plan and any rules that the Committee prescribes. The Plan document, as amended from time to time, is incorporated into these Terms and Conditions. The Grant Letter and these Terms and Conditions shall together constitute the Award Certificate referred to in the Plan. Unless defined herein, capitalized terms

used in these Terms and Conditions are defined in the Plan. If there is any conflict between the terms of the Plan and these Terms and Conditions, the Plan's terms govern. By accepting this Award, you acknowledge receipt of the Plan and the prospectus, as in effect on the Grant Date.

17. **Personal Data.** To comply with applicable law and to administer this Award appropriately, the Company and its agents may accumulate, hold and process your personal data and/or "sensitive personal data" within the meaning of applicable law ("Personal Data"). Personal Data includes, but is not limited to, the information provided to you as part of the grant package and any changes thereto (e.g., details of Stock Options, including amounts awarded, unvested, vested or expired), other appropriate personal and financial data about you (e.g., name, home address, telephone number, date of birth, nationality, job title, reason for termination of employment, and social security, social insurance or other identification number), and information about your participation in the Plan and Shares obtained under the Plan from time to time. By accepting this Award, you give your explicit consent to your employer's and the Company's accumulating, transferring, and processing Personal Data as necessary or appropriate for Plan administration. Your Personal Data will be retained only as long as is necessary to administer your participation in the Plan. If applicable, by accepting this Award, you also give your explicit consent to the Company's transfer of Personal Data outside the country in which you work or reside and to the United States of America where the same level of data protection laws may not apply as in your home country. The legal persons for whom your Personal Data are intended (and by whom your Personal Data may be transferred, processed or exchanged) include the Company, its Subsidiaries (or former Subsidiaries as are deemed necessary), the outside Plan administrator, their respective agents, and any other person that the Company retains or utilizes for compensation planning or Plan administration purposes. You have the right to request a list of the names and addresses of any potential recipients of your Personal Data and to review and correct your Personal Data by contacting your local Human Resources Representative. By accepting this Award, you acknowledge your understanding that the transfer of the information outlined here is important to Plan administration and that failure to consent to the transmission of such information may limit or prohibit your participation in the Plan. By accepting this Award, you acknowledge that you are providing the consents herein on a purely voluntary basis and that, if you do not consent or if you later seek to revoke your consent, it will adversely impact the ability of the Company to administer your Awards but it will not adversely impact your employment status or service with your employer.

18. **No Contract of Employment or Promise of Future Grants.** By accepting this Award, you agree that you are bound by the terms of the Plan and these Terms and Conditions and acknowledge that this Award is granted in the Company's sole discretion and is not considered part of any employment contract or your ordinary or expected salary or other compensation for services of any kind rendered to the Company or any Subsidiary. You further agree that this Award, and your Plan participation, do not form, and will not be interpreted as forming, an employment contract or guarantee of employment with the Company or any Subsidiary. The Company, in its sole discretion, voluntarily established the Plan and may amend or terminate it at any time pursuant to the terms of the Plan. You understand that the grant of stock options under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of any stock options, or benefits in lieu of any stock options,

even if stock options have been granted repeatedly in the past, and that all decisions with respect to future grants will be in the Company's sole discretion. By accepting this Award, you also acknowledge that this Award and any gains received hereunder are extraordinary items and are not considered part of your salary or compensation for purposes of any pension or retirement benefits or for purposes of calculating any termination, severance, redundancy, resignation, end of service payments, bonuses, long-service awards, life or accident insurance benefits or similar payments. Neither this Award, nor any gains received hereunder, is intended to replace any pension rights or compensation. If the Company or Subsidiary terminates your employment for any reason, you agree that you will not be entitled to damages or compensation for breach of contract, dismissal (in any circumstances, including unfair dismissal) or compensation for any loss of office or otherwise to any sum, Shares, Stock Options or other benefits to compensate you for the loss or diminution in value of any actual or prospective rights, benefits or expectation under or in relation to the Plan.

19. **Limitations.** Nothing in these Terms and Conditions or the Plan grants to you any right to continued employment with the Company or any Subsidiary or to interfere in any way with the Company or Subsidiary's right to terminate your employment at any time and for any reason, subject to applicable law. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific Company or Subsidiary asset by reason of this Award. You have no rights as a stockholder of the Company pursuant to this Award until Shares are actually delivered to you.

20. **Entire Agreement and Amendment.** These Terms and Conditions, the Grant Letter, and the Plan constitute the entire understanding between you and the Company regarding this Award. These Terms and Conditions supersede any prior agreements, commitments or negotiations concerning this Award. These Terms and Conditions may not be modified, altered or changed except by the Committee (or its delegate) in writing and pursuant to the terms of the Plan; provided, however, that the Company has the unilateral authority to amend these Terms and Conditions without your consent to the extent necessary to comply with applicable securities registration or exchange control requirements and to impose additional requirements on this Award or Shares subject to this Award if the Company, in its sole discretion, deems it necessary or advisable for legal or administrative reasons.

21. **Severability.** The invalidity or unenforceability of any provision of these Terms and Conditions will not affect the validity or enforceability of the other provisions of these Terms and Conditions, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

22. **Waiver.** By accepting this Award, you acknowledge that a waiver by the Company of any breach by you of a provision of these Terms and Conditions shall not operate or be construed as a waiver by the Company of any other provision of these Terms and Conditions or of a subsequent breach.

23. **Notices.** By accepting this Award, you agree to receive documents, notices and any other communications relating to your participation in the Plan in writing by regular mail to

your last known address on file with your employer, the Company or Subsidiary or any outside Plan administrator, or by electronic means, including by e-mail, through an online system maintained by any outside Plan administrator, or by a posting on the Company's intranet website or on an online system or website maintained by any outside Plan administrator.

24. **Code Section 409A Compliance.** Notwithstanding any other provision of these Terms and Conditions to the contrary, in the event that all or a portion of this Award becomes subject to Code Section 409A, the provisions contained in Section 7.12 of the Plan shall govern and shall supersede any applicable provision of these Terms and Conditions.

25. **Governing Law.** This Award and these Terms and Conditions are governed by the law of Ireland and shall be construed accordingly; provided, however, that, to the extent that any provisions of Irish employment law are relevant, such provisions shall only apply to an individual who has entered into a contract of employment with the Company or any of its Irish subsidiaries.

26. **Acceptance.** In order to receive this Award, you must electronically acknowledge and accept on Mallinckrodt's third party Equity Administrator's website the terms and conditions set forth in the Plan and these Terms and Conditions. By accepting this Award, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions contained in the Plan and these Terms and Conditions; and (ii) you understand and agree the Plan and these Terms and Conditions constitute the entire understanding between you and the Company regarding this Award, and any prior agreements, commitments or negotiations concerning this Award are replaced and superseded. If you do not acknowledge these Terms and Conditions on the website, you will not be entitled to your Award.

Mallinckrodt plc

Stock and Incentive Plan

Terms and Conditions
of
Performance Unit Award FY14-FY16 Performance Cycle

PERFORMANCE UNIT AWARD granted on January 2, 2014 (the "Grant Date").

1. **Grant of Performance Units.** Mallinckrodt plc (the "Company") has granted to you [###] Performance Units subject to the provisions of these Terms and Conditions and the Plan. The Company will hold the Performance Units in a bookkeeping account on your behalf until such units become payable or are forfeited or cancelled. Please contact your local Human Resources Representative if you have any questions.

2. **Amount and Form of Payment.** Each Performance Unit represents one (1) Ordinary Share and any Performance Units that vest pursuant to Section 4 will be redeemed solely for Shares, subject to Section 10.

3. **Dividends**. Each unvested Performance Unit will be credited with a Dividend Equivalent Unit ("DEU") for any cash or stock dividends distributed by the Company on an Ordinary Share. DEUs will be calculated at the same dividend rate paid to other holders of Ordinary Shares and will be adjusted and vest in accordance with the adjustment and vesting provisions applicable to the underlying Performance Units.

4. **Vesting.**

(i) Except as provided below, Performance Units subject to this Award will fully vest on the Committee Certification Date (as defined in Appendix A), provided that you are an Employee on the third anniversary of the grant date. The target number of Performance Units specified in this Terms and Conditions agreement shall be adjusted at the end of the Performance Cycle based on the attained level of achievement for the Performance Cycle (as described in Appendix A).

(ii) If your employment terminates before the third anniversary of the grant date, you will forfeit the unvested portion of Performance Units. However, if your employment terminates due to Normal Retirement (your employment terminates on or after the date you attain age 60 and the sum of your age and years of service equals at least 70), Early Retirement (your employment terminates on or after the date you attain age 55 and the sum of your age and years of service equals at least 60), death, Disability, a Change in Control or Divestiture or Outsourcing Agreement, Performance Units subject to this Award may become vested in accordance with the provisions of Section 5, 6 or 7, as applicable.

5. **Early Retirement, Normal Retirement, Disability or Death.** Notwithstanding the vesting provisions described in Section 4, Performance Units subject to this Award may

become vested if your Termination of Employment is a result of your Early Retirement, Normal Retirement, Disability or death as follows:

(i) **Early Retirement**. If your employment terminates as a result of your Early Retirement (as defined in Section 4) and your Early Retirement occurs less than 12 months after the Grant Date, you will forfeit all Performance Units subject to this Award. If, however, your Early Retirement occurs at least 12 months after the Grant Date and, had you continued in employment through the Committee Certification Date and third anniversary of the grant date you would have become fully vested in Performance Units subject to this Award, then you will be entitled to pro rata vesting of Performance Units subject to this Award that would have become fully vested based on (A) the number of whole months completed from the grant date through your Termination of Employment date divided by 36 times (B) the total number of Performance Units subject to this Award that would have become fully vested after adjustment for the attained level of achievement. If you are entitled to pro rata vesting of any Performance Units pursuant to this Section 5(i), such vesting shall occur at the same time and in the same manner as the vesting of active employees in performance units attributable to the Performance Cycle (i.e., upon the Committee Certification Date and third anniversary of the grant date) and shall, in no event, become vested or delivered prior to such time.

(ii) **Normal Retirement, Disability or Death**. If your employment terminates as a result of your Normal Retirement (as defined in Section 4), your death or a Disability, and had you continued in employment through the Committee Certification Date and third anniversary of the grant date you would have become fully vested in Performance Units subject to this Award, then you will become fully vested in the total number of Performance Units subject to this Award that would have become fully vested after adjustment for the attained level of achievement. If you are entitled to full vesting of any Performance Units pursuant to this Section 5(ii), such vesting shall occur at the same time and in the same manner as the vesting of active employees in performance units attributable to the Performance Cycle (i.e., upon the Committee Certification Date and third anniversary of the grant date) and shall, in no event, become vested or delivered prior to such time**.**

6. **Termination of Employment Following a Change in Control.** Notwithstanding the vesting provisions described in Section 4, these Performance Units may become vested in the manner described in Section 6(iii) below if you experience a Termination of Employment after a Change in Control and you satisfy either Section 6(i) or Section 6(ii).

(i) Within 12 months after a Change in Control, the Company or any Subsidiary terminates your employment for any reason other than Cause, Disability or death; or

(ii) Within 12 months after a Change in Control and within 60 days after one of the events listed in this Section 6(ii), you terminate your employment because (A) the Company or any Subsidiary (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position (including titles and reporting relationships and level), authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations

or which results in a significant diminution in your position, authority, duties or responsibilities; or (B) the Company or any Subsidiary, without your consent, (1) requires you to relocate to a principal place of employment more than 50 miles from your existing place of employment and which increases your commute from your principal residence by more than 50 miles; or (2) reduces your base salary, annual bonus, or retirement, welfare, share incentive, perquisite (if any) and other benefits when taken as a whole; provided, however, that upon an event described in (A) or (B) above, you submit written notice of such event to the Company and the Company has not cured such action within 15 days after receipt of such notice.

(iii) If your employment terminates after a Change in Control in a manner that satisfies either Section 6(i) or Section 6(ii) above and, had you continued in employment through the Committee Certification Date and the third anniversary of the grant date you would have become fully vested in Performance Units subject to this Award, then you will become fully vested in the total number of Performance Units that would have become fully vested after adjustment for the attained level of achievement. If you are entitled to full vesting of any Performance Units pursuant to this Section 6(iii), such vesting shall occur at the same time and in the same manner as the vesting of active employees in performance units attributable to the Performance Cycle (i.e., upon the Committee Certification Date and third anniversary of the grant date) and shall, in no event, become vested or delivered prior to such time.

7. **Termination of Employment Resulting From Divestiture or Outsourcing Agreement**. Notwithstanding the vesting provisions described in Section 4, and subject to the provisions of subsection (i) below, if your employment with the Company or a Subsidiary terminates as a result of a Divestiture or Outsourcing Agreement and, had you continued in employment through the Committee Certification Date you would have become fully vested in Performance Units subject to this Award, then you shall be entitled to pro rata vesting in Performance Units subject to this Award that would have become fully vested based on (A) the number of whole months completed from the grant date through your Termination of Employment date divided by 36 times (B) the total number of Performance Units subject to this Award that would have become vested after adjustment for the attained level of achievement. If you are entitled to pro rata vesting of any Performance Units pursuant to this Section 7, such vesting shall occur at the same time and in the same manner as the vesting of active employees in performance units attributable to the Performance Cycle (i.e., upon the Committee Certification Date and third anniversary of the grant date and shall, in no event, become vested or delivered prior to such time.

(i) Notwithstanding the foregoing provisions of this Section 7, you shall not be eligible for pro-rata vesting if (A) your Termination of Employment occurs on or prior to the closing date of a Divestiture or such later date as is provided specifically in the applicable transaction agreement or related agreements, or on the effective date of an Outsourcing Agreement (the "Applicable Employment Date"), and (B) you are offered Comparable Employment with the buyer, successor company or Outsourcing Agent, as applicable, but do not commence such employment on the Applicable Employment Date.

(ii) For purposes of this Section 7 and these Terms and Conditions, (A) "Comparable Employment" means employment at a location that is no more than 50 miles from your job location at the time of your Termination of Employment that has a

base salary and target bonus opportunity that is at least equal to your base salary and target bonus opportunity in effect immediately prior to your Termination of Employment; (B) "Disposition of Assets" means the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated individual or entity; (C) "Disposition of a Subsidiary" means the disposition by the Company or Subsidiary of its interest in a subsidiary or controlled entity to an unrelated individual or entity, provided that such subsidiary or controlled entity ceases to be a member of the Company's controlled group as a result of such disposition; (D) "Divestiture" means a Disposition of Assets or a Disposition of a Subsidiary; and (E) "Outsourcing Agreement" means a written agreement between the Company or Subsidiary and an unrelated third party ("Outsourcing Agent") pursuant to which (1) the Company or Subsidiary transfers the performance of services previously performed by Company or Subsidiary employees to the Outsourcing Agent, and (2) the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

8. **Withholdings.** The Company has the right, prior to the issuance or delivery of any Shares subject to this Award, to withhold or require from you the amount necessary to satisfy applicable tax requirements (e.g., income tax, social insurance, payroll tax and payment on account), as determined by the Company. If, at any time after the Grant Date, you become subject to tax in more than one jurisdiction, the Company may be required to withhold or account for applicable tax requirements in the various jurisdictions. By accepting this Award, you authorize the Company or any Subsidiary to satisfy applicable tax or tax withholding requirements by: (i) withholding from your wages or other cash compensation payable to you; (ii) withholding from any proceeds resulting from the sale of Shares subject to this Award either through a voluntary sale or through a mandatory sale arranged by the Company on your behalf and pursuant to this authorization; (iii) redemption by the Company at Fair Market Value of Shares due to you following the vesting of Shares subject to this Award; or (iv) a combination of (i), (ii) or (iii) above. Furthermore, if the Shares subject to this Award vest under circumstances where they have not otherwise been fully paid-up in accordance with the requirements of Irish law, the Company or any Subsidiary may require you to pay the par value of each Share which vests hereunder at the time of such vesting. The Company or any Subsidiary may take the payment from you by application of any of the methods of withholding set forth herein. If the Company or any Subsidiary cannot withhold or account for all taxes associated with this Award, or obtain payment of the par value of each Share that vests hereunder, by application of the means described herein, then, by accepting this Award, you agree that you will pay to the Company or any Subsidiary all amounts necessary to satisfy applicable tax requirements or the requirement that Shares be issued on a fully paid-up basis and acknowledge that the Company may refuse to issue or deliver Shares subject to this Award, or the proceeds from the sale of such Shares, if you do not comply with such obligations.

9. **Transfer of Award.** You may not transfer this Award or any interest in Performance Units except by will or the laws of descent and distribution. Any other attempt to transfer this Award or any interest in Performance Units is null and void.

