

2012 CORPORATE OVERVIEW

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**This is the new Actavis.**



# Actavis, Inc.

Actavis, Inc. (NYSE:ACT) is a global, integrated specialty pharmaceutical company focused on developing, manufacturing and distributing generic, brand and biosimilar products. We have global and U.S. headquarters in Parsippany, New Jersey, USA, and international headquarters in Zug, Switzerland. We market more than 750 products globally through operations in more than 60 countries.

Operating as Actavis Pharma, our generic, branded generic, legacy brands and Over-the-Counter (OTC) business, we are ranked in the top three in 12 global markets, top five in 16 global markets and top 10 in 33 global markets.

Through Actavis Specialty Brands, our global branded specialty pharmaceutical business, we develop and market a portfolio of more than 40 products principally in the U.S. and Canada that are focused in the Urology and Women's Health therapeutic categories. We are currently developing a portfolio of five biosimilar products in Oncology and Women's Health.

Our Global Operations include more than 30 manufacturing facilities around the world, with a capacity of approximately 44 billion units annually.

Our distribution business, Anda, Inc., is the fourth-largest U.S. generic pharmaceutical product distributor.

## OUR MISSION

We develop and manufacture pharmaceuticals of the highest quality. We meet current and future customer needs through smart investments in R&D. We deliver best-in-class service and superior value. We celebrate the many cultures of our global team. We enhance the communities in which we live and work. We build shareholder value in all we do.

## OUR WINNING WAY

The behaviors of all Actavis employees are defined by Our Winning Way, three powerful words — Challenge – Connect – Commit — that unite our cultures and define how we act and what we do. By living Our Winning Way every day, we achieve our mission and create an exciting future for our Company.

### CHALLENGE:

We think smarter and act faster.  
We develop creative solutions.  
We go the extra distance.

### CONNECT:

We work together as one company to create and share best practices.  
We unite local knowledge with global resources.  
We seek to be the partner of choice.

### COMMIT:

We are accountable and socially responsible.  
We never compromise on quality.  
We deliver what we promise.

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# 2012 Business Highlights

Acquired  
**Actavis**  
Group

**29%**  
Increase in  
net revenue

Global commercial  
footprint of  
**60+**  
countries

**26%**  
Increase in  
non-GAAP EPS

**~1,500**  
products filed globally<sup>1</sup>

250 ongoing R&D projects

**>1,000**  
global generic  
product launches<sup>1</sup>

13 exclusive launches in U.S.<sup>1</sup>

Gx Adderall® XR  
Gx Lovenox®  
Gx Sanctura XR®  
Gx Xopenex®  
Launched in U.S.

Gx Nexium® launched in EU  
Gx Lidoderm® approved in U.S.

Rapaflo®, Gelnique®,  
Androderm® and Oxytrol®  
brands launched in Canada

Gelnique 3%™ brand  
launched in U.S.

Acquired biosimilar to  
Herceptin® from Synthon

Acquired Ascent  
Pharmahealth

**220** agreements signed by Medis –  
**4 billion** units sold

## 2012 FINANCIAL RESULTS<sup>2</sup>

Financial Highlights	2012	2011	Growth (year-over year)
Total Net Revenues	\$5.91 Billion	\$4.58 Billion	29%
R&D	\$401.8 Million	\$295.4 Million	36%
Adjusted EBITDA*	\$1,397.9 Million	\$1,110.9 Million	26%
Non-GAAP EPS*	\$6.00	\$4.77	26%

**32%**  
growth in  
Actavis Pharma  
net revenues

**9%**  
growth in  
Actavis Specialty  
Brands net  
revenues

**\$666**  
million in Cash Flow  
from Operations

\* Please refer to the reconciliation tables at the end of this report for a reconciliation of non-GAAP items

1) Proforma 2012 results include legacy Watson and legacy Actavis

2) 2012 results include two months results of legacy Actavis





**Fellow shareholders,  
employees and friends:**

**Welcome to the new Actavis, Inc.**

2012 was a transformational year in the history of our Company. Beginning the year as separate entities, Watson Pharmaceuticals, Inc. and the Actavis Group came together as one, creating a new global specialty pharmaceutical leader.