10. **Forfeiture of Award.** You will forfeit all or a portion of the Performance Units subject to this Award if your employment terminates under the circumstances described below:

(i) If the Company or Subsidiary terminates your employment for Cause, including without limitation a termination as a result of your violation of the Company's Guide to Business Conduct, then the Company will immediately rescind all unvested Performance Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon your Termination of Employment for Cause, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all Performance Units subject to this Award that vested during the 12-month period that occurs immediately before your Termination of Employment for Cause.

(ii) If, after your Termination of Employment, the Committee determines in its sole discretion that while you were a Company or Subsidiary employee you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then the Company will immediately rescind all unvested Performance Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon the date the Committee determines that you could have been terminated for Cause, Shares (or, in the discretion of the Company, cash) equal in value to the amount of all Performance Units subject to this Award that vested during the period that begins 12 months immediately before your Termination of Employment and ends on the date that the Committee determines that you could have been terminated for Cause.

(iii) If the Committee determines in its sole discretion that at any time after your Termination of Employment and prior to the first anniversary of your Termination of Employment you (A) disclosed confidential or proprietary information related to any business of the Company or any Subsidiary or (B) entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (1) such employment or consultation arrangement would likely (in the Committee's sole discretion) result in the disclosure of confidential or proprietary information related to any business of the Company or any Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you had access to strategic or confidential information and (2) the Committee has not approved the arrangement in writing, then the Company will immediately rescind all unvested Performance Units subject to this Award and you will forfeit all rights you have with respect to this Award. Also, by accepting this Award, you agree and promise to deliver to the Company immediately upon the Committee's determination date Shares (or, in the discretion of the Company, cash) equal in value to the amount of all Performance Units subject to this Award that vested during the period that begins 12 months immediately before your Termination of Employment and ends on the date of the Committee's determination.

11. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate

transaction or event, the Committee shall adjust the number and kind of Shares covered by this Award and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by this Award. Any such determinations and adjustments made by the Committee will be binding on all persons.

12. **Restrictions on Payment of Shares.** Payment of Shares for Performance Units is subject to the conditions that, to the extent required at the time of delivery of such Shares:

(i) The Shares covered by this Award will be duly listed, upon official notice of issuance, on the NYSE; and

(ii) A Registration Statement under the United States Securities Act of 1933 with respect to the Shares will be effective or an exemption from registration will apply.

If there is any registration, qualification, exchange control or other legal requirement imposed upon this Award or the Shares subject to this Award by applicable securities or exchange control laws (including rulings or regulations issued by the United States Securities and Exchange Commission or any other governmental agency with jurisdiction over the issuance of this Award or the Shares subject to this Award), the Company shall not be required to deliver any Shares subject to this Award before the Company, in its sole discretion, has determined that either (a) it has satisfied any such requirements or has received the requisite approval from the appropriate governmental agency; or (b) an exemption from such registration or exchange control requirement applies. By accepting this Award, you acknowledge that you understand that the Company is under no obligation to register this Award or the Shares subject to this Award with any governmental agency or to seek approval from any governmental agency for the issuance or sale of Shares subject to this Award.

13. **Disposition of Securities.** By accepting this Award, you acknowledge that you have read and understand the Company's Insider Trading Policy and are aware of and understand your obligations under United States federal securities laws with respect to trading in the Company's securities. The Company has the right to recover, or receive reimbursement for, any compensation or profit realized on the disposition of Shares received for Performance Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

14. **Plan Terms Govern.** The vesting of Performance Units, the disposition of any Shares received on or after such vesting, and the treatment of any gains received upon such disposition are subject to the terms of the Plan and any rules that the Committee prescribes. The Plan document, as amended from time to time, is incorporated into these Terms and Conditions. The Grant Letter and these Terms and Conditions shall together constitute the Award Certificate referred to in the Plan. Unless defined herein, capitalized terms used in these Terms and Conditions are defined in the Plan. If there is any conflict between the terms of the Plan and these Terms and Conditions, the Plan's terms govern. By accepting this Award, you acknowledge receipt of the Plan and the prospectus, as in effect on the Grant Date.

15. **Personal Data.** To comply with applicable law and to administer this Award appropriately, the Company and its agents may accumulate, hold and process your personal data and/or "sensitive personal data" within the meaning of applicable law ("Personal Data"). Personal Data includes, but is not limited to, the information provided to you as part of the grant package and any changes thereto (e.g., details of Performance Units, including amounts awarded, unvested or vested), other appropriate personal and financial data about you (e.g., name, home

address, telephone number, date of birth, nationality, job title, reason for termination of employment, and social security, social insurance or other identification number), and information about your participation in the Plan and Shares obtained under the Plan from time to time. By accepting this Award, you give your explicit consent to your employer's and the Company's accumulating, transferring, and processing Personal Data as necessary or appropriate for Plan administration. Your Personal Data will be retained only as long as is necessary to administer your participation in the Plan. If applicable, by accepting this Award, you also give your explicit consent to the Company's transfer of Personal Data outside the country in which you work or reside and to the United States of America where the same level of data protection laws may not apply as in your home country. The legal persons for whom your Personal Data are intended (and by whom your Personal Data may be transferred, processed or exchanged) include the Company, its Subsidiaries (or former Subsidiaries as are deemed necessary), the outside Plan administrator, their respective agents, and any other person that the Company retains or utilizes for compensation planning or Plan administration purposes. You have the right to request a list of the names and addresses of any potential recipients of your Personal Data and to review and correct your Personal Data by contacting your local Human Resources Representative. By accepting this Award, you acknowledge your understanding that the transfer of the information outlined here is important to Plan administration and that failure to consent to the transmission of such information may limit or prohibit your participation in the Plan. By accepting this Award, you acknowledge that you are providing the consents herein on a purely voluntary basis and that, if you do not consent or if you later seek to revoke your consent, it will adversely impact the ability of the Company to administer your Awards but it will not adversely impact your employment status or service with your employer.

16. **No Contract of Employment or Promise of Future Grants.** By accepting this Award, you agree that you are bound by the terms of the Plan and these Terms and Conditions and acknowledge that this Award is granted in the Company's sole discretion and is not considered part of any employment contract or your ordinary or expected salary or other compensation for services of any kind rendered to the Company or any Subsidiary. You further agree that this Award, and your Plan participation, do not form, and will not be interpreted as forming, an employment contract or guarantee of employment with the Company or any Subsidiary. The Company, in its sole discretion, voluntarily established the Plan and may amend or terminate it at any time pursuant to the terms of the Plan. You understand that the grant of performance units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of any performance units, or benefits in lieu of performance units, even if performance units have been granted repeatedly in the past and that all decisions with respect to future grants will be in the Company's sole discretion. By accepting this Award, you also acknowledge that this Award and any gains received hereunder are extraordinary items and are not considered part of your salary or compensation for purposes of any pension or retirement benefits or for purposes of calculating any termination, severance, redundancy, resignation, end of service payments, bonuses, long-service awards, life or accident insurance benefits or similar payments. Neither this Award, nor any gains received hereunder, is intended to replace any pension rights or compensation. If the Company or Subsidiary terminates your employment for any reason, you agree that you will not be entitled to damages or compensation for breach of contract, dismissal (in any circumstances, including unfair dismissal) or compensation for loss of office or otherwise to any sum, Shares, Performance Units or other

benefits to compensate you for the loss or diminution in value of any actual or prospective rights, benefits or expectation under or in relation to the Plan.

17. **Limitations.** Nothing in these Terms and Conditions or the Plan grants to you any right to continued employment with the Company or any Subsidiary or to interfere in any way with the Company or Subsidiary's right to terminate your employment at any time and for any reason, subject to applicable law. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific Company or Subsidiary asset by reason of this Award. You have no rights as a stockholder of the Company pursuant to this Award until Shares are actually delivered to you.

18. **Entire Agreement and Amendment.** These Terms and Conditions, the Grant Letter, and the Plan constitute the entire understanding between you and the Company regarding this Award. These Terms and Conditions supersede any prior agreements, commitments or negotiations concerning this Award. These Terms and Conditions may not be modified, altered or changed except by the Committee (or its delegate) in writing and pursuant to the terms of the Plan; provided, however, that the Company has the unilateral authority to amend these Terms and Conditions without your consent to the extent necessary to comply with applicable securities registration or exchange control requirements and to impose additional requirements on this Award or Shares subject to this Award if the Company, in its sole discretion, deems it necessary or advisable for legal or administrative reasons.

19. **Severability.** The invalidity or unenforceability of any provision of these Terms and Conditions will not affect the validity or enforceability of the other provisions of these Terms and Conditions, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

20. **Waiver.** By accepting this Award, you acknowledge that a waiver by the Company of any breach by you of a provision of these Terms and Conditions shall not operate or be construed as a waiver by the Company of any other provision of these Terms and Conditions or of a subsequent breach.

21. **Notices**. By accepting this Award, you agree to receive documents, notices and any other communications relating to your participation in the Plan in writing by regular mail to your last known address on file with your employer, the Company or Subsidiary or any outside Plan administrator, or by electronic means, including by e-mail, through an online system maintained by any outside Plan administrator, or by a posting on the Company's intranet website or on an online system or website maintained by any outside Plan administrator.

22. **Code Section 409A Compliance.** Notwithstanding any other provision of these Terms and Conditions to the contrary, in the event that all or a portion of this Award becomes subject to Code Section 409A, the provisions contained in Section 7.11 of the Plan shall govern and shall supersede any applicable provision of these Terms and Conditions.

23. **Governing Law.** This Award and these Terms and Conditions are governed by the law of Ireland and shall be construed accordingly; provided, however, that, to the extent that any provisions of Irish employment law are relevant, such provisions shall only apply to an individual who has entered into a contract of employment with the Company or any of its Irish subsidiaries.

24. **Acceptance.** In order to receive this Award, you must electronically acknowledge and accept on Mallinckrodt's third party Equity Administrator's website the terms and conditions set forth in the Plan and these Terms and Conditions. By accepting this Award, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions contained in the Plan and these Terms and Conditions; and (ii) you understand and agree the Plan and these Terms and Conditions constitute the entire understanding between you and the Company regarding this Award, and any prior agreements, commitments or negotiations concerning this Award are replaced and superseded. If you do not acknowledge these Terms and Conditions on the website, you will not be entitled to your Award.

Appendix A
to
Terms and Conditions
of
Performance Unit Award

Performance Unit Award Vesting Requirements
FY14-FY16 Performance Cycle

Performance Goals

This Appendix A describes the vesting requirements for performance units ("PSUs") awarded under these "Terms and Conditions of Performance Unit Award" for the FY14-FY16 performance cycle (September 28, 2013 through September 30, 2016). The number of PSUs subject to these Terms and Conditions that vest is based fifty percent (50%) upon the Company's Total Return to Shareholders as compared to the Total Return to Shareholders of the Specialty Pharmaceutical Index during the Performance Cycle, as described further below, and fifty percent (50%) on the achievement of predetermined Adjusted EBITDA Margin goals for FY16. Upon the expiration of the Performance Cycle, the Committee shall calculate the level of achievement attained for the Performance Cycle (in the manner described below) and certify the extent to which the performance goals have been achieved. You shall become vested in the number of PSUs that corresponds to the attained level of achievement certified by the Committee on the later of the date that the Committee formally certifies such attained level of achievement (the "Committee Certification Date") or the third anniversary of the grant date. The Committee Certification Date shall occur no later than sixty (60) days after the conclusion of the Performance Cycle. Except as otherwise provided in these Terms and Conditions, if your employment terminates for any reason before the third anniversary of the grant date, you will automatically forfeit all Performance Units and they will be cancelled as of your Termination of Employment date.

Specialty Pharmaceutical Index
The Specialty Pharmaceutical Index includes the following companies:

Actavis	Daiichi Sankyo	Jazz Pharmaceuticals	Santen Pharmaceutical
Actelion	Eisai	Lundbeck	Seattle Genetics
Alexion Pharmaceuticals	Elan	Meda	Shionogi
Alkermes	Endo Health Solutions	Medivation	Shire
Allergan	Forest Laboratories	Merck KGaA	The Medicines Company
Astellas Pharma	Fresenius	Orion	Theravance
Biogen Idec	Galenica	Otsuka Holdings	UCB
BioMarin Pharmaceutical	Gedeon Richter	Pharmacyclics	United Therapeutics
Celgene	Gilead Sciences	Questcor Pharmaceuticals	Valeant Pharmaceuticals International
Chugai	Incyte	Regeneron Pharmaceuticals	Vertex Pharmaceuticals
Cubist Pharmaceuticals	Ipsen	Salix Pharmaceuticals	ViroPharma

If two companies in the Specialty Pharmaceutical Index merge, the surviving company shall remain in the Specialty Pharmaceutical Index. If a company in the Specialty Pharmaceutical Index merges with, or is acquired by, a company that is not in the Specialty Pharmaceutical Index, and the company in the Specialty Pharmaceutical Index is the surviving company, then the surviving company shall be included in the Specialty Pharmaceutical Index. If a company in the Specialty Pharmaceutical Index merges with, or is acquired by, a company that is not in the Specialty Pharmaceutical Index, and the company in the Specialty Pharmaceutical Index is not the surviving company or the surviving company is no longer publicly traded, then the surviving company shall not be included in the Specialty Pharmaceutical Index. If, during the performance period, the Company or a company in the Specialty Pharmaceutical Index spins-off a subsidiary or division by distributing to its shareholders shares in the spun-off company as a dividend distribution then, for purposes of calculating the Total Return to Shareholders of the Company or the company in the Specialty Pharmaceutical Index, as applicable, the value of the dividend distribution shall be treated as a dividend paid during the performance period and the company being spun-off, including the value of any shares of such company, shall be disregarded immediately upon consummation of the transaction.

Notwithstanding the foregoing, if a company in the Specialty Pharmaceutical Index ceases to be listed in the Healthcare Sector under the Standard & Poor's Global Industry Classification Standard (GICS) at any time during the performance period (including after a merger, acquisition or other business transaction described above), then it shall not be included in the Specialty Pharmaceutical Index.

Total Return to Shareholders
Total Return to Shareholders for the Company and each company in the Specialty Pharmaceutical Index shall include dividends paid and shall be determined as follows:

Total Return to Shareholders = (Change in Stock Price + Dividends Paid) / Beginning Stock Price

“Beginning Stock Price” means the average closing price as reported on the New York Stock Exchange of one (1) share of common stock for the thirty (30) trading days pre-ceding the first day of the Performance Cycle.

“Change in Stock Price” means the difference between the Beginning Stock Price and the Ending Stock Price.

“Dividends Paid” means the total of all dividends paid on one (1) share of stock during the Performance Cycle.

“Ending Stock Price” means the average closing price as reported in the New York Stock Exchange of one (1) share of common stock for the last thirty (30) trading days of the Performance Cycle.

“Performance Cycle” means the three-year period commencing September 28, 2013 and ending on September 30, 2016.

Example: If the Beginning Stock Price for a company was $50.00 per share, the company paid $5.00 in dividends over the Performance Cycle and the Ending Stock Price was $55.00 per share (thereby making the Change in Stock Price $5.00 ($55.00 minus $50.00)), then the Total Shareholder Return for that company would be twenty percent (20%). The calculation is as follows: .2 = ($5 + $5) / $50

Calculation of Percentile Performance
Following the Total Shareholder Return determination for the Company and each of the companies in the Specialty Pharmaceutical Index, the Company and the companies in the Specialty Pharmaceutical Index will be ranked, in order of maximum to minimum, according to their respective Total Shareholder Return.

After this ranking, the percentile performance of the Company as compared to the other companies in the Specialty Pharmaceutical Index shall be determined by the following formula:

P = 1 -

“P” represents the percentile performance which will be rounded, if necessary, to the nearest whole percentile by application of regular rounding.

“N” represents the number of companies in the Specialty Pharmaceutical Index, including the Company.

“R” represents the Company’s ranking versus the other companies in the Specialty Pharmaceutical Index.

Example: If the Company ranked 20th out of 44 companies, the performance will be in the 56th percentile.

The calculation is as follows: .56 = 1 -

Calculation of Grant Multiplier

Following the percentile performance determination for the Company, the following multipliers will be utilized to determine the weighted percentage of Performance Units associated with the Total Return to Shareholders measure that shall become vested, if any.

Percentile Performance	**Grant Multiplier**
75th and higher	2x
At least 50th but less than 75th	See below*
At least 25th but less than 50th	See below**
Less than 25th	Zero

*If percentile performance equals or exceeds the 50th percentile, but is less than the 75th percentile, then the Grant Multiplier is determined by the following formula: GM = (4 x PF) - 1.

**If percentile performance equals or exceeds the 25th percentile, but is less than the 50th percentile, then the Grant Multiplier is determined by the following formula: GM = (2 x PF).

“GM” represents the Grant Multiplier.

“PF” represents the Company’s percentile performance expressed as a fraction.

Example: If an employee was issued 100 PSUs and the Company achieved a percentile performance in the 80th percentile for the applicable performance cycle, then the employee would vest in 100 PSUs on the third anniversary of the grant after the end of such cycle (2 x 100 x 50% Total Return to Shareholders metric weighting). If, instead, the Company achieved a percentile performance in the 60th percentile, then the grant multiplier would be 1.4 ((4 x .60) -1) and the employee would vest in 70 PSUs (1.4 x 100 x 50% Total Return to Shareholders metric weighting) on the third anniversary of the grant date after the end of the performance cycle.

Example: If an employee was issued 150 PSUs and the Company achieved a percentile performance in the 40th percentile for the applicable performance cycle, then the grant multiplier would be .80 (2 * .40) and the employee would vest in 60 PSUs (.80 x 150 x 50% Total Return to Shareholders metric weighting) on the third anniversary of the grant date after the end of such cycle. If, instead, the Company achieved a percentile performance in the 20th percentile, then all PSUs related to the Total Return to Shareholders metric component would be forfeited.

Adjusted EBITDA Margin
Adjusted EBITDA Margin for the Company will be calculated for FY16 (September 26, 2015 - September 30, 2016) using GAAP net income before net interest, income taxes, depreciation and amortization, adjusted to exclude certain items as a percentage of Net Sales. Certain items, if applicable, include discontinued operations; other income, net; separation costs; restructuring charges, net; immediately expensed up-front and milestone payments; acquisition-related costs; and non-cash impairment charges.

"Net Sales" is calculated in accordance with U.S. GAAP and reported in the Company's filings with the SEC within the statement of income.

Determination of Grant Multiplier
Following the certification of Adjusted EBITDA Margin for FY16, the Compensation Committee of the Board will determine and approve the weighted percentage of Performance Units associated with the Adjusted EBITDA Margin measure that shall become vested, if any.

Example: If an employee was issued 100 PSUs and the FY16 Adjusted EBITDA Margin Grant Multiplier is 1.0x, then the employee would vest in 50 PSUs on the third anniversary of the grant after the end of such cycle (1.0 x 100 x 50% Adjusted EBITDA Margin metric weighting). If, instead, the FY16 Adjusted EBITDA Margin Grant Multiplier is zero, the employee would not vest in any PSUs associated with the Adjusted EBITDA Margin measure.

Exhibit 10.4

Mallinckrodt plc

Stock and Incentive Plan

Terms and Conditions
of
Restricted Unit Award

2014 Director Grant

RESTRICTED UNIT AWARD granted on March 20, 2014 (the "Grant Date") to [_____] pursuant to Section 4.7 of the Mallinckrodt Stock and Incentive Plan, as amended and restated (the "Plan").

1. **Grant of Restricted Units.** Mallinckrodt plc (the "Company") has granted to you [____] Restricted Units, subject to the provisions of these Terms and Conditions and the Plan. These Terms and Conditions shall constitute the Award Certificate referred to in the Plan. The Company will hold the Restricted Units in a bookkeeping account on your behalf until such units become payable or are forfeited or cancelled.

2. **Amount and Form of Payment.** Each Restricted Unit represents one (1) Ordinary Share and vested Restricted Units will be redeemed solely for Shares, subject to Section 5.

3. **Dividends.** Each unvested Restricted Unit will be credited with a Dividend Equivalent Unit ("DEU") for any cash or stock dividends distributed by the Company on an Ordinary Share. DEUs will be calculated at the same dividend rate paid to other holders of Ordinary Shares and will vest in accordance with the vesting schedule applicable to the underlying Restricted Units.

4. **Vesting and Delivery of Shares.** All Restricted Units will fully vest as of the date of the Company's 2015 Annual General Meeting, subject to forfeiture due to a Termination of Directorship for Cause (as described in Section 5). Restricted Units will fully vest prior to the date set forth in the previous sentence upon the first to occur of (i) 30 days following a Termination of Directorship, except a Termination of Directorship for Cause, or (ii) a Change in Control; provided, however, that in the event that the Company is involved in a transaction in which Shares will be exchanged for cash, the Company shall issue to you immediately prior to the consummation of such transaction the number of Shares that are equal to the aggregate number of unvested Restricted Units (including attributable DEUs) subject to this Award. Immediately after such issuance of Shares, this Award shall terminate and be of no further force or effect. Except as provided in this Section 4 and subject to Section 10, Shares representing Restricted Units that vest pursuant to this section (including attributable DEUs) shall be delivered to you on the vesting date.

5. **Forfeiture of Award.** You will forfeit all of the Restricted Units subject to this Award if your Termination of Directorship is for Cause. As set forth in the Plan, Termination of Directorship for Cause occurs when an individual ceases to be a Director by reason of his or her removal by the Board due to the Director's (i) substantial failure or refusal to perform duties and responsibilities of his or her job, (ii) violation of any fiduciary duty owed to the Company, (iii) conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) violation of a Company rule or policy, or (vii) other egregious conduct, that has or could have a serious and detrimental impact on the Company and its

employees. The Nominating and Governance Committee, in its sole and absolute discretion, shall determine whether a Termination of Directorship is for Cause, provided, however, that if a Director subject to such review is a member of the Nominating and Governance Committee, then such determination shall be made by the full Board (excluding such Director).

6. **United States Tax Treatment.** Under United States tax law, the value of any Shares delivered to you under this Award is includable in your gross income, for federal and state income tax and for self-employment tax purposes, in the year in which such Shares are delivered. Solely with respect to United States taxes, the Company will not withhold any amount upon the delivery of Shares subject to this Award or pay any taxes associated with such delivery of Shares to the United States Internal Revenue Service. You acknowledge and agree that you are responsible for the United States tax consequences associated with this Award, including upon the delivery of Shares hereunder.

7. **Withholding for Irish Taxes.** Pursuant to the Company's agreement with Irish Revenue, sixty-six and two-thirds percent (66 2/3%) of the value of any Shares delivered to you under this Award is includable in your gross income for Irish tax purposes. The Company has the right, prior to the issuance or delivery of any Shares subject to this Award, to withhold or require from you the amount necessary to satisfy any Irish tax withholding requirements (including income tax, universal social charge, pay related social insurance and any other statutory levies or charges), as determined by the Company. By accepting this Award, you authorize the Company to satisfy Irish tax withholding requirements by: (i) withholding from your annual cash retainer payments payable by the Company for your service as a Director; (ii) withholding Shares subject to this Award upon the vesting date; (iii) the redemption by the Company at Fair Market Value of Shares due to you following the vesting of Shares subject to this Award; or (iv) a combination of (i), (ii) or (iii) above or any other method consistent with the Plan and applicable law. Furthermore, if the Shares subject to this Award vest under circumstances where they have not otherwise been fully paid-up in accordance with the requirements of Irish law, the Company may require you to pay the par value of each Share which vests hereunder at the time of such vesting. If the Company or any Subsidiary cannot withhold or account for all taxes associated with this Award, or obtain payment of the par value of each Share that vests hereunder, by application of the means described herein, then, by accepting this Award, you agree that you will pay to the Company all amounts necessary to satisfy applicable Irish tax requirements or the requirement that Shares be issued on a fully paid-up basis and acknowledge that the Company may refuse to issue or deliver Shares subject to this Award, or the proceeds from the sale of such Shares, if you do not comply with such obligations.

8. **Transfer of Award.** You may not transfer this Award or any interest in Restricted Units except by will or the laws of descent and distribution. Any other attempt to transfer this Award or any interest in Restricted Units is null and void.

9. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Nominating Committee shall adjust the number and kind of Shares covered by this Award and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by this Award. Any such determinations and adjustments made by the Nominating Committee will be binding on all persons.

10. **Restrictions on Payment of Shares.** Payment of Shares for Restricted Units is subject to the conditions that, to the extent required at the time of delivery of such Shares:

a. The Shares covered by this Award will be duly listed, upon official notice of issuance, on the NYSE; and

b. A Registration Statement under the United States Securities Act of 1933 with respect to the Shares will be effective or an exemption from registration will apply.

The Company will not be required to deliver any Shares until all applicable federal and state laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by the Company's legal counsel.

11. **Disposition of Securities.** By accepting this Award, you acknowledge that you have read and understand the Company's Insider Trading Policy and are aware of and understand your obligations under United States federal securities laws with respect to trading in the Company's securities. The Company has the right to recover, or receive reimbursement for, any compensation or profit realized on the disposition of Shares received for Restricted Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

12. **Personal Data.** To comply with applicable law and to administer this Award appropriately, the Company and its agents may accumulate, hold and process your personal data and/or "sensitive personal data" within the meaning of applicable law ("Personal Data"). Personal Data includes, but is not limited to, the information provided to you as part of the grant package and any changes thereto (e.g., details of Restricted Units, including amounts awarded, unvested, or vested), other appropriate personal and financial data about you (e.g., name, home address, telephone number, date of birth, nationality, and social security number), and information about your participation in the Plan and Shares obtained under the Plan from time to time. By accepting this Award, you give your explicit consent to the Company's accumulating, transferring and processing Personal Data as necessary or appropriate for Plan administration. Your Personal Data will be retained only as long as is necessary to administer your participation in the Plan. By accepting this Award, you also give your explicit consent to the Company's transfer of Personal Data outside the country in which you reside and to a country outside the European Economic Area (including the United States of America) where the same level of data protection laws may not apply as in your home country. The legal persons for whom your Personal Data are intended (and by whom your Personal Data may be transferred, processed or exchanged) include the Company, its Subsidiaries (or former Subsidiaries as are deemed necessary), the outside Plan administrator, their respective agents, and any other person that the Company retains or utilizes for Plan administration purposes. You have the right to request a list of the names and addresses of any potential recipients of your Personal Data and to review and correct your Personal Data by contacting the Company's Vice President and Corporate Secretary. By accepting this Award, you acknowledge your understanding that the transfer of the information outlined here is important to Plan administration and that failure to consent to the transmission of such information may limit or prohibit your participation in the Plan.

13. **Plan Terms Govern.** The vesting of Restricted Units, the disposition of any Shares received on or after such vesting, and the treatment of any gains received upon such disposition are subject to the terms of the Plan and any rules that the Nominating Committee prescribes. The Plan document, as amended from time to time, is incorporated into these Terms and Conditions. Unless defined herein, capitalized terms used in these Terms and Conditions are defined in the Plan. If there is any conflict between the terms of the Plan and these Terms and Conditions, the Plan's terms govern.

By accepting the Award, you acknowledge receipt of the Plan and the prospectus, as in effect on the Grant Date.

14. **Entire Agreement and Amendment.** These Terms and Conditions and the Plan constitute the entire understanding between you and the Company regarding this Award. These Terms and Conditions supersede any prior agreements, commitments or negotiations concerning this Award. These Terms and Conditions may not be modified, altered or changed except by the Nominating Committee in writing and pursuant to the terms of the Plan.

15. **Severability.** The invalidity or unenforceability of any provision of these Terms and Conditions will not affect the validity or enforceability of the other provisions of these Terms and Conditions, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

16. **Governing Law.** This Award and these Terms and Conditions are governed by the law of Ireland and shall be construed accordingly; provided, however, that, to the extent that any provisions of Irish employment law are relevant, such provisions shall only apply to an individual who has entered into a contract of employment with the Company or any of its Irish subsidiaries.

17. **Code Section 409A and 457A Compliance.** Notwithstanding any other provision of these Terms and Conditions to the contrary, in the event that all or a portion of this Award becomes subject to Code Section 409A or Code Section 457A, the provisions contained in Sections 7.12 or 7.13, respectively, of the Plan shall govern and shall supersede any applicable provision of these Terms and Conditions.

18. **Acceptance.** By accepting this Award, you agree to the following:

(i) You have carefully read, fully understand and agree to all of the terms and conditions contained in the Plan and these Terms and Conditions; and

(ii) You understand and agree that the Plan and these Terms and Conditions constitute the entire understanding between you and the Company regarding this Award, and that any prior agreements, commitments or negotiations concerning this Award are replaced and superseded.

You will be deemed to consent to the application of all of the terms and conditions set forth in the Plan and these Terms and Conditions unless you contact Mallinckrodt plc, c/o Miriam Rogers Singer, Vice President and Corporate Secretary, 675 McDonnell Blvd, Hazelwood, MO 63042 in writing within thirty (30) days of receiving the grant package. Receipt by the Company of your non-consent will nullify this Award unless otherwise agreed to in writing by you and the Company.

MALLINCKRODT PHARMACEUTICALS CHANGE IN CONTROL SEVERANCE PLAN FOR CERTAIN U.S. OFFICERS AND EXECUTIVES

Amended May 1, 2014

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ARTICLE I

BACKGROUND, PURPOSE AND TERM OF PLAN

Section 1.01 **Purpose and Intent of the Plan**. The purpose of the Plan is to provide Eligible Employees with certain compensation and benefits in the event that such Employee's employment with the Company or a Subsidiary is terminated due to a Change in Control Termination. The Plan is not intended to be an "employee pension benefit plan" or "pension plan" within the meaning of Section 3(2) of ERISA. Rather, the Plan is intended to be a "welfare benefit plan" within the meaning of Section 3(1) of ERISA and to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b). Accordingly, no employee shall have a vested right to benefits paid by the Plan. The terms of the Plan are intended to, and shall be interpreted so as to, comply in all respects with the provisions of Code Section 409A and the regulations and rulings promulgated thereunder and, if necessary, any provision shall be held null and void to the extent such provision (or any part thereof) fails to comply with Code Section 409A or the regulations or rulings promulgated thereunder.

Section 1.02 **Term of the Plan**. The Plan shall generally be effective as of the Effective Date. The Plan is intended to supersede, and not to duplicate, the provisions of the Mallinckrodt Pharmaceuticals Severance Plan for U.S. Officers and Executives ("Executive Severance Plan") in any case in which an Eligible Employee would otherwise be entitled to severance or related benefits under both this Plan and the Executive Severance Plan arising out of the Eligible Employee's Change in Control Termination. Moreover, this Plan is intended to supersede any other plan, program, arrangement or agreement providing an Eligible Employee with severance or related benefits in the case of an Eligible Employee's Change in Control Termination. The Plan shall continue until terminated pursuant to Article VII of the Plan.

Section 1.03 **Adoption of the Plan**. The Plan was adopted by the Board of Directors of Mallinckrodt plc on March 26, 2013, with the Effective Date of July 1, 2013.

ARTICLE II

DEFINITIONS

Section 2.01 "Annual Bonus" means the average of the actual bonuses paid to the respective Participant pursuant to The Mallinckrodt Annual Incentive Plan, and/or the Global Bonus Plan that are attributable to the three Company fiscal years that immediately precede the Participant's Separation from Service Date. If the Participant was not employed by the Company for at least three full Company fiscal years prior to the Participant's Termination Date, the Annual Bonus shall be calculated by dividing the total of the actual bonuses paid to the Participant by the number of full months worked by the Participant, and multiplied by twelve.

Section 2.02 "Base Salary" means the Participant's annual base salary in effect as of the Participant's Separation from Service Date.

Section 2.03 "Board" means the Board of Directors of Mallinckrodt plc.

Section 2.04 "Cause" means an Employee's (i) substantial failure or refusal to perform duties and responsibilities of his or her job as required by the Company, (ii) substantial failure to meet the Company's performance expectations or standards; (iii) violation of any fiduciary duty owed to the Company, (iv) conviction of a felony or misdemeanor, (v) dishonesty, (vi) theft, (vii) violation of Company rules or policy, or (viii) other egregious conduct, that has or could have a serious and detrimental impact on the Company and its employees. The Committee, in its sole and absolute discretion, shall determine Cause.

Section 2.05 "Change in Control" means the first to occur of any of the following events:

(i) any "person" (as defined in Section 13(d) and 14(d) of the Exchange Act, excluding for this purpose, (i) the Company or any Subsidiary or (ii) any employee benefit plan of the Company or any Subsidiary (or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such plan that acquires beneficial ownership of voting securities of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of the Company representing more than 30 percent of the combined voting power of the Company's then outstanding securities; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company;

(ii) persons who, as of the Effective Date, constitute the Board (the "Incumbent Directors") cease for any reason (including without limitation, as a result of a tender offer, proxy contest, merger or similar transaction) to constitute at least a majority thereof, provided that any person becoming a Director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least 50 percent of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or

threatened proxy contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as defined in Section 13(d) and 14(d) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director

(iii) consummation of a reorganization, merger or consolidation or sale or other disposition of at least 80 percent of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such Business Combination beneficially own directly or indirectly more than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the company resulting from such Business Combination (including, without limitation, a company which, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding voting securities of the Company; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Section 2.06 "Change in Control Benefits" means the payments described in Section 4.01(b) and Section 4.01(c)(ii).