With a single, commercially compelling transaction, we more than doubled our international access and strengthened our commercial position in key established European markets as well as emerging growth markets in Central and Eastern Europe, Russia and Southeast Asia. The transaction achieved our stated strategic objective of expanding and diversifying our business into a truly global company, with approximately 40 percent of our generic proforma revenues now coming from markets outside of the U.S.

We have a strong, sustainable financial foundation, a strengthened global commercial position spanning more than 60 countries and a commitment to funding Research and Development (R&D) at levels sufficient to generate a robust and diversified development pipeline. The new Actavis is positioned to deliver on our objective of double-digit growth in 2013 and beyond.

## Outstanding 2012 Financial Results

Total revenue in 2012 grew to \$5.9 billion, a 29 percent increase over the prior year. Non-GAAP earnings per share grew an exceptional 26 percent to \$6.00 per diluted share, and cash flow from operations was approximately \$666 million. On a GAAP basis, earnings per diluted share for the full year 2012 were \$0.76. This reflects two months of results from legacy Actavis Group, following the close of the transaction on October 31, 2012.

On a proforma basis, the new Actavis launched more than 1,000 generic products globally, and filed more than 1,500 applications in 2012. We experienced growth from U.S. sales of our key promoted brand products including Rapaflo<sup>®</sup>, Crinone<sup>®</sup> and Generess<sup>®</sup> Fe, and we continued to record progress in our biosimilar collaboration with Amgen where we are actively pursuing biosimilar versions of Herceptin<sup>®</sup>, Avastin<sup>®</sup>, Rituxan/MabThera<sup>®</sup> and Erbitux<sup>®</sup>.

Our growth continues to be driven by our internal investment in R&D. We invested a record \$401.8 million in 2012, doubling the amount we have invested since 2009. Our pipeline today is among the strongest in the industry, with over 185 Abbreviated New Drug Applications (ANDAs) on file with the U.S. Food and Drug Administration (FDA), including 49 first-to-file opportunities, of which, 33 are potentially exclusive. We have more than 250 ongoing R&D projects for the EU and the U.S., and we are diversifying our U.S. portfolio into

more complex, higher barrier products that we believe will face limited competition when they reach the market. The Actavis acquisition also brought with it significant opportunities for synergies across our global business. Initially, these savings will primarily consist of R&D, SG&A and procurement synergies. In the longer term, the optimization of our supply chain will be a key factor in driving annual synergies in excess of \$300 million.

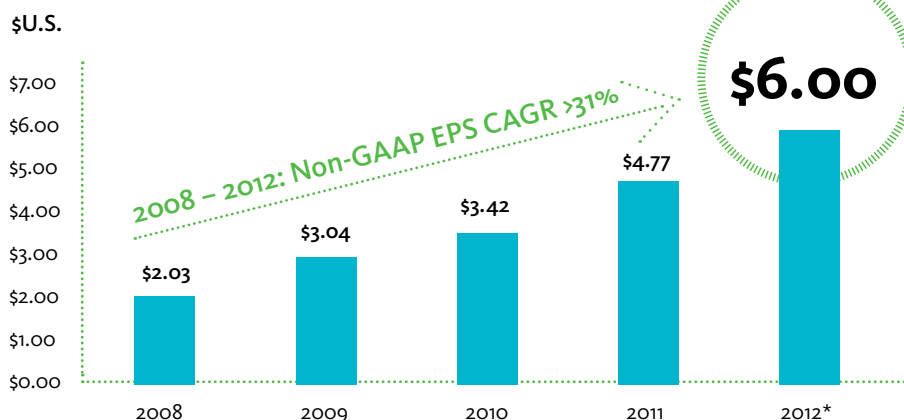
## Actavis Pharma Highlights

Our global generics business – now known as Actavis Pharma – saw net revenue increase 32 percent to \$4.45 billion for the full year 2012, primarily due to higher international revenues, as well as increased sales of the authorized generic versions of Concerta<sup>®</sup> and Lipitor<sup>®</sup> in the U.S. We ended 2012 ranked in the top 10 in 33 global markets.