Section 2.07 "Change in Control Termination" means a Participant's Involuntary Termination or Good Reason Resignation that occurs during the period beginning 60 days prior to the date of a Change in Control and ending two years after the date of such Change in Control.

Section 2.08 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations promulgated thereunder.

Section 2.09 "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Section 2.10 "Committee" means the Human Resources and Compensation Committee of the Board or any successor committee or such other committee appointed by the Board to assist the Company in making determinations required under the Plan in accordance with its terms. The Committee may delegate its authority under the Plan to an individual or another committee.

Section 2.11 "Company" means Mallinckrodt plc, a public company with limited liability incorporated in Ireland, or any successor thereto. Unless it is otherwise clear from the context, Company shall generally include participating Subsidiaries.

Section 2.12 "Effective Date" means July 1, 2013.

Section 2.13 "Eligible Employee" means an Employee who is classified in job bands 0 or 1, and who is not covered under any other severance plan or program sponsored by the Company or a Subsidiary (other than the Executive Severance Plan). If there is any question as to whether an Employee is an Eligible Employee, the Senior Vice President and Chief Human Resources Officer shall make the determination.

Section 2.14 "Employee" means an individual who is a common law employee on the payroll of any United States Subsidiary of Mallinckrodt plc, and shall not include any person providing services to the Company or any Subsidiary through a temporary service or on a leased basis or who is hired by the Company or any Subsidiary as an independent contractor, consultant, or otherwise as a person who is not an employee for purposes of withholding United States federal income or employment taxes, as evidenced by payroll records or a written agreement with the individual, regardless of any contrary governmental agency determination or judicial holding relating to such status or tax withholding. Notwithstanding the above, in the event that Section 409A applies to any payments made hereunder, subsection (iv) of the definition of "Subsidiary" shall apply.

Section 2.15 "Employer" means the Company or any Subsidiary.

Section 2.16 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

Section 2.17 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

Section 2.18 "Executive Severance Plan" means the Mallinckrodt Pharmaceuticals Severance Plan for U.S. Officers and Executives, which plan is superseded by this Plan in the event of any Participant's Change in Control Termination.

Section 2.19 "Good Reason Resignation" means any retirement or termination of employment by a Participant that is not initiated by the Employer and that is caused by any one or more of the following events which occurs during the period beginning 60 days prior to the date of a Change in Control and ending two years after the date of such Change in Control:

(1) Without the Participant's written consent, assignment to the Participant of any duties inconsistent in any material respect with the Participant's authority, duties or responsibilities as in effect immediately prior to the Change in Control;

(2) Without the Participant's written consent, a material diminution in the authority, duties or responsibilities of the supervisor to whom the Participant is required to report as in effect immediately prior to the Change in Control;

(3) Without the Participant's written consent, a material change in the geographic location at which the Participant must perform services to a location which is more than 50 miles from the Participant's principal place of business immediately preceding the Change in Control;

(4) Without the Participant’s written consent, a material reduction in the Participant's compensation and benefits, taken as a whole, as in effect immediately prior to the Change in Control;

(5) The Company’s failure to obtain a satisfactory agreement from any Successor to assume and agree to perform the Company’s obligations to the Participant under this Plan, as contemplated in Section 10.03 herein; or

(6) Without the Participant’s written consent, a material diminution in the budget over which the Participant retains authority;

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Resignation only if (x) the Participant provides written notice to the Employer specifying in reasonable detail the event upon which the Participant is basing such Good Reason Resignation within ninety (90) days after the occurrence of such event, (y) the Employer fails to cure such event within thirty (30) days after its receipt of such notice, and (z) the Participant terminates employment within sixty (60) days after the expiration of such cure period.

Section 2.20 “Involuntary Termination” means the date that a Participant experiences a Company-initiated Separation from Service from the Employer for any reason other than Cause, Permanent Disability or death, as provided under and subject to the conditions of Article III.

Section 2.21 “Key Employee” means an Eligible Employee who is a “specified employee” under Code Section 409A, as determined by the Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Committee or its delegate in accordance with the provisions of Code Section 409A and the regulations promulgated thereunder.

Section 2.22 “Notice Pay” means the amounts that a Participant is eligible to receive pursuant to Article IV of the Plan.

Section 2.23 “Officer” means any individual who is an officer, as such term is defined pursuant to Rule 16a-1(f) as promulgated under the Exchange Act, of the Company.

Section 2.24 “Participant” means any Eligible Employee who meets the requirements of Article III and thereby becomes eligible for Severance Benefits.

Section 2.25 “Permanent Disability” means that an Employee has a permanent and total incapacity from engaging in any employment for the Employer for physical or mental reasons. A “Permanent Disability” shall be deemed to exist if the Employee meets the requirements for disability benefits under the Employer's long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if the Employee is designated with an inactive employment status at the end of a disability or medical leave.

Section 2.26 "Plan" means the Mallinckrodt Pharmaceuticals Change in Control Severance Plan for Certain U.S. Officers and Executives as set forth herein, and as the same may from time to time be amended.

Section 2.27 "Plan Administrator" means the individual(s) appointed by the Committee to administer the terms of the Plan as set forth herein and if no individual is appointed by the Committee to serve as the Plan Administrator for the Plan, the Plan Administrator shall be the Senior Vice President and Chief Human Resources Officer of Mallinckrodt plc. Notwithstanding the preceding sentence, in the event the Plan Administrator is entitled to Severance Benefits under the Plan, the Committee or its delegate shall act as the Plan Administrator for purposes of administering the terms of the Plan with respect to the Plan Administrator. The Plan Administrator may delegate all or any portion of its authority under the Plan to any other person(s).

Section 2.28 "Postponement Period" means, for a Key Employee, the period of six (6) months after such Key Employee's Separation from Service Date (or such other period as may be required by Code Section 409A).

Section 2.29 "Release" means the "Separation of Employment Agreement and General Release," as provided by the Company or such other agreement between the Company and Participant under which the Participant releases potential claims against the Company in exchange for Severance Benefits.

Section 2.30 "Separation from Service" means "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and the applicable regulations and rulings promulgated thereunder.

Section 2.31 "Separation from Service Date" means, with respect to a Participant, the date on which such Participant experiences a Separation from Service.

Section 2.32 "Severance Benefits" means the salary replacement amounts and other benefits that a Participant is eligible to receive pursuant to Article IV of the Plan.

Section 2.33 "Severance Period" means the period for which a Participant is entitled to receive Severance Benefits under this Plan, as set forth in the Appendix.

Section 2.34 "Subsidiary" means (i) a subsidiary company (wherever incorporated) of the Company, as defined by Section 155 of the Companies Act 1963 of Ireland; (ii) any separately organized business unit, whether or not incorporated, of the Company; (iii) any employer that is required to be aggregated with the Company pursuant to Code Section 414 and the regulations promulgated thereunder; and (iv) any service recipient or employer that is within a controlled group of corporations as defined in Code Sections 1563(a)(1), (2) and (3) where the phrase "at least 50%" is substituted in each place "at least 80%" appears and any service recipient or employer within trades or businesses under common control as defined in Code Section 414(c) and Treas. Reg. § 1.414(c)-2 where the phrase "at least 50%" is substituted in each place "at least 80%" appears, provided, however, that when the relevant determination is to be based upon legitimate business criteria (as described in Treas. Reg. § 1.409A-1(b)(5)(iii)(E)

and § 1.409A-1(h)(3)), the phrase “at least 20%” shall be substituted in each place “at least 80%” appears as described above with respect to both a controlled group of corporations and trades or business under common control.

Section 2.35 “Successor” means any other corporation or unincorporated entity or group of corporations or unincorporated entities which acquires ownership, directly or indirectly, through merger, consolidation, purchase or otherwise, of all or substantially all of the assets of the Company.

Section 2.36 “Voluntary Resignation” means any Separation from Service that is not initiated by the Employer other than a Good Reason Resignation.

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.01 Participation. Each Eligible Employee in the Plan who incurs a Change in Control Termination and who satisfies all of the conditions of Section 3.02 shall be eligible to receive the Severance Benefits described in the Plan. An Eligible Employee shall not be eligible to receive any other severance benefits from the Company or Subsidiary on account of a Change in Control Termination, unless otherwise provided in the Plan. In addition, any Eligible Employee who is a party to an employment agreement with the Company pursuant to which such Eligible Employee is entitled to severance benefits shall be ineligible to participate in the Plan.

Section 3.02 Conditions.

(a) Eligibility for any Severance Benefits is expressly conditioned on the occurrence of the following within 60 days following the Participant's Separation from Service Date: (i) execution by the Participant of a Release in the form provided by the Company (which may include confidentiality, non-solicitation, and non-disparagement provisions at the Company's discretion); (ii) compliance by the Participant with all the terms and conditions of such Release; and (iii) to the extent permitted in Section 4.04 of the Plan, execution of a written agreement that authorizes the deduction of amounts owed to the Company prior to the payment of any Severance Benefits (or in accordance with any other schedule as the Committee may, in its sole discretion, determine to be appropriate). If the Company determines, in its sole discretion, that the Participant has not fully complied with any of the terms of the Release and/or any confidentiality, non-solicitation, and non-disparagement provisions to which Participant may be subject, the Company may deny Severance Benefits not yet in pay status or discontinue the payment of the Participant's Severance Benefits and may require the Participant, by providing written notice of such repayment obligation to the Participant, to repay any portion of the Severance Benefits already received under the Plan. If the Company notifies a Participant that repayment of all or any portion of the Severance Benefits received under the Plan is required, such amounts shall be repaid within thirty (30) calendar days after the date the written notice is sent. Any remedy under this Section 3.02(a) shall be in addition to, and not in place of, any other remedy, including injunctive relief, that the Company may have.

(b) An Eligible Employee will not be eligible to receive Severance Benefits under any of the following circumstances:

(i) The Eligible Employee's Voluntary Resignation;

(ii) The Eligible Employee resigns employment (other than a Good Reason Resignation) before the job-end date specified by the Employer or while the Employer still desires the Eligible Employee's services;

(iii) The Eligible Employee's employment is terminated for Cause;

(iv) The Eligible Employee voluntarily retires (other than a Good Reason Resignation);

(v) The Eligible Employee's employment is terminated due to the Eligible Employee's death or Permanent Disability;

(vi) The Eligible Employee does not return to work at the end of an approved leave of absence.

(vii) The Eligible Employee does not satisfy the Conditions for Severance in Section 3.02(a);

(viii) The Eligible Employee continues in employment with the Company or any Subsidiary for more than sixty (60) days following the expiration of the cure period set forth in the last paragraph of Section 2.19 with respect to a Good Reason Resignation; or

(ix) The Eligible Employee's employment with the Employer terminates as a result of a Change in Control and the Eligible Employee accepts employment, or has the opportunity to continue employment, with a Successor (other than under terms and conditions which would permit a Good Reason Resignation). The payment of Severance Benefits in the circumstances described in this subsection (ix) would result in a windfall to the Eligible Employee, which is not the intention of the Plan.

(c) The Plan Administrator has the sole discretion to determine an Eligible Employee's eligibility to receive Severance Benefits.

(d) An Eligible Employee returning from approved military leave during the period beginning 60 days before a Change in Control and ending two years after a Change in Control will be eligible for Severance Benefits if: (i) he/she is eligible for reemployment under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA); (ii) his/her pre-military leave job is eliminated; and (iii) the Employer's circumstances are changed so as to make reemployment in another position impossible or unreasonable, or re-employment would create an undue hardship for the Employer. If the Eligible Employee returning from military leave qualifies for Severance Benefits, his/her severance benefits will be calculated as if he/she had remained continuously employed from the date he/she began his/her military leave. The Eligible Employee must also satisfy any other relevant conditions for payment set forth in this Article III, including execution of a Release.

ARTICLE IV

DETERMINATION OF SEVERANCE BENEFITS

Section 4.01 **Amount of Severance Benefits Upon Involuntary Termination and Good Reason Resignation**. The Severance Benefits to be provided to a Participant shall be as follows:

(e) Notice Pay. Each Eligible Employee who is eligible for Severance Benefits shall receive at least thirty (30) calendar days' notice as a Notice Period. In the event the Company determines an Eligible Employee's last day of work shall be prior to the end of his or her Notice Period, such Employee shall be entitled to pay in lieu of notice for the balance of such Notice Period. Notice Pay paid to an Eligible Employee shall be in addition to, and shall not be offset against, the Severance Benefits the Participant may be entitled to receive under this Article IV. An Eligible Employee who does not sign, or who revokes his or her signature on, a Release shall only be eligible for Notice Pay. Unless otherwise permitted by the applicable plan documents or laws, an Eligible Employee will not be eligible to apply for short-term disability, long-term disability and/or workers' compensation during the Notice Period, or anytime thereafter. Notice pay shall be paid in accordance with Article V.

(f) Salary Replacement. Salary replacement shall be provided for the Severance Period applicable to the Participant as set forth in the Salary Replacement Schedule in the Appendix and shall be paid in accordance with Article V.

(g) Bonus.

(i) The Participant shall receive a cash payment equal to his or her pro-rated annual bonus for the fiscal year in which the Participant's Separation from Service Date occurs, to the extent provided in the applicable plan; provided, however, that if the Participant's Separation from Service Date occurs during the same fiscal year as a Change in Control and the Participant has received an annual bonus attributable to such fiscal year solely because of the Change in Control, then the Participant shall not receive a pro-rated annual bonus pursuant to this Section 4.01(c)(i). Participants who are not Officers shall receive the pro-rated annual bonus at target percentage and the bonus will be paid no earlier than the end of the applicable revocation period.

(ii) The Participant shall also receive a cash payment equal to his or her Annual Bonus for the Severance Period applicable to the Participant as set forth in the Bonus Payment Schedule in the Appendix, which shall be paid in accordance with Article V.

(h) Medical, Dental and Health Care Reimbursement Account Benefits. The Participant (and his/her spouse, domestic partner or child(ren), as applicable) shall be eligible for continued coverage under the Company's medical and dental plans as required by and pursuant to COBRA. The Company shall provide COBRA coverage only if such coverage is timely elected by the Participant or other qualified beneficiary (as defined by COBRA). If the Participant timely elects COBRA coverage, subject to the other provisions in this Section 4.01

(d), during the Severance Period, the Participant will be responsible for paying the employee portion of the applicable premium under the respective plan(s) at the same rate and at the same time as such employee contributions are paid by similarly-situated active Company employees. If the Severance Period is less than the applicable COBRA coverage period then, effective for the first premium payment due after the Severance Period expires, the Participant will be required to pay the entire premium for COBRA coverage and shall be responsible for paying such premium during the remainder of the applicable COBRA coverage period. If the Severance Period exceeds eighteen (18) months after the Participant's Separation from Service Date, then (a) effective for any premium payments for COBRA coverage that are due after eighteen (18) months after the Participant's Separation from Service Date, the Participant will be required to pay the entire premium for such COBRA coverage and shall be responsible for paying such premium during the remainder of the applicable COBRA period and (b) the Company shall pay to the Participant, within sixty (60) days after such eighteen (18) month period expires, a single lump-sum cash payment in an amount equal to the employer portion of the applicable premium in effect for the Participant, based on the type of coverage provided to the Participant at such time, for the last month of such eighteen (18) month period times the number of full months that the Severance Period exceeds such eighteen (18) month period. COBRA coverage will cease upon the expiration of the maximum period required under COBRA or at such earlier time if the Participant does not pay the required premium within the applicable time period, if the Participant terminates COBRA coverage, or if an event occurs that, pursuant to COBRA, permits the earlier termination of COBRA coverage.

(i) Stock Options. All stock options held by the Participant as of his or her Separation from Service Date which are not already vested and exercisable as of such date shall become vested and exercisable on the Participant's Separation from Service Date. All outstanding stock options held by the Participant that are vested and exercisable as of the Participant's Separation from Service Date and all stock options held by the Participant that become vested and exercisable under the preceding sentence shall be exercisable for the greater of (i) the period set forth in Participant's option agreement covering such options, or (ii) twelve (12) months from the Participant's Separation from Service Date. In no event, however, shall an option be exercisable beyond its original expiration date. If the Participant dies, the terms and conditions of the applicable option agreement shall govern.

(j) Restricted Stock, Restricted Stock Units and Performance Share Units. All unvested restricted stock and restricted stock units held by the Participant as of his or her Separation from Service Date which are subject solely to time-vesting requirements shall accelerate and become immediately vested as of the Participant's Separation from Service Date. All unvested restricted stock and restricted stock units held by the Participant as of his or her Separation from Service Date which are subject in whole or part to performance-based vesting provisions shall accelerate and become vested if and to the extent that the Committee determines in its sole discretion that the applicable performance vesting requirements have been or will be attained, or would have been attained during the Severance Period in the ordinary course but for the Change in Control and the Participant's Change in Control Termination. The treatment of any performance share units upon a Participant's Change in Control Termination shall be governed by the terms and conditions of the applicable award agreement.

(k) Outplacement Services. The Company may, in its sole and absolute discretion, pay the cost of outplacement services for the Participant at the outplacement agency that the Company regularly uses for such purpose; *provided, however*, that the period of outplacement shall not exceed twelve (12) months after the Participant's Separation from Service Date or, if earlier, the date of the Participant's death.

Section 4.02 Voluntary Resignation; Termination for Death or Permanent Disability. If the Eligible Employee's employment terminates on account of (i) the Eligible Employee's Voluntary Resignation, (ii) death, or (iii) Permanent Disability, then the Eligible Employee shall not be entitled to receive Severance Benefits under this Plan and shall be entitled only to those benefits (if any) as may be available under the Company's then-existing benefit plans and policies at the time of such termination.

Section 4.03 Termination for Cause. If any Eligible Employee's employment terminates on account of termination by the Company for Cause, the Eligible Employee shall not be entitled to receive Severance Benefits under this Plan and shall be entitled only to those benefits that are required to be provided to the Eligible Employee by applicable law. Notwithstanding any other provision of the Plan to the contrary, if the Committee or the Plan Administrator determine, during the Severance Period, that a Participant engaged in conduct at any time that constitutes Cause, any Severance Benefits payable to the Participant shall immediately cease and the Participant shall be required to return any Severance Benefits paid to the Participant prior to such determination to the Company. The Company may withhold paying Severance Benefits pending resolution of an inquiry that could lead to a finding resulting in Cause and any such payment that was withheld and which is subsequently determined to be payable shall be paid to the Participant within ninety (90) days after the date of the final and binding resolution of the related inquiry.

Section 4.04 Reduction of Severance Benefits. With respect to amounts paid under the Plan that are not subject to Code Section 409A and the regulations promulgated thereunder, the Plan Administrator reserves the right to make deductions in accordance with applicable law for any monies owed to the Company by the Participant or the value of Company property that the Participant has retained in his/her possession. With respect to amounts paid under the Plan that are subject to Code Section 409A and the regulations promulgated thereunder, the Plan

Administrator reserves the right to make deductions in accordance with applicable law for any monies owed to the Company by the Participant or the value of the Company property that the Participant has retained in his/her possession; provided, however, that such deductions cannot exceed $5,000 in the aggregate in any Company fiscal year.

ARTICLE V

METHOD, DURATION AND LIMITATION OF SEVERANCE BENEFIT PAYMENTS

Section 5.01 Method of Payment. Subject to Section 5.03, the cash Severance Benefits to which a Participant is entitled, as determined pursuant to Section 4.01, shall be paid in a single lump sum payment within sixty five (65) days following the Participant's Severance from Service Date, subject to the fulfillment of all conditions for payment set forth in Section 3.02 and subject to the expiration of the Release revocation period specified in the Release; provided, however, that the pro-rated annual bonus payable to the Participant pursuant to Section 4.01(c)(i) shall be paid at such time and in such manner as set forth in The Mallinckrodt Pharmaceuticals Annual Incentive Plan (or successor plan) and that COBRA coverage under Section 4.01(d) shall be provided or paid in accordance with the provisions of that subsection. Notwithstanding the foregoing, if the Participant's Change in Control Termination occurs based on a Change in Control that does not qualify as a "change in control event" under Code Section 409A and the regulations promulgated thereunder, then any portion of the Severance Benefit payable under this Plan that (i) is subject to Code Section 409A and the regulations and rulings promulgated thereunder and (ii) equals the amount of benefit the Participant could be eligible to receive under the Executive Severance Plan (if the Participant were to satisfy the eligibility requirements in order to receive a benefit under that plan), shall be paid at the same time and in the same form as under the Executive Severance Plan. In no event will interest be credited on the unpaid balance for which a Participant may become eligible. Payment shall be made by mailing to the last address provided by the Participant to the Company or such other reasonable method as determined by the Plan Administrator. All payments of Severance Benefits are subject to applicable federal, state and local taxes and withholdings. In the event of a Participant's death prior to the completion of all payments to which the Participant is entitled, the remaining payments shall be paid to the Participant's estate in a single lump sum payment within sixty (60) days following the Participant's death.

Section 5.02 Other Arrangements. The Severance Benefits under this Plan are not additive or cumulative to severance or termination benefits that a Participant might also be entitled to receive under the terms of a written employment agreement, a severance agreement or any other arrangement with the Employer, including, without limitation, the Executive Severance Plan. As provided in Section 3.01, any Eligible Employee who is a party to an employment agreement with the Company or Subsidiary pursuant to which such Eligible Employee is entitled to severance benefits shall be ineligible to participate in the Plan. Therefore, as a condition of participating in the Plan, the Eligible Employee must expressly agree that this Plan supersedes all prior plans or agreements, and sets forth the entire benefit the Eligible Employee is entitled to under the Plan.

Section 5.03 Code Section 409A.

(a) Notwithstanding any other provision of the Plan to the contrary, if required by Code Section 409A, no Change in Control Benefits shall be paid to a Participant who is a Key Employee during the Postponement Period. If the previous sentence applies, then the payment of

Change in Control Benefits shall commence after expiration of the applicable Postponement Period and any amounts that would have been paid during the Postponement Period but for the previous sentence shall be paid in a single lump sum within 30 days after the end of such Postponement Period. If the Participant dies during the Postponement Period, however, amounts withheld pursuant to this Section 5.03(a) shall be paid to the Participant's estate no later than the earlier of 60 days after the Participant's death or 30 days after the end of the Postponement Period.

(b) This Plan is intended to provide certain benefits that meet the requirements of the "short-term deferral" exception, the "separation pay" exception and other exceptions under Code Section 409A and the regulations promulgated thereunder. Notwithstanding any other provision of the Plan to the contrary, if required by Code Section 409A, payments may only be made under this Plan upon an event and in a manner permitted by Code Section 409A. For purposes of Code Section 409A, each individual payment that constitutes part of the Change in Control Benefits shall be treated as a separate payment from any other such payment. All reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of Code Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in the Plan, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement, or in-kind benefits is not subject to liquidation or exchange for another benefit. In no event may a Participant designate the year of payment for any amounts payable under the Plan.

Section 5.04 Termination of Eligibility for Benefits.

(a) All Eligible Employees shall cease to be eligible to participate in the Plan, and all Severance Benefit payments payable to a Participant shall cease upon the occurrence of the earlier of:

(i) Subject to Article VII, termination or modification of the Plan; or

(ii) Completion of the provision of Severance Benefits to the Participant.

(b) Notwithstanding any other provision of the Plan to the contrary, the Company shall have the right to cease all Severance Benefits (except as otherwise required by law) and to recover any payments previously made to the Participant should the Participant at any time breach the Participant's undertakings under the terms of the Plan, the Release the Participant executed to obtain the Severance Benefits under the Plan or the confidentiality, non-competition, non-solicitation and non-disparagement provisions in the Release and/or in any other agreement to which the Participant is subject.

Section 5.05 Limitation on Benefits.

(a) Notwithstanding anything in this Plan to the contrary, if it is determined that the payments or distributions by the Company or its Subsidiaries to or for the benefit of a Participant (whether paid or provided pursuant to the terms of this Plan or otherwise) which are contingent on a change in control of the Company (within the meaning of Code Section 280G(b)(2)(A)(i)) would be nondeductible by the Company or Employer for Federal income tax purposes because of Code Section 280G, then the aggregate present value of the benefits provided to such Participant under this Plan (benefits provided to a Participant under this Plan are hereinafter referred to as "Plan Payments") shall be reduced to the Reduced Amount (as defined below) if the net after-tax benefit (after taking into account federal, state, local or other income, employment, self-employment and excise taxes) provided to such Participant after application of the reduction is greater than the net after-tax benefit (after taking into account federal, state, local or other income, employment, self-employment and excise taxes) to which such Participant would otherwise be entitled from the receipt of Plan Payments in their entirety and without application of any reduction. For this purpose, the Reduced Amount shall be an amount expressed in present value which maximizes the aggregate present value of Plan Payments without causing any payments to a Participant which are contingent upon a change in control of the Company to be nondeductible by the Company or Employer because of Code Section 280G. Present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations required to be made under this Section 5.05 shall be made by an accounting firm selected by the Company before the Change in Control (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Participant within fifteen (15) business days of the Separation from Service Date or such earlier time as requested by the Company. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant. Within five (5) business days of the determination by the Accounting Firm as to any determination required to be made under this Section 5.05, the Company shall provide to the Participant such Severance Benefits as are then due to the Participant in accordance with the rights afforded under this Plan. If Plan Payments are to be reduced, then such Plan Payments shall be reduced in a manner which maximizes the aggregate value of the Payments. If (i) any Payments would be treated as paid pursuant to a nonqualified deferred compensation plan (within the meaning of Code Section 409A(d)(1)); (ii) Plan Payments are required to be reduced pursuant to Section 5.05(a); and (iii) Plan Payments are to be paid on separate payment dates, then any reduction shall be applied to Plan Payments that are first payable to the Participant. The Reduced Payment shall be effected by reducing or eliminating a Participant's Payment or Payments (or portion(s) thereof), until no portion of such Payments is rendered non-deductible by application of Section 280G of the Code, in the following order: (i) the portion denominated and payable in cash (other than "24(c) Payments" as defined below), such as severance; (ii) the portion payable in-kind, such as insurance coverage, or in cash as a reimbursement, such as for outplacement, legal fees, or moving expenses (other than 24(c) Payments); (iii) the portion of equity-based compensation, including stock options and stock appreciation rights or similar rights, that are not 24(c) Payments, including such compensation subject to the achievement of performance-based objectives; and (iv) the portion of 24(c) Payments, such as equity-based compensation or any other Payment. The Company has full discretionary authority to determine which Payments to reduce within

each of the four categories described above in the preceding sentence. The Company cannot, however, reduce Payments in one category unless all Payments in the preceding category have been eliminated. A "24(c) Payment" is any Payment permitted to be valued under Treas. Reg. Section 1.280G-1, Q&A 24(c), or any successor provision, promulgated under Code Section 280G.

ARTICLE VI

THE PLAN ADMINISTRATOR

Section 6.01 **Authority and Duties**. It shall be the duty of the Plan Administrator, on the basis of information supplied to it by the Company and the Committee, to properly administer the Plan. The Plan Administrator shall have the full power, authority and discretion to construe, interpret and administer the Plan, to make factual determinations, to correct deficiencies therein, and to supply omissions. All decisions, actions and interpretations of the Plan Administrator shall be final, binding and conclusive upon the parties, subject only to determinations by the Named Appeals Fiduciary (as defined in Section 9.04), with respect to denied claims for Severance Benefits. The Plan Administrator may adopt such rules and regulations and may make such decisions as it deems necessary or desirable for the proper administration of the Plan.

Section 6.02 **Compensation of the Plan Administrator**. The Plan Administrator shall receive no compensation for services as such. However, all reasonable expenses of the Plan Administrator shall be paid or reimbursed by the Company upon proper documentation. The Plan Administrator shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Plan Administrator's duties.

Section 6.03 **Records, Reporting and Disclosure**. The Plan Administrator shall keep a copy of all records relating to the payment of Severance Benefits to Participants and former Participants and all other records necessary for the proper operation of the Plan. All Plan records shall be made available to the Committee, the Company and to each Participant for examination during business hours except that a Participant shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Plan Administrator shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company, as payor of the Severance Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts that may be similarly reportable).

ARTICLE VII

AMENDMENT, TERMINATION AND DURATION

Section 7.01 **Amendment, Suspension and Termination**. Except as otherwise provided in this Section 7.01, the Board or its delegate shall have the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason or without reason, and without either the consent of or the prior notification to any Participant, by a formal written action. No such amendment shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation of Severance Benefits already approved for a Participant who has executed a Release as required under Section 3.02. Notwithstanding the foregoing, this Plan may not be terminated, suspended or be amended in any material respect during the period beginning 60 days prior to a Change in Control and ending two years after a Change in Control. Any amendment or termination of the Plan must comply with all applicable legal requirements including, without limitation, compliance with Code Section 409A and the regulations and rulings promulgated thereunder, securities, tax, or other laws, rules, regulations or regulatory interpretation thereof, applicable to the Plan.

Section 7.02 **Duration**. Unless terminated sooner by the Board or its delegate, the Plan shall continue in full force and effect until termination of the Plan pursuant to Section 7.01; provided, however, that after the termination of the Plan, if any Participants terminated employment on account of an Involuntary Termination prior to the termination of the Plan and are still receiving Severance Benefits under the Plan, the Plan shall remain in effect until all of the obligations of the Company are satisfied with respect to such Participants.

ARTICLE VIII

DUTIES OF THE COMPANY AND THE COMMITTEE

Section 8.01 **Records**. The Company or a Subsidiary thereof shall supply to the Committee all records and information necessary to the performance of the Committee's duties.

Section 8.02 **Payment**. Payments of Severance Benefits to Participants shall be made in such amount as determined by the Committee under Article IV, from the Company's general assets.

Section 8.03 **Discretion**. Any decisions, actions or interpretations to be made under the Plan by the Board, the Committee and the Plan Administrator, acting on behalf of either, shall be made in each of their respective sole discretion, not in any fiduciary capacity and need not be uniformly applied to similarly situated individuals and such decisions, actions or interpretations shall be final, binding and conclusive upon all parties. As a condition of participating in the Plan, the Eligible Employee acknowledges that all decisions and determinations of the Board, the Committee and the Plan Administrator shall be final and binding on the Eligible Employee, his or her beneficiaries and any other person having or claiming an interest under the Plan on his or her behalf.

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 **Claim**. Each Participant under this Plan may contest only the administration of the Severance Benefits awarded by completing and filing with the Plan Administrator a written request for review in the manner specified by the Plan Administrator. No appeal is permissible as to an Eligible Employee's eligibility for or a Participant's amount of the Severance Benefit, which are decisions made solely within the discretion of the Company. No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures described in this Article IX are exhausted and a final determination is made by the Plan Administrator and/or the Named Appeals Fiduciary. If an Eligible Employee or Participant or other interested person challenges a decision by the Plan Administrator and/or Named Appeals Fiduciary, a review by the court of law will be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedure set forth in this Article IX. Facts and evidence that become known to the terminated Eligible Employee or Participant or other interested person after having exhausted the claims procedure must be brought to the attention of the Plan Administrator for reconsideration of the claims administrator. Issues not raised with the Plan Administrator and/or Named Appeals Fiduciary will be deemed waived.

Section 9.02 **Initial Claim**. Before the date on which payment of a Severance Benefit commences, each such application must be supported by such information as the Plan Administrator deems relevant and appropriate. In the event that any claim relating to the administration of Severance Benefits is denied in whole or in part, the terminated Participant or his or her beneficiary ("claimant") whose claim has been so denied shall be notified of such denial in writing by the Plan Administrator within ninety (90) days after the receipt of the claim for benefits. This period may be extended an additional ninety (90) days if the Plan Administrator determines such extension is necessary and the Plan Administrator provides notice of extension to the claimant prior to the end of the initial ninety (90) day period. The notice advising of the denial shall specify the following: (i) the reason or reasons for denial, (ii) make specific reference to the Plan provisions on which the determination was based, (iii) describe any additional material or information necessary for the claimant to perfect the claim (explaining why such material or information is needed), and (iv) describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review. If it is determined that payment is to be made, any such payment shall be made within ninety (90) days after the date by which notification is required.

Section 9.03 **Appeals of Denied Administrative Claims**. All appeals shall be made by the following procedure:

(a) A claimant whose claim has been denied shall file with the Plan Administrator a notice of appeal of the denial. Such notice shall be filed within sixty (60) calendar days after notification by the Plan Administrator of the denial of a claim, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) The Named Appeals Fiduciary shall consider the merits of the claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Named Appeals Fiduciary shall deem relevant.