U.S. growth was driven by strong performance of the base business, which was complemented by more than 30 new product launches in the U.S. including generic versions of Lovenox<sup>®</sup>, Xopenex<sup>®</sup> and Adderall XR<sup>®</sup>. Outside the U.S., growth was driven by new product introductions, business development initiatives and other activities.

We also continued to build for the future, with more than 1,500 generic product filings on a pro forma basis, 16 R&D sites around the world and a world-class portfolio that spans all dosage forms.

## Strong, Sustainable Financial Foundation



\* Please refer to the reconciliation tables at the end of this report for a reconciliation of non-GAAP items



## Anda Distribution Highlights

Anda Distribution had net revenues of \$986.4 million in 2012, a 27 percent increase over the prior year. This increase was primarily due to new third-party product launches, as well as an increase in base business sales.

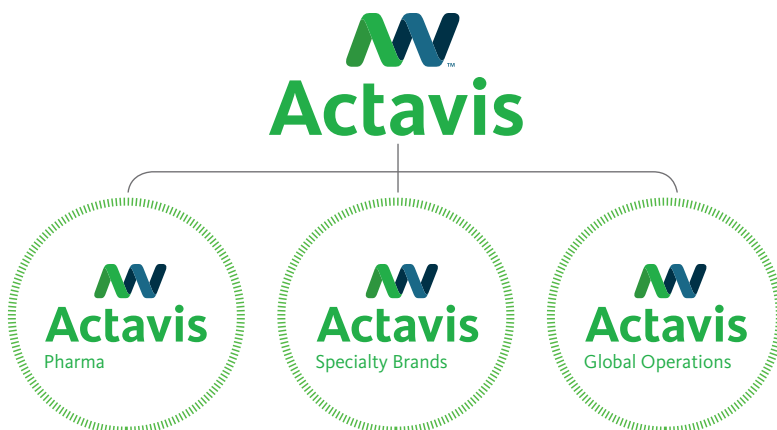
In 2012, Anda enhanced its strategic value to our Company by launching new programs that increased product offerings to include more branded products and an expanded specialty distribution capability.

The year also saw the opening of a new state-of-the-art Anda distribution facility in Olive Branch, Mississippi. Located in close proximity to the FedEx® hub in Memphis, Tennessee, the 234,000 square foot, \$23 million facility enables us to more efficiently and cost-effectively support our customers.

## Actavis Specialty Brands Highlights

Net revenues in our Actavis Specialty Brands segment, formerly known as Global Brands, increased by approximately 9 percent in 2012 to \$482.4 million, primarily due to the addition of new products including Kadian®, which was acquired as part of the Actavis acquisition, as well as increased sales of key products including Rapaflo®, Crinone®, Generess® Fe and INFeD®. We also successfully converted our Androderm® patch from 2.5 mg and 5 mg strengths to 2 mg and 4 mg strengths. During the year, we significantly increased our investment in the development of new products from approximately \$68 million in 2011 to approximately \$146 million in 2012.

Internationally, we achieved important milestones in the global expansion of our Speciality Brands business, launching Rapaflo®, Gelnique®, Androderm® and Oxytrol® in Canada in 2012 and filing applications for Rapaflo® and Gelnique® approval in Brazil. In January 2013, we acquired Uteron Pharma SA, which adds three near-term and three longer term projects to our Women's Health development portfolio. A development-based company headquartered in Liege, Belgium, Uteron specializes in products for contraception, infertility, vaginal infections and female cancer.