(c) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement as to the reasons therefor. The determination shall be made to the claimant within sixty (60) days after the claimant's request for review, unless the Names Appeals Fiduciary determines that special circumstances requires an extension of time for processing the claim. In such case, the Named Appeals Fiduciary shall notify the claimant of the need for an extension of time to render its decision prior to the end of the initial sixty (60) day period, and the Named Appeals Fiduciary shall have an additional sixty (60) day period to make its determination. The determination so rendered shall be binding upon all parties. If the determination is adverse to the claimant, the notice shall provide (i) the reason or reasons for denial, (ii) make specific reference to the Plan provisions on which the determination was based, (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to a the claimant's claim for benefits, and (iv) state that the claimant has the right to bring an action under ERISA Section 502(a). If the final determination is that payment shall be made, then any such payment shall be made within ninety (90) days after the date by which notification of the final determination is required.

Section 9.04 **Appointment of the Named Appeals Fiduciary**. The Named Appeals Fiduciary shall be the person or persons named as such by the Board or Committee, or, if no such person or persons be named, then the person or persons named by the Plan Administrator as the Named Appeals Fiduciary. Named Appeals Fiduciaries may at any time be removed by the Board or Committee, and any Named Appeals Fiduciary named by the Plan Administrator may be removed by the Plan Administrator. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a "Named Fiduciary" within the meaning of ERISA, and unless appointed to other fiduciary responsibilities, shall have no authority, responsibility, or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

Section 9.05 **Arbitration; Expenses**. In the event of any dispute under the provisions of this Plan, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall have the dispute, controversy or claim settled by arbitration in St. Louis, Missouri (or such other location as may be mutually agreed upon by the Employer and the Participant) in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association, before a panel of three arbitrators, two of whom shall be selected by the Company and the Participant, respectively, and the third of whom shall be selected by the other two arbitrators. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrators shall have no authority to modify any provision of this Plan or to award a remedy for a dispute involving this Plan other than a benefit specifically provided under or by virtue of the Plan. If the Participant substantially

prevails on any material issue, which is the subject of such arbitration or lawsuit, the Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrators and any expenses relating to the conduct of the arbitration (including the Company's and Participant's reasonable attorneys' fees and expenses); in this event, any such fees and expenses are limited to those typically incurred in the usual course of arbitration proceedings and shall not be negotiable or determinable by the Participant, and payment to the Participant of such amounts shall occur within ninety (90) days after the date of entry of judgment (entered in accordance with applicable law in any court of competent jurisdiction) of the final, binding and non-appealable arbitration settlement. Otherwise, each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association.

ARTICLE X

MISCELLANEOUS

Section 10.01 **Non-Alienation of Benefits**. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor of any Participant, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment (if permitted under applicable law), trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, plead, encumber or assign any of the benefits or payments that he may expect to receive, continently or otherwise, under this Plan, except for the designation of a beneficiary as set forth in Section 5.01.

Section 10.02 **Notices**. All notices and other communications required hereunder shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service. In the case of the Participant, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to the Plan Administrator.

Section 10.03 **Successors**. Any Successor shall assume the obligations under this Plan and expressly agree to perform the obligations under this Plan.

Section 10.04 **Other Payments**. Except as otherwise provided in this Plan, no Participant shall be entitled to any cash payments or other severance benefits under any of the Company's then current severance pay policies for a termination that is covered by this Plan for the Participant, including, without limitation, the Executive Severance Plan.

Section 10.05 **No Mitigation**. Except as otherwise provided in Section 4.04, a Participant shall not be required to mitigate the amount of any Severance Benefit provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any Severance Benefit provided for herein be reduced by any compensation earned by other employment or otherwise, except if the Participant is re-employed by the Company as an Employee, in which case Severance Benefits shall cease on the date of the Participant's re-employment.

Section 10.06 **No Contract of Employment**. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee or any person whosoever, the right to be retained in the service of the Company, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 10.07 **Severability of Provisions**. If any provision of this Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

Section 10.08 **Heirs, Assigns, and Personal Representatives**. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Section 10.09 **Headings and Captions**. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 10.10 **Gender and Number**. Where the context admits: words in any gender shall include any other gender, and, except where otherwise clearly indicated by context, the singular shall include the plural, and vice-versa.

Section 10.11 **Unfunded Plan**. The Plan shall not be funded. No Participant shall have any right to, or interest in, any assets of the Company that may be applied by the Company to the payment of Severance Benefits.

Section 10.12 **Payments to Incompetent Persons**. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Committee and all other parties with respect thereto.

Section 10.13 **Lost Payees**. A benefit shall be deemed forfeited if the Committee is unable to locate a Participant to whom a Severance Benefit is due. Such Severance Benefit may be reinstated if application is made by the Participant for the forfeited Severance Benefit while this Plan is in operation.

Section 10.14 **Controlling Law**. This Plan shall be construed and enforced according to the laws of the State of Missouri to the extent not superseded by federal laws.

Appendix

Salary Replacement Schedule

President and Chief Executive Officer	24 month Severance Period
Executive Vice Presidents and Senior Vice Presidents	18 month Severance Period
Any other Eligible Employee	12 month Severance Period

Bonus Payment Schedule

President and Chief Executive Officer	2x Annual Bonus
Executive Vice Presidents and Senior Vice Presidents	1.5x Annual Bonus
Any other Eligible Employee	1x Annual Bonus

MALLINCKRODT PHARMACEUTICALS
SEVERANCE PLAN FOR U.S. OFFICERS AND EXECUTIVES

Amended May 1, 2014

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ARTICLE I

PURPOSE, INTENT AND TERM OF PLAN

Section 1.01 **Purpose and Intent of the Plan**. The purpose of the Plan is to make available to Eligible Employees certain compensation and benefits in the event that such employee's employment with the Company or, upon the Separation, a Subsidiary is terminated under the circumstances, and subject to the conditions, described herein. The Plan is not intended to be an "employee pension benefit plan" or "pension plan" within the meaning of Section 3(2) of ERISA. Rather, the Plan is intended to be a "welfare benefit plan" within the meaning of Section 3(1) of ERISA and to meet the requirements of a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b). Accordingly, the Plan's benefits are not deferred compensation, and no employee shall have a vested right to benefits provided by the Plan. The terms of the Plan are intended to, and shall be interpreted so as to, comply in all respects with the provisions of Code Section 409A and the regulations and rulings promulgated thereunder.

Section 1.02 **Term of the Plan**. The Plan shall be effective as of the Effective Date and shall supersede any prior plan, program or policy under which the Company or, upon the Separation, any Subsidiary provided severance benefits before the Effective Date. The Plan shall continue until terminated pursuant to the provisions set forth herein.

Section 1.03 **Adoption of the Plan**. In connection with the Separation, the Company adopted this Plan, effective April 1, 2013, for Eligible Employees of the Company and, effective upon the Separation, Eligible Employees of any Subsidiary.

ARTICLE II

DEFINITIONS

Section 2.01 "Alternative Position" shall mean a position with the Company or any Subsidiary that:

(a) is not more than 50 miles each way from the location in which the Eligible Employee worked, and in the position such employee held, immediately before experiencing any job-related change (this mileage limitation shall apply only to jobs substantially performed in a single, fixed Company or Subsidiary operated and maintained location and shall not apply to any job that requires extensive travel or that is performed offsite regularly); and

(b) provides the Eligible Employee with pay and benefits (not including perquisites or long-term incentive compensation) that are, in the aggregate, comparable to the pay and benefits of the position such employee held immediately before experiencing any job-related change.

The Plan Administrator has the exclusive discretionary authority to determine whether a position is an Alternative Position.

Section 2.02 "Annual Bonus" shall mean the average of the actual bonuses paid to the respective Participant pursuant to The Covidien Annual Incentive Plan, The Mallinckrodt Annual Incentive Plan, and/or the Global Bonus Plan that are attributable to the three Company fiscal years that immediately precede the Participant's Separation from Service Date. If the Participant was not employed by the Company for at least three full Company fiscal years prior to the Participant's Termination Date, the Annual Bonus shall be calculated by dividing the total of the actual bonuses paid to the Participant by the number of full months worked by the Participant, and multiplied by twelve.

Section 2.03 "Base Salary" shall mean the Participant's annual base salary, excluding bonus and incentive compensation, in effect as of the Participant's Termination Date. For Participants whose primary responsibilities on the applicable Termination Date involves the sale of products or managing those whose primary responsibilities involve the sale of products and who receive compensation substantially based on sales of the products for which they are responsible ("Sales-Based Compensation"), Base Salary shall mean the Participant's annual base salary plus eighty five percent (85%) of the average Sales-Based Compensation actually paid to such Participant for the lesser of the preceding 24-month period or the number of whole months during which such Participant received Sales-Based Compensation. Except as specifically described in this Section 2.02, Base Salary shall not include any compensation other than the Participant's annual base salary.

Section 2.04 "Board" shall mean the Board of Directors of Mallinckrodt plc.

Section 2.05 "Cause" shall mean an Employee's (a) substantial failure or refusal to perform duties and responsibilities of his or her job as required by the Company or Subsidiary, (b) substantial failure to meet the Company's performance expectations or standards; (c) violation of any fiduciary duty owed to the Company or Subsidiary, (d) conviction of a felony or misdemeanor, (e) dishonesty, (f) theft, (g) violation of Company or Subsidiary rules or policy, or (h) other egregious conduct that has or could have a serious and detrimental impact on the Company or any Subsidiary or any of their employees. The Plan Administrator, in its sole and absolute discretion, shall determine whether Cause exists.

Section 2.06 "Claim" shall refer to a written claim for Severance Benefits filed with the Plan Administrator pursuant to Article IX.

Section 2.07 "Claimant" shall mean an Eligible Employee who has experienced a termination of employment (or the beneficiary of such an Eligible Employee) and has asserted a right to Severance Benefits under the Plan.

Section 2.08 "COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations promulgated thereunder.

Section 2.09 "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Section 2.10 "Committee" shall mean the Human Resources and Compensation Committee of the Board or such other committee appointed by the Board to assist the Company in making determinations required under the Plan in accordance with its terms. The Committee may delegate its authority under the Plan to an individual or another committee.

Section 2.11 "Company" shall mean Mallinckrodt Enterprises LLC, a Delaware limited liability company, and any entity that succeeds to the business or assumes the obligations of Mallinckrodt Enterprises LLC with respect to the Plan.

Section 2.12 "Effective Date" shall mean April 1, 2013.

Section 2.13 "Eligible Employee" shall mean an Employee who is an Officer or is classified in job bands 0, 1 or 2 and who is not covered under any other severance plan, program, benefit agreement or arrangement sponsored by the Company or any Subsidiary. "Eligible Employee" shall also mean an Employee who (i) is not considered to be an Eligible Employee pursuant to the previous sentence; (ii) was an Eligible Employee under the Covidien Severance Plan for U.S. Officers and Executives as of December 31, 2011, based upon the terms of that plan as in effect on December 31, 2011; and (iii) remains as an Employee in continuous employment from December 31, 2011 through the respective employment termination date. If there is any question as to whether an Employee is an Eligible Employee or the level of severance benefits to which an Eligible Employee is entitled, the Plan Administrator shall make the determination in its sole discretion.

Section 2.14 "Employee" shall mean an individual who is a common law employee of the Company; provided, however, that subject to and contingent upon the Separation and

effective upon the Separation, "Employee" shall mean an individual considered by the Company or a Subsidiary to be a common law employee on the Company's or Subsidiary's United States payroll as evidenced by payroll records; and, in either case, shall not include any person providing services to the Company or any Subsidiary through a temporary service or on a leased basis or who is hired by the Company or any Subsidiary as an independent contractor, consultant, or otherwise as a person who is not an employee for purposes of withholding United States federal income or employment taxes, as evidenced by payroll records or a written agreement with the individual, regardless of any contrary governmental agency determination or judicial holding relating to such status or tax withholding. Notwithstanding the above, in the event that Code Section 409A applies to any payments made hereunder, subsection (d) of the definition of "Subsidiary" shall apply solely with respect to any payments that are subject to Code Section 409A.

Section 2.15 "Employer" shall mean the Company or, if applicable, the Subsidiary that employs the Eligible Employee.

Section 2.16 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

Section 2.17 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

Section 2.18 "Involuntary Termination" shall mean an Employer-initiated Separation from Service of a Participant for any reason other than Cause, Permanent Disability or death, as provided under and subject to the conditions of Article III.

Section 2.19 "Key Employee" shall mean an Eligible Employee who is a "specified employee" under Code Section 409A, as determined by the Company or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Company or its delegate in accordance with the provisions of Code Section 409A and the regulations promulgated thereunder.

Section 2.20 "Named Appeals Fiduciary" shall mean the person or persons named as such in accordance with the provisions of Section 9.04.

Section 2.21 "Officer" shall mean any individual who is an officer, as such term is defined pursuant to Rule 16a-1(f) as promulgated under the Exchange Act, of Mallinckrodt plc. For purposes of this definition, Officer shall also mean any officer of any subsidiary of Mallinckrodt plc who performs policy making functions, within the context of Rule 16a-1(f).

Section 2.22 "Participant" shall mean any Eligible Employee who meets the requirements of Article III and thereby becomes eligible for Severance Benefits.

Section 2.23 "Permanent Disability" shall mean that an Employee has a permanent and total incapacity from engaging in any employment for the Employer for physical or mental reasons. A "Permanent Disability" shall be deemed to exist if the Employee is designated with

an inactive employment status at the end of a disability or medical leave or if the Employee meets the requirements for disability benefits under (a) the Employer's long-term disability plan or (b) the Social Security law then in effect.

Section 2.24 "Plan" means the Mallinckrodt Pharmaceuticals Severance Plan for U.S. Officers and Executives as set forth herein, and as the same may from time to time be amended.

Section 2.25 "Plan Administrator" shall mean the individual(s) appointed by the Committee to administer the terms of the Plan as set forth herein and if no individual is appointed by the Committee to serve as the Plan Administrator, the Plan Administrator shall be the Senior Vice President and Chief Human Resources Officer of Mallinckrodt plc; provided, however, that subject to and contingent upon the Separation and effective upon the Separation, if no individual is appointed by the Committee to serve as the Plan Administrator, the Plan Administrator shall be the Senior Vice President and Chief Human Resources Officer of Mallinckrodt plc. Notwithstanding the preceding sentence, in the event the Plan Administrator is entitled to Severance Benefits under the Plan, the Committee or its delegate (who shall not be the Plan Administrator) shall act as the Plan Administrator for purposes of administering the terms of the Plan with respect to the Plan Administrator. The Plan Administrator may delegate all or any portion of its authority under the Plan to any other person(s).

Section 2.26 "Postponement Period" shall mean, for a Key Employee, the period of six (6) months after such Key Employee's Separation from Service Date (or such other period as may be required by Code Section 409A).

Section 2.27 "Release" shall mean a written agreement, in substance and form suitable to the Company, by which a Participant agrees to waive and release the Company and, if applicable, the Employer from all legal claims the Participant may have against the Company and, if applicable, the Employer in exchange for Severance Benefits. The Release shall include the Participant's written agreement to confidentiality, non-solicitation, non-disparagement and, where applicable, non-competition provisions. To be effective, the Release must be signed and returned to the Company within the timeframe set forth in the Release, but no later than sixty (60) days following the Participant's Separation from Service Date, and it may not be revoked during any applicable revocation period that may be permitted by the Release or applicable law. Releases are not required to be identical amongst Participants.

Section 2.28 "Salary Continuation Benefits" shall mean the salary continuation payments described in Section 4.01(b) and the bonus payments described in Section 4.01(c)(ii).

Section 2.29 "Separation" shall mean the separation of Covidien plc's Pharmaceuticals business (a/k/a Mallinckrodt Pharmaceuticals) from Covidien plc effective June 28, 2013, whereby the public shareholders of Covidien plc were issued a stock dividend of Mallinckrodt plc ordinary shares and, as a result of such transaction and immediately upon the consummation of such transaction, the Company was no longer a member of the Covidien plc controlled group of corporations.

Section 2.30 "Separation from Service" shall mean "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i) and the applicable regulations and rulings promulgated thereunder.

Section 2.31 "Separation from Service Date" shall mean, with respect to a Participant, the date on which such Participant experiences a Separation from Service.

Section 2.32 "Severance Benefits" shall mean the Salary Continuation Benefits and other benefits that a Participant is eligible to receive pursuant to Article IV of the Plan.

Section 2.33 "Severance Period" shall mean the period during which a Participant is receiving Severance Benefits under this Plan, as set forth in the Appendix.