### United By Our Winning Way

When we united Watson and Actavis last year, we brought together a combined workforce of more than 17,000 highly skilled individuals around the world. In our pursuit to combine the best of both corporate cultures, it quickly became apparent how similar they already were. We unveiled Our Winning Way — a combination of Watson's Our Winning Behaviors and Actavis' Orange Way — and three powerful words — Challenge, Connect, Commit — that define the actions we take individually, and as a team, in pursuing our global mission.

With this new beginning came the adoption of a new global mission statement, which underscores our commitment to making a difference for our customers, consumers, shareholders and each other. Under this new mission, each of our employees in the 62 countries in which we operate can recognize the importance that their contributions, as groups, departments and individuals, will make to the future of our global company.

The values of Our Winning Way were highlighted in 2012 by our ongoing commitment to corporate responsibility. During the year, we continued our support of the March of Dimes annual March for Babies, an extraordinary fundraising event that provides vital funding to help the March of Dimes prevent birth defects, premature birth and infant mortality. We also celebrated the combination of Watson and Actavis with a contribution and partnership with International Health Partners (IHP), a not-for-profit relief and development organization with a mission to increase access to medicine and improve health in the developing world. As a proud national sponsor of 'The Medicine Abuse Project', we supported efforts to educate patients nationwide about the dangers of abusing medicine and empowering people to take action, and we also regularly partner with international disaster relief organizations including the Red Cross, Americares and International Aid to provide much needed financial support and product supplies in the wake of global disasters.

Perhaps the best embodiment of Our Winning Way, however, came from our employees in Copiague, NY, who gave back to their neighbors and friends that suffered devastating damage in the aftermath of Hurricane Sandy. In the wake of the storm, our Company made a contribution to Island Harvest, a Long Island, NY food bank, to fund a corporate recovery team, providing a mobile pantry stocked with food, water and other essentials that were distributed in the hard-hit south shore village of Babylon, NY. Despite facing great hardships themselves, employees from our Copiague facility, along with some of their children, used these supplies to support hundreds of families who lost power, provisions and, in some cases, their homes.





## Strategies for Continued Long-Term Growth

As we move forward, I would like to reflect on how far we have come. Five years ago, we set a goal to build a global specialty pharmaceutical company that was well positioned for sustainable long-term growth.

Today, the new Actavis is a strong and growing company with a sound business model. We have a larger, more diversified geographic footprint, enhanced R&D capabilities, one of the strongest pipelines in the industry and a leading global supply chain with the capability to develop and manufacture product in multiple dosage forms.

Our progress has been remarkable, and I would like to thank our global employees whose contributions have been integral to our success. I would also like to thank our Board of Directors for their continued support of our management team and our strategic vision, and our investors and shareholders for the confidence they have placed in our Company.

The achievement of one set of goals, however, brings with it the desire to reach even greater heights. Today, we are

setting our sights on a new strategic objective through 2018 – to make Actavis a premier global specialty company continuously delivering sustainable growth for its shareholders.

And just as before, we will achieve this goal through strategic objectives spanning each of our diversified business segments.

For Actavis Pharma, we will continue to drive growth and expand our market share in key markets, particularly within our North American business, while leveraging our assets worldwide. We will also look to further expand and diversify our portfolio and optimize the potential of our global commercial network.

In Actavis Specialty Brands, growth will be driven by our key promoted products, but also through our expanded pipeline of near- and long-term opportunities. We will also focus on leveraging our expanded geographic footprint to drive the continued international growth of the business. And we will maintain a sharp focus on executing our biosimilars strategy to ensure Actavis is well-positioned to be a leader in this emerging high-value opportunity.



Finally, within Actavis Global Operations, we will drive growth by leveraging our expanded global network to lower costs and optimize capacity, while maintaining the highest global quality and customer service standards and expanding our Andia Distribution offerings to better serve our customers.

With the commitment of our 17,000 employees around the world, the new Actavis stands today as a dynamic global player that is recognized worldwide as a leader in providing high-quality pharmaceuticals. As a strong, growing company with a sound business model, we are poised for double-digit growth in 2013 and beyond.



Sincerely,

A handwritten signature in black ink, reading "Paul Bisaro". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Paul Bisaro**  
President and CEO



Actavis Pharma

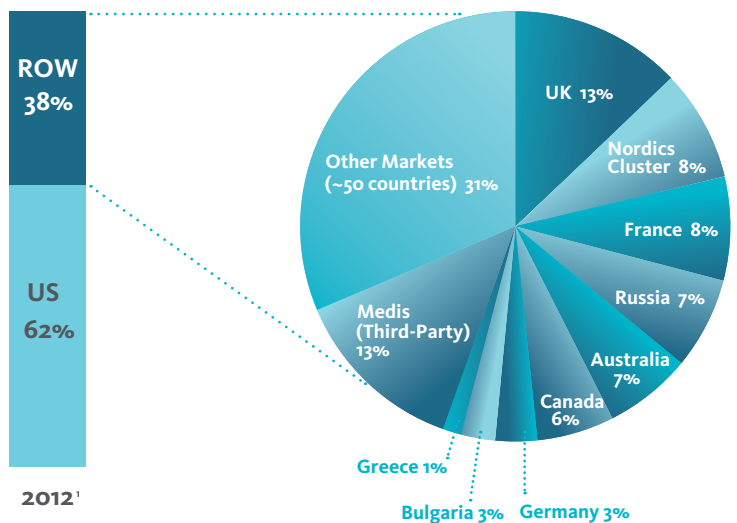


In 2012, we transformed our generics business into a truly global commercial powerhouse. Now known as Actavis Pharma, our name reflects the more diversified nature of our commercial markets and our broader portfolio of generic, branded generic, legacy brands and Over-the-Counter (OTC) products.

Actavis Pharma reported net revenues of \$4.45 billion, an increase of nearly 32 percent. In 2012, the division accounted for approximately 75 percent of the Company's total net revenues. Double-digit sales growth in key markets made us the top-ranked company among the world's top five generic companies in sales and unit growth, according to data from IMS Health. We also achieved a record number of product filings, approvals and launches, including key approvals or launches in the U.S. of generic versions of Adderall XR®, Xopenex® and Lidoderm®.