Section 2.34 "Subsidiary" shall mean (a) a subsidiary company (wherever incorporated) of Mallinckrodt plc, as defined by Section 155 of the Companies Act 1963 of Ireland; (b) any separately organized business unit, whether or not incorporated, of Mallinckrodt plc; (c) any employer that is required to be aggregated with the Company pursuant to Code Section 414 and the regulations promulgated thereunder; and (d) any service recipient or employer that is within a controlled group of corporations as defined in Code Sections 1563(a)(1), (2) and (3) where the phrase "at least 50%" is substituted in each place "at least 80%" appears and any service recipient or employer within trades or businesses under common control as defined in Code Section 414(c) and Treas. Reg. Section 1.414(c)-2 where the phrase "at least 50%" is substituted in each place "at least 80%" appears, provided, however, that when the relevant determination is to be based upon legitimate business criteria (as described in Treas. Reg. Sections 1.409A-1(b)(5)(iii)(E) and 1.409A-1(h)(3)), the phrase "at least 20%" shall be substituted in each place "at least 80%" appears as described above with respect to both a controlled group of corporations and trades or business under common control.

Section 2.35 "Termination Date" shall mean the date on which the active employment of the Participant by the Employer ceases by reason of an Involuntary Termination.

Section 2.36 "Voluntary Termination" shall mean any Separation from Service due to a termination of employment that is not initiated by the Employer.

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.01 Participation. Each Eligible Employee in the Plan who experiences an Involuntary Termination and who satisfies all of the conditions of Section 3.02 shall be eligible to receive Severance Benefits. An Eligible Employee shall not be eligible to receive any other benefits from the Company or any Subsidiary on account of an Involuntary Termination, unless otherwise provided in the Plan.

Section 3.02 Conditions.

(a) Eligibility for any Severance Benefits is expressly conditioned upon the Eligible Employee's execution of the Release within the timeframe set forth in the Release, but no later than sixty (60) days following such employee's Separation from Service Date, including the Eligible Employee's written acceptance of, and written agreement to comply with, the confidentiality, non-solicitation, non-disparagement and non-competition provisions set forth in the Release. To the extent permitted in Section 4.04, eligibility for any Severance Benefits also is expressly conditioned upon the Eligible Employee's written agreement that authorizes the deduction of amounts owed to the Employer prior to the payment of any Severance Benefits (or in accordance with any other schedule as the Plan Administrator may, in its sole discretion, determine to be appropriate). If the Plan Administrator determines, in its sole discretion, that the Participant has not fully complied with any of the terms of the Release, the Plan Administrator may, to the extent consistent with the terms of any Release, deny Severance Benefits not yet in pay status or discontinue the payment of the Participant's Severance Benefits and may require the Participant, by providing written notice of such repayment obligation to the Participant, to repay any portion of the Severance Benefits already received under the Plan. If the Plan Administrator notifies a Participant that repayment of all or any portion of the Severance Benefits received under the Plan is required, such amounts shall be repaid within thirty (30) calendar days after the date the written notice is sent. Any remedy under this Section 3.02(a) shall be in addition to, and not in place of, any other remedy, including injunctive relief, that the Company may have.

(b) An Eligible Employee will not be eligible to receive Severance Benefits under any of the following circumstances:

(i) A Voluntary Termination by the Eligible Employee (unless the selection criteria for an Employer-established exit program permit the Eligible Employee to terminate employment voluntarily in exchange for participation in such program, the Employer provides the Eligible Employee with written acceptance of his or her request to participate in that program and the Eligible Employee satisfies all relevant conditions for participation in such program);

(ii) The Eligible Employee resigns during any time period when the Employer otherwise would retain the Eligible Employee's services;

(iii) The Eligible Employee's employment is terminated for Cause;

(iv) The Eligible Employee's employment terminates due to the Eligible Employee's death or Permanent Disability;

(v) The Eligible Employee does not return to work within the time frame required following an approved leave of absence;

(vi) The Eligible Employee does not satisfy the conditions for Severance Benefits set forth in Section 3.02(a);

(vii) The Eligible Employee continues in employment with the Employer in any position or has the opportunity to continue in employment in the same or in an Alternative Position with the Company or any Subsidiary;

(viii) The Eligible Employee's employment with the Employer terminates as a result of a sale of stock or assets of the Employer, merger, consolidation, joint venture or a sale or outsourcing of a business unit or function, or other transaction, and the Eligible Employee accepts employment, or has the opportunity to continue employment (without regard to whether the offer of employment is for an Alternative Position), with the purchaser, joint venture or other acquiring or outsourcing entity or a related entity of either the Employer or the acquiring entity. The payment of Severance Benefits in the circumstances described in this subsection 3.02(b)(viii) would result in a windfall to the Eligible Employee, which is not the intention of the Plan; or

(ix) The Eligible Employee fails to timely execute, or executes but timely revokes acceptance of, the Release.

(c) The Plan Administrator has the sole discretion to determine an Eligible Employee's eligibility to receive Severance Benefits.

(d) An Eligible Employee who returns from approved military leave and meets the following three conditions will be eligible for Severance Benefits: (i) the Eligible Employee is eligible for reemployment under the provisions of the Uniformed Services Employment and Reemployment Rights Act; (ii) the Eligible Employee's pre-military leave job is eliminated; and (iii) the Employer's circumstances are changed so as to make reemployment in another position impossible or unreasonable, or re-employment would create an undue hardship for the Employer. The Severance Benefits provided to a Participant returning from military leave will be calculated as if the Participant had remained continuously employed from the date on which military leave commenced. An Eligible Employee who returns from approved military leave also must satisfy any other relevant conditions for payment set forth in this Article III, including execution of the Release.

ARTICLE IV

DETERMINATION OF SEVERANCE BENEFITS

Section 4.01 **Amount of Severance Benefits Upon Involuntary Termination**. The Severance Benefits to be provided to a Participant shall be as follows:

(e) Notice Pay. Each Eligible Employee who is eligible for Severance Benefits shall receive Notice Pay (or pay in lieu of notice, as applicable) without regard to whether the Eligible Employee receives Severance Benefits. Unless otherwise provided herein, Notice Pay means the continued payment of a pro-rata portion of the Eligible Employee's annual base salary (excluding bonus and incentive compensation and Sales-Based Compensation) during the thirty (30) calendar-day period which begins the day immediately after the date the Employer informs the Eligible Employee of his or her Involuntary Termination ("Notice Period"). If the Employer determines that an Eligible Employee's Termination Date shall be before the expiration of such employee's Notice Period, the Company shall provide to the Eligible Employee pay in lieu of notice, which shall equal the pro-rata portion of the Eligible Employee's annual base salary (excluding bonus and incentive compensation and Sales-Based Compensation) applicable to the period beginning on the day after the employee's Termination Date and ending on the last day of the Notice Period. Pay in lieu of notice shall be paid to the Eligible Employee in a single lump sum payment (net of deductions and tax withholdings, as applicable) no later than the second regular Employer pay period that occurs after the Eligible Employee's Termination Date. Notice Pay (or pay in lieu of notice, as applicable) shall be in addition to, and shall not be offset against, any Severance Benefits an Eligible Employee may receive pursuant to the Plan. An Eligible Employee who fails to timely execute, or who executes but timely revokes acceptance of, the Release shall not be entitled to Severance Benefits hereunder and shall only be eligible to receive Notice Pay (or pay in lieu of notice, as applicable). Unless otherwise permitted by the applicable plan document or as specifically required by applicable law, an Eligible Employee with a Termination Date that occurs before expiration of the applicable Notice Period shall not be eligible to apply for short- or long-term disability or workers' compensation benefits in connection with any injury that occurs or disability that arises after such employee's Termination Date.

(f) Salary Continuation. Salary continuation payments shall be provided during the Severance Period applicable to the Participant, as set forth in the Salary Continuation Schedule in the Appendix. During the Severance Period, the Participant shall receive continued payments of a pro-rata portion of Base Salary (net of deductions and tax withholdings, as applicable) in equal installments over the Severance Period, per normal payroll cycles and in normal payroll amounts for such cycle. If the Participant was not employed with the Company for at least one full year prior to the Termination Date, Participant's Severance Period shall be reduced by 50%. Except as otherwise provided herein, salary continuation payments shall commence no earlier than the end of the applicable revocation period and shall be paid in accordance with Article V.

(g) Bonus.

(i) Participants may be eligible for a cash payment equal to such Participant's pro-rated annual bonus for the year in which the Participant's Separation from Service Date occurs, subject to the discretion of the Company and to the extent provided in the applicable plan. Participants who are not Officers shall receive the pro-rated annual bonus at target percentage and the bonus will be paid no earlier than the end of the applicable revocation period.

(ii) If Participant was employed by the Company for at least one full year prior to the Termination Date, the Participant shall also receive a bonus payment during the applicable Severance Period that is equal to the amount set forth in the Bonus Payment Schedule in the Appendix. The bonus payment shall be paid in cash to the Participant in equal installments over the applicable Severance Period (*e.g.*, 12 months, 18 months or 24 months), per normal payroll cycles. Bonus payments made over the applicable Severance Period shall be paid at the same time as the salary continuation payments described in Section 4.01(b) and in accordance with Article V.

(h) Medical, Dental and Health Care Reimbursement Account Benefits. The Participant (and his/her spouse, domestic partner or child(ren), as applicable) shall be eligible for continued coverage under the Company's medical and dental plans as required by and pursuant to COBRA. The Company shall provide COBRA coverage only if such coverage is timely elected by the Participant or other qualified beneficiary (as defined by COBRA). If the Participant timely elects COBRA coverage, subject to the other provisions in this Section 4.01(d), during the Severance Period, the Participant will be responsible for paying the employee portion of the applicable premium under the respective plan(s) at the same rate and at the same time as such employee contributions are paid by similarly-situated then-active Company employees. If the Severance Period is less than the applicable COBRA coverage period then, effective for the first premium payment due after the Severance Period expires, the Participant will be required to pay the entire premium for COBRA coverage and shall be responsible for paying such premium during the remainder of the applicable COBRA coverage period. If the Severance Period exceeds eighteen (18) months after the Participant's Separation from Service Date, then (a) effective for any premium payments for COBRA coverage that are due after eighteen (18) months after the Participant's Separation from Service Date, the Participant will be required to pay the entire premium for such COBRA coverage and shall be responsible for paying such premium during the remainder of the applicable COBRA period and (b) the Company shall pay to the Participant, within sixty (60) days after such eighteen (18) month period expires, a single lump-sum cash payment in an amount equal to the employer portion of the applicable premium in effect for the Participant, based on the type of coverage provided to the Participant at such time, for the last month of such eighteen (18) month period times the number of full months that the Severance Period exceeds such eighteen (18) month period. COBRA coverage will cease upon the expiration of the maximum period required under COBRA or at such earlier time if the Participant does not pay the required premium within the applicable time period, if the Participant terminates COBRA coverage, or if an event occurs that, pursuant to COBRA, permits the earlier termination of COBRA coverage.

(i) Equity Awards. Except as otherwise provided in Section 4.01(e)(i) through (iii) below, all equity awards of Mallinckrodt plc ordinary shares that are held by the Participant as of his or her Separation from Service Date shall be treated in accordance with the terms and conditions of the applicable plan and award agreement under which such awards were granted.

(i) Stock Options. All stock options held by the Participant as of such Participant's Separation from Service Date which would have vested and become exercisable during the twelve (12) month period occurring immediately after the Participant's Separation from Service Date shall accelerate and become immediately vested and exercisable on such Participant's Separation from Service Date, unless the applicable option agreement provides for more favorable vesting treatment. All outstanding stock options held by the Participant that are vested and exercisable as of the Participant's Separation from Service Date (including options that vest and become exercisable pursuant to the provisions of this Section 4.01(e)(i) or Section 4.01(e)(iii) below in the case of Normal Retirement) shall be exercisable for the greater of (A) the period set forth in applicable option agreement, or (B) twelve (12) months after the Participant's Separation from Service Date. In no event, however, shall an option be exercisable beyond its original expiration date. If the Participant dies, the terms and conditions of the applicable option agreement shall govern.

(ii) Restricted Stock, Restricted Units and Performance Units. All unvested restricted stock and restricted units held by the Participant as of such Participant's Separation from Service Date which would have vested during the twelve (12) month period occurring immediately after the Participant's Separation from Service Date shall accelerate and become immediately vested on such Participant's Separation from Service Date, unless the applicable equity agreement provides for more favorable vesting treatment. All other unvested restricted stock and restricted units held by a Participant as of such Participant's Separation from Service Date shall be forfeited as of the Participant's Separation from Service Date. All unvested performance units held by the Participant as of such Participant's Separation from Service Date which would have vested during the twelve (12) month period occurring immediately after the Participant's Separation from Service Date shall vest at the completion of the performance period, and shall be awarded based on certified performance results. All other performance units held by a Participant as of such Participant's Separation from Service Date shall be forfeited as of the Participant's Separation from Service Date.

(iii) Retirement and Normal Retirement Eligible Participants. Notwithstanding the provisions of Section 4.01(e)(i) and (ii), if a Participant who signs a Release and begins receiving Severance Benefits hereunder would satisfy the requirements for Retirement or Normal Retirement (as such terms are defined in the applicable award agreement) set forth in a non-qualified stock option, restricted unit or performance unit award agreement over Mallinckrodt plc ordinary shares at any time during the Participant's Severance Period solely by reason of attaining the requisite age set forth in the applicable award agreement during such Severance Period, then all such non-qualified stock option, restricted unit and performance unit awards shall vest in accordance with the terms and conditions of the applicable award agreement by treating such Participant as if such Participant had satisfied the age requirement for Retirement or Normal Retirement, as applicable, under the applicable award agreement on the

Participant's Separation from Service Date; provided, however that, solely with respect to non-qualified stock options, if Section 4.01(e)(i) provides more favorable treatment than this Section 4.01(e)(iii) (as would be the case if Retirement treatment applied), the more favorable provision shall apply. If the Participant dies, the terms and conditions of the applicable award agreement shall govern.

(j) Outplacement Services. The Company may, in its sole and absolute discretion, pay the cost of outplacement services for the Participant at the outplacement agency that the Company regularly uses for such purpose; *provided*, *however*, that the period of outplacement shall not exceed twelve (12) months after the Participant's Separation from Service Date or, if earlier, the date of the Participant's death.

Section 4.02 Voluntary Termination; Termination for Death or Permanent Disability. If the Eligible Employee's employment terminates on account of (a) the Eligible Employee's Voluntary Termination, (b) death or (c) Permanent Disability, then the Eligible Employee shall not be entitled to receive Severance Benefits under this Plan and shall be entitled only to those benefits (if any) as may be available under the Company's benefit plans and policies in effect at the time of such termination of employment.

Section 4.03 Termination for Cause. If any Eligible Employee's employment terminates on account of termination by the Employer for Cause, the Eligible Employee shall not be entitled to receive Severance Benefits under this Plan and shall be entitled only to those benefits that are required to be provided to the Eligible Employee by applicable law. Notwithstanding any other provision of the Plan to the contrary, if the Plan Administrator in its sole discretion determines, at any point during the Severance Period, that a Participant engaged in conduct that constitutes Cause, any Severance Benefits payable to the Participant shall cease immediately, and the Participant shall be required to return to the Company any Severance Benefits that were provided to the Participant before such determination. The Company may withhold providing Severance Benefits pending resolution of an inquiry that could lead to a finding that an Eligible Employee engaged in conduct that constitutes Cause. Any such Severance Benefit that is withheld and subsequently is determined to be due shall be provided to the Participant within ninety (90) days after the date of the final and binding resolution.

Section 4.04 Reduction of Severance Benefits. With respect to amounts paid under the Plan that are not subject to Code Section 409A and the regulations promulgated thereunder, the Plan Administrator reserves the right to make deductions in accordance with applicable law for any monies owed to the Employer by the Eligible Employee or for the value of any Employer property that the Eligible Employee improperly retains and fails to return to the Employer. With respect to amounts paid under the Plan that are subject to Code Section 409A and the regulations promulgated thereunder, the Plan Administrator reserves the right to make deductions in accordance with applicable law for any monies owed to the Employer by the Eligible Employee or the value of Employer property that the Eligible Employee has retained; provided, however, that such deductions cannot exceed $5,000 in the aggregate in any Employer fiscal year.