## Actavis Pharma: Strong Geographic Diversification

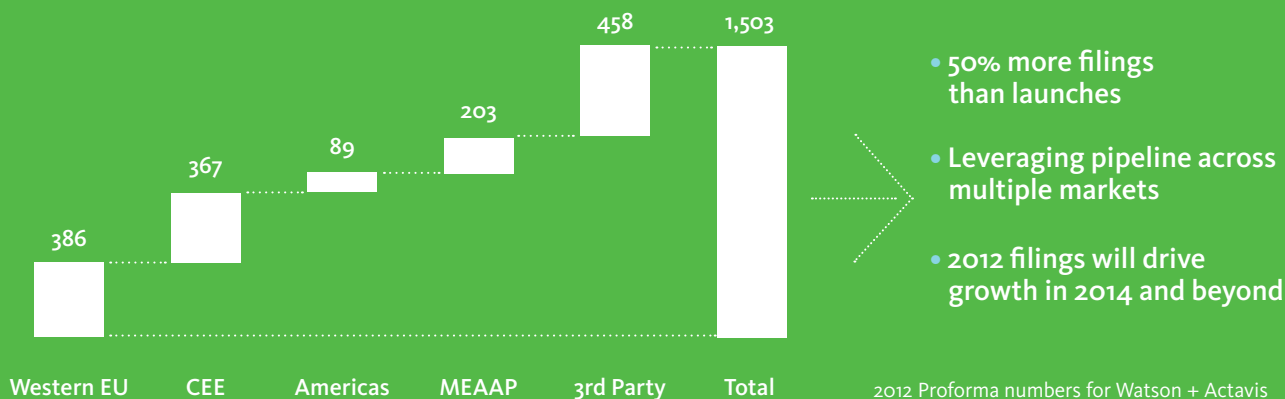
2012 Top 10 Markets



<sup>1</sup>2012 Proforma



## Over 1,500 New Filings in 2012



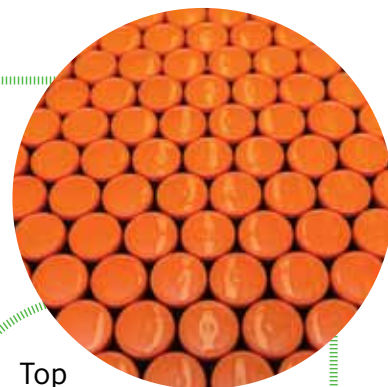
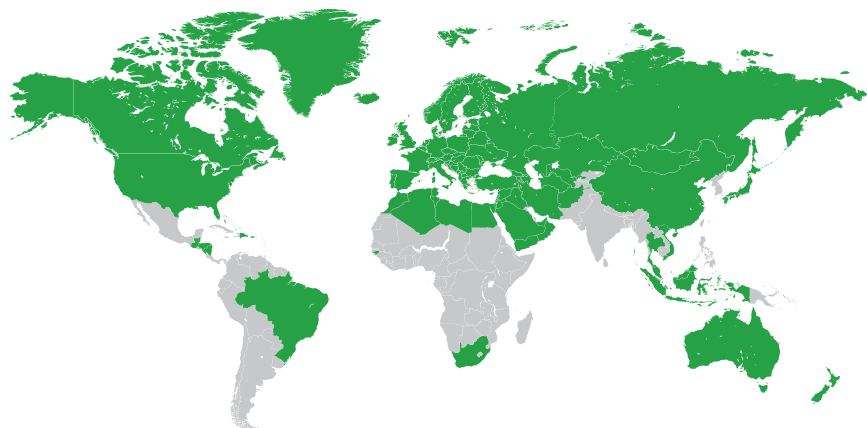
On a proforma basis for the full-year 2012, Actavis Pharma launched more than 1,000 generic products globally, and filed more than 1,500 applications, including approximately 45 new ANDAs with the FDA. Supported by a record level of investment in R&D, the Actavis Pharma pipeline of products is among the strongest in the industry, with more than 185 ANDAs on file with the FDA, including 49 first-to-file opportunities, of which, 33 represent potential exclusive opportunities.

Worldwide, we have approximately 250 ongoing R&D products for the EU and the U.S. Our global generic R&D network encompasses 16 R&D Centers of Excellence that support the development of products in an array of dosage forms, including immediate and extended-release, injectable, semi-solid, liquid, oral transmucosal, transdermal, ophthalmic and other products.

### Global Commercial Strength

Actavis Pharma is ranked in the top 3 in 12; top 5 in 16; and top 10 in 33 of its 62 global markets. Our business is geographically diverse, and our expanded commercial presence provides Actavis Pharma with access to areas of potentially significant growth, including Central and Eastern Europe, Russia, Australia and Southeast Asia. During 2012, we achieved proforma growth in excess of 20 percent in Europe, well ahead of our competitors, where we also ranked number one overall in sales and unit growth, based on IMS Health data. We significantly expanded our position in Australia, through the acquisition of Ascent Pharmahealth in early 2012, and we are actively pursuing opportunities to strengthen our position in Indonesia and Japan, including four new product applications filed in Japan in 2013 to date.

### Strengthened Global Commercial Position



Top  
**10**  
in 33 markets



## The Americas

### United States

The U.S. continues to be the largest and most important market for Actavis Pharma, providing approximately 60 percent of our total generics proforma net revenue. We now have approximately 10 percent market share, making us the third-largest generics company by prescriptions dispensed. And we continue to build on our established reputation as the industry leader in customer service.

In 2012, we launched more than 30 generic products in the U.S., including generic versions of Adderall XR®, Xopenex®, Lovenox®, Plan B One-Step®, Actos®, Progesterone®, Sanctura XR® and Vancocin®. We also announced patent challenges on a number of products, including Niaspan®, Velcade® and Pristiq®.