ARTICLE V

METHOD AND DURATION OF SEVERANCE BENEFIT PAYMENTS

Section 5.01 **Method of Payment**. Subject to Section 5.03, the Severance Benefits to which a Participant is entitled, as determined pursuant to Section 4.01, shall be paid by the Company in accordance with normal payroll practices over the Severance Period; provided, however, that the pro-rated annual bonus payable to the Participant pursuant to Section 4.01(c)(i) shall be paid at such time and in such manner as set forth in the applicable annual incentive bonus plan and that COBRA coverage under Section 4.01(d) shall be provided or paid in accordance with the provisions of that subsection. In no event will interest be credited on the unpaid balance for which a Participant may become eligible. Payment shall be mailed to the last address provided by the Participant to the Company or made by such other reasonable method as determined by the Plan Administrator. All payments of Severance Benefits are subject to applicable federal, state and local taxes and withholdings. In the event of a Participant's death prior to the completion of all payments to which a Participant is entitled, the remaining payments shall be paid to the Participant's estate in a single, lump-sum payment within sixty (60) days following the date the Company receives notice of the Participant's death.

Section 5.02 **Other Arrangements**. The Severance Benefits under this Plan are not additive or cumulative to severance or termination benefits that a Participant might also be entitled to receive under the terms of a written employment agreement, a severance agreement or any other arrangement with the Employer. Notwithstanding any other provision of this Plan, any Eligible Employee who is a party to an employment agreement with the Company pursuant to which such Eligible Employee is entitled to severance benefits shall be ineligible to participate in the Plan. With respect to those Eligible Employees who are eligible for severance or other payments resulting from a termination of employment under a plan or arrangement other than this Plan, as a condition of receiving Severance Benefits under this Plan, the Plan Administrator, in its sole discretion, must determine that the Eligible Employee is eligible under this Plan and the Eligible Employee must expressly agree that this Plan supersedes all prior agreements, and sets forth the full and complete benefits to which the Eligible Employee is entitled upon an Involuntary Termination.

Section 5.03 **Code Section 409A**

(a) Notwithstanding any other provision of the Plan to the contrary, if required by Code Section 409A, no Salary Continuation Benefits shall be paid to a Participant who is a Key Employee during the Postponement Period. If the previous sentence applies, then the payment of Salary Continuation Benefits shall commence after expiration of the applicable Postponement Period and any amounts that would have been paid during the Postponement Period but for the previous sentence shall be paid in a single, lump-sum within thirty (30) days after the end of such Postponement Period. If the Participant dies during the Postponement Period, however, amounts withheld pursuant to this Section 5.03(a) shall be paid to the Participant's estate no later than the earlier of sixty (60) days after the date the Company receives notice of the Participant's death or thirty (30) days after the end of the Postponement Period.

(b) This Plan is intended to provide certain benefits that meet the requirements of the "short-term deferral" exception, the "separation pay" exception and other exceptions under Code Section 409A and the regulations promulgated thereunder. Notwithstanding any other provision of the Plan to the contrary, if required by Code Section 409A, payments may be made under this Plan only upon an event and in a manner permitted by Code Section 409A. For purposes of Code Section 409A, each individual payment that constitutes part of the Salary Continuation Benefits shall be treated as a separate payment from any other such payment. All reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of Code Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in the Plan, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement, or in-kind benefits is not subject to liquidation or exchange for another benefit. In no event may a Participant designate the year of payment for any amounts payable under the Plan.

Section 5.04 Termination of Eligibility for Benefits.

(a) All Eligible Employees shall cease to be eligible to participate in the Plan, and all Severance Benefits payable to a Participant shall cease upon the occurrence of the earlier of:

(i) Subject to Article VII, termination or modification of the Plan; or

(ii) Completion of the provision of Severance Benefits to the Participant.

(b) Notwithstanding any other provision of the Plan to the contrary, the Company shall have the right to cease all Severance Benefits (except as otherwise required by law) and to recover any payments previously made to the Participant if:

(i) the Participant, at any time, breaches the Participant's undertakings under the terms of the Plan;

(ii) the Participant fails to comply with the terms of the Release the Participant executed to obtain Severance Benefits or fails to comply with any confidentiality, non-solicitation, non-disparagement or non-competition covenant applicable to the Participant; or

(iii) the Company becomes aware of any circumstances that would have justified termination of the Participant's employment for Cause.

ARTICLE VI

THE PLAN ADMINISTRATOR

Section 6.01 **Authority and Duties**. It shall be the duty of the Plan Administrator, on the basis of information supplied to it by the Employer, to administer the Plan. The Plan Administrator shall have the full and absolute power, authority and discretion to construe, interpret and administer the Plan, to make factual determinations, to correct deficiencies therein and to supply omissions. All decisions, actions and interpretations of the Plan Administrator shall be final, binding and conclusive upon all parties, subject only to the Claims Procedure as defined in Article IX, and may not be overturned unless found by a court to be arbitrary and capricious. The Plan Administrator may adopt such rules and regulations and may make such decisions as it deems necessary or desirable for the proper administration of the Plan.

Section 6.02 **Compensation of the Plan Administrator**. The Plan Administrator shall receive no compensation for services as such. However, all reasonable expenses of the Plan Administrator shall be paid or reimbursed by the Company upon proper documentation. The Plan Administrator shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Plan Administrator's duties pursuant to the policy entitled "Indemnification of Directors, Officers, and Employees Who Serve As Fiduciaries or Representatives," as the same may from time to time be amended, or pursuant to such other policy as may apply to the Plan Administrator.

Section 6.03 **Records, Reporting and Disclosure**. The Plan Administrator or its delegate shall keep a copy of all records relating to the payment of Severance Benefits to Participants and former Participants and all other records necessary for the proper operation of the Plan. All Plan records shall be made available to the Committee, the Company and to each Participant for examination during business hours, except that a Participant shall be entitled to examine only such records as pertain exclusively to the examining Participant and to the Plan. The Plan Administrator shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code and every other relevant statute, each as amended, and all regulations promulgated thereunder (except that the Company, as payor of the Severance Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes and other amounts that may be similarly reportable).

ARTICLE VII

AMENDMENT, TERMINATION AND DURATION

Section 7.01 **Amendment, Suspension and Termination**. Except as otherwise provided in this Section 7.01, the Board, by action of the Human Resources and Compensation Committee, shall have the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason or without reason, and without either the consent of or the prior notification to any Participant, by a formal written action. No such amendment shall give the Company the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation of Severance Benefits already approved for a Participant who has executed the Release (and has not revoked his or her agreement to the Release). Any amendment or termination of the Plan must comply with all applicable legal requirements including, without limitation, compliance with Code Section 409A and the regulations and rulings promulgated thereunder, securities, tax, or other laws, rules, regulations or regulatory interpretation thereof, applicable to the Plan.

Section 7.02 **Duration**. The Plan shall continue in full force and effect until its termination; provided, however, that after the Plan's termination, if Participants who experienced an Involuntary Termination before the Plan terminates are receiving Severance Benefits, the Plan shall remain in effect until all of the obligations of the Company are satisfied with respect to such Participants.

ARTICLE VIII

DUTIES OF THE COMPANY AND THE COMMITTEE

Section 8.01 **Records**. The Company or Subsidiary, as applicable, shall supply to the Committee all records and information necessary to the performance of the Committee's duties.

Section 8.02 **Payment**. The provision of Severance Benefits to Participants shall be made from the Company's general assets, in accordance with the terms of the Plan.

Section 8.03 **Discretion**. Any decisions, actions or interpretations to be made under the Plan by the Board, the Committee or the Plan Administrator, acting on behalf of either, shall be made in each of their respective sole discretion, not in any fiduciary capacity and need not be uniformly applied to similarly situated individuals and such decisions, actions or interpretations shall be final, binding and conclusive upon all parties. As a condition of participating in the Plan, the Eligible Employee acknowledges that all decisions and determinations of the Board, the Committee and the Plan Administrator shall be final and binding on the Eligible Employee, the Eligible Employee's beneficiaries and any other person having or claiming an interest under the Plan on behalf of an Eligible Employee.

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 **Claim**. If a person asserts a right to, but does not receive, a benefit under the Plan, such person or such person's authorized representative shall, within thirty (30) days following the person's Termination Date, file with the Plan Administrator a written claim for such benefit. Claims not timely filed shall be barred. A Participant under this Plan may contest only the administration of the Severance Benefits awarded. To request such review, a Participant shall complete and file with the Plan Administrator a written request for review in the manner specified by the Plan Administrator. Except as set forth herein, no appeal is permissible as to a person's eligibility for or amount of the Severance Benefits, which decisions are made solely within the discretion of the Plan Administrator. No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures described in this Article IX are exhausted and a final determination is made by the Plan Administrator and/or the Named Appeals Fiduciary. If an Eligible Employee or Participant or other interested person challenges a decision by the Plan Administrator and/or Named Appeals Fiduciary, a review by the court of law will be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedures set forth in this Article IX. Facts and evidence that become known to the terminated Eligible Employee or Participant or other interested person after such person has exhausted the claims procedures set forth in this Article IX must be brought to the attention of the Plan Administrator for reconsideration by the Plan Administrator. Any issue that is not raised with the Plan Administrator and/or Named Appeals Fiduciary will be deemed waived.

Section 9.02 **Initial Claim**. Before the date on which payment of Severance Benefits commences, each Claim must be supported by such information as the Plan Administrator deems relevant and appropriate. In the event that any Claim relating to the administration of Severance Benefits is denied in whole or in part, the Claimant whose claim has been so denied shall be notified of such denial in writing by the Plan Administrator within ninety (90) days after the receipt of the claim for benefits. This period may be extended an additional ninety (90) days if the Plan Administrator determines such extension is necessary and the Plan Administrator provides notice of extension to the Claimant before the end of the initial ninety (90) day period. The notice advising of the denial shall: (a) specify the reason or reasons for denial; (b) refer specifically to the Plan provisions on which the determination was based; (c) describe any additional material or information necessary for the Claimant to perfect the claim (explaining why such material or information is needed); and (d) describe the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review. If it is determined that payment is to be made, any such payment shall be made within ninety (90) days after the date by which notification is required.

Section 9.03 **Appeals of Denied Administrative Claims**. All appeals shall be made by the following procedure:

(a) A Claimant whose Claim has been denied shall file with the Plan Administrator a notice of appeal of the denial. Such notice shall be filed within sixty (60) calendar days after notification by the Plan Administrator of the denial of a Claim, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) The Named Appeals Fiduciary shall consider the merits of the Claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits and such other facts and circumstances as the Named Appeals Fiduciary shall deem relevant.

(c) The Named Appeals Fiduciary shall render a determination upon the appealed claim, and the determination shall be accompanied by a written statement as to the reasons therefore. The determination shall be provided to the Claimant within sixty (60) days after the Plan Administrator receives the Claimant's request for review, unless the Named Appeals Fiduciary determines that special circumstances require an extension of time for processing the claim. In such case, the Named Appeals Fiduciary shall notify the Claimant of the need for an extension of time to render its decision prior to the end of the initial sixty (60) day period, and the Named Appeals Fiduciary shall have an additional sixty (60) day period to make its determination. The determination so rendered shall be binding upon all parties. If the determination is adverse to the Claimant, the notice shall: (a) provide the reason or reasons for denial; (b) make specific reference to the Plan provision's on which the determination was based; (c) include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to a the Claimant's claim for benefits; and (d) state that the Claimant has the right to bring an action under ERISA Section 502(a). If the final determination is that payment shall be made, then any such payment shall be made within ninety (90) days after the date by which notification of the final determination is required.

Section 9.04 **Appointment of the Named Appeals Fiduciary**. The Named Appeals Fiduciary shall be the person or persons named as such by the Committee, or, if no such person or persons be named, then the Committee shall be the Named Appeals Fiduciary. Named Appeals Fiduciaries, named as such by the Committee, may at any time be removed by the Committee. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a "Named Fiduciary" within the meaning of ERISA, and unless appointed to other fiduciary responsibilities, shall have no authority, responsibility or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

Section 9.05 **Arbitration; Expenses**. In the event of any dispute under the provisions of this Plan, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall have the dispute, controversy or claim settled by arbitration in St. Louis, Missouri (or such other location as may be mutually agreed upon by the Company and the Participant) in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association then in effect, before a single arbitrator. Any award

entered by the arbitrator shall be final, binding and non-appealable, and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Plan or to award a remedy for a dispute involving this Plan other than a benefit specifically provided under or by virtue of the Plan. If the Participant substantially prevails on any material issue, which is the subject of such arbitration or lawsuit, the Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any reasonably incurred expenses relating to the conduct of the arbitration (including the Company's and Participant's reasonable attorneys' fees and expenses); in this event, any such fees and expenses are limited to those typically incurred in the usual course of arbitration proceedings and shall not be negotiable or determinable by the Participant, and payment to the Participant of such amounts shall occur within ninety (90) days after the date of entry of judgment (entered in accordance with applicable law in any court of competent jurisdiction) of the final, binding and non-appealable arbitration settlement. Otherwise, each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association.

ARTICLE X

MISCELLANEOUS

Section 10.01 **Non-Alienation of Benefits**. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor of any Participant, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment (if permitted under applicable law), trustee's process or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, plead, encumber or assign any of the benefits or payments that he may expect to receive, contingently or otherwise, under this Plan.

Section 10.02 **Notices**. All notices and other communications required hereunder shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service. In the case of the Participant, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to the Plan Administrator, as follows: Senior Vice President and Chief Human Resources Officer, Mallinckrodt Pharmaceuticals, 675 McDonnell Boulevard, Hazelwood, MO 63042, with a copy to the Company's general counsel, as follows: Senior Vice President and General Counsel, Mallinckrodt Pharmaceuticals, 675 McDonnell Boulevard, Hazelwood, MO 63042.

Section 10.03 **Successors**. Any successor to the Company shall assume the obligations under this Plan and expressly agree to perform the obligations under this Plan.

Section 10.04 **Other Payments**. Except as otherwise provided in this Plan, no Participant shall be entitled to any cash payments or other benefits under any of the Company's then-current severance pay policies or plans for a termination that is covered by this Plan.

Section 10.05 **No Mitigation**. Except as otherwise provided in Section 4.04, a Participant shall not be required to mitigate the amount of any Severance Benefits provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any Severance Benefits provided for herein be reduced by any compensation earned by other employment or otherwise, except if the Participant is re-employed by the Company as an Employee, in which case Severance Benefits shall cease on the date of the Participant's re-employment.

Section 10.06 **No Contract of Employment**. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee or any person whosoever, the right to be retained in the service of the Company, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 10.07 **Severability of Provisions**. If any provision of this Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability

shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

Section 10.08 **Heirs, Assigns, and Personal Representatives**. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Section 10.09 **Headings, Captions and Titles**. The titles of the Articles and Sections and the headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan or considered in any respect to affect or modify its provisions, and shall not be employed in the construction of the Plan. Such words in this Plan as "herein," "hereinafter," "hereof" and "hereunder" refer to this instrument as a whole and not merely to the subdivision in which said words appear.

Section 10.10 **Gender and Number**. Where the context admits: words in any gender shall include any other gender and, except where otherwise clearly indicated by context, the singular shall include the plural, and vice-versa.

Section 10.11 **Unfunded Plan**. The Plan shall not be funded. No Participant shall have any right to, or interest in, any assets of the Company that may be applied by the Company to the payment of Severance Benefits.

Section 10.12 **Payments to Incompetent Persons**. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Committee and all other parties with respect thereto.

Section 10.13 **Lost Payees**. A Severance Benefit shall be deemed forfeited if the Committee is unable to locate a Participant to whom Severance Benefits are due. Such Severance Benefits may be reinstated if application is made by the Participant for the forfeited Severance Benefits while this Plan is in operation.

Section 10.14 **Controlling Law**. This Plan shall be construed and enforced according to the laws of the State of Missouri to the extent not superseded by federal law, which shall otherwise control.

Appendix

SALARY CONTINUATION AND BONUS PAYMENT SCHEDULE

Salary Continuation Schedule

President and Chief Executive Officer	24 month Severance Period
Executive Vice Presidents and Senior Vice Presidents	18 month Severance Period
Any other Eligible Employee	12 month Severance Period

Bonus Payment Schedule

President and Chief Executive Officer	2x Annual Bonus
Executive Vice Presidents and Senior Vice Presidents	1.5x Annual Bonus
Any other Eligible Employee	1x Annual Bonus

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Mark C. Trudeau, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mallinckrodt plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2014

By: /s/ Mark C. Trudeau
Mark C. Trudeau
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Matthew K. Harbaugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mallinckrodt plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2014

By: /s/ Matthew K. Harbaugh
Matthew K. Harbaugh
Senior Vice President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of Mallinckrodt plc ("the Company") hereby certify to their knowledge that the Company's quarterly report on Form 10-Q for the period ended March 28, 2014 ("the Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Mark C. Trudeau
Mark C. Trudeau
President and Chief Executive Officer

May 8, 2014

By: /s/ Matthew K. Harbaugh
Matthew K. Harbaugh
Senior Vice President and Chief Financial Officer

May 8, 2014