### Canada and Latin America

In the last two years, we have grown our portfolio in Canada by 47 percent and have continued to file a large number of additional applications. By bringing our newly strengthened injectables, semi-solids and OTC portfolio into Canada, we intend to achieve significant sales synergies that should enable us to leap to the number five position in the Canadian generics market.

Latin America represents a strong opportunity for growth, particularly in Brazil and Mexico. We are investing in R&D throughout the region, and also operate a manufacturing plant in Brazil.

## International

Actavis Pharma has leadership teams in major markets around the world. International headquarters are in Zug, Switzerland, previously the corporate headquarters of the Actavis Group. Our European business is organized around seven clusters, while our Middle East, Africa and Asia Pacific business is organized in four clusters. Our Australia and Japan businesses are managed separately.

### United Kingdom

In 2012, we were ranked second in generic market share and were the fastest-growing generics company in the UK based on industry statistics. We operate a manufacturing plant in Barnstaple, which supplies the UK market with approximately 5 billion tablets and capsules annually, and we market a portfolio of approximately 300 products. In 2012, we continued to diversify our business in the UK with the introduction of OTC and injectable products.

### France

Despite double-digit price erosion in France over the last two years, we saw a significant increase in the volume of generic prescriptions in the second half of 2012 with an expanded portfolio including injectables. We are focused on expanding our reach into the country's hospital market, where we currently rank as the second-largest generics player.

### Russia

Russia is the fastest-growing market for Actavis Pharma. We have a strong infrastructure in the country, including a sales force of more than 400, and we rank in the top 10 based on IMS data. To drive continued growth in this critical market, we will focus on a combination of organic growth and strategic business development opportunities, with the goal of improving market share and entering new therapeutic categories.



### Other Key European Markets

The acquisition of Actavis Group significantly enhanced our European presence, particularly in Central and Eastern Europe, where we launched 244 products and currently employ approximately 2,000 sales reps. Key markets within the region include Greece, where we have grown based on IMS data from the sixth-largest player to the third, following the acquisition of Specifar in May 2011.

Bulgaria is another key market, and we are the largest pharmaceutical company in the country. We currently hold a 23 percent share of Bulgaria's generics market and a 7 percent share of the pharmaceutical market as a whole based on IMS Health data. With a strong supply chain, diversified portfolio, R&D investment and business development opportunities, we are well-positioned to continue maximizing our leadership position in the market.

### Middle East, Africa, Asia Pacific (MEAAP)

Actavis Pharma's operations in the MEAAP region are anchored by a strong presence in Southeast Asia and Australia, and emerging opportunities elsewhere, including Japan. Within Southeast Asia, Indonesia is a key growth market, and we are currently serving the region through a sales team of approximately 300 reps, as well as a state-of-the-art manufacturing facility in Jakarta.

In Australia, we hold the number five position in the generics market with approximately 14 percent market share based on IMS data. In 2012, we began efforts to shift our portfolio to internally sourced products, lowering our cost of goods and increasing profitability.

Japan is currently Actavis Pharma's smallest market within the region, but one with the potential to become a fast-growing market. We currently specialize in oncology products and in the country's hospital sector, and we operate a joint venture with Aska, a Japanese pharmaceutical company, which combines valuable local expertise with our global capabilities to best serve the market. We currently market 12 products through this partnership, and plan to register additional products in 2013.

### MEDIS

Actavis Pharma develops and out-licenses generic pharmaceutical products outside the U.S. through our third-party business, Medis. A combination of legacy Actavis' Medis and Watson's Specifar businesses, Medis, is the world's leading generic pharmaceutical out-licensing company. Medis has more than 300 customers globally, and offers a broad portfolio of more than 200 products.

In 2012, Medis signed 220 new agreements and sold more than 4 billion units worldwide, with significant launches including generic versions of Lipitor®, Nexium® and Zyprexa®, among others. In the year ahead, we will focus on the continued expansion of Medis' portfolio, including oncology injectables and alternate dosage forms. We will also focus on the expansion of our customer base in emerging markets in Asia, Latin America and the Middle East.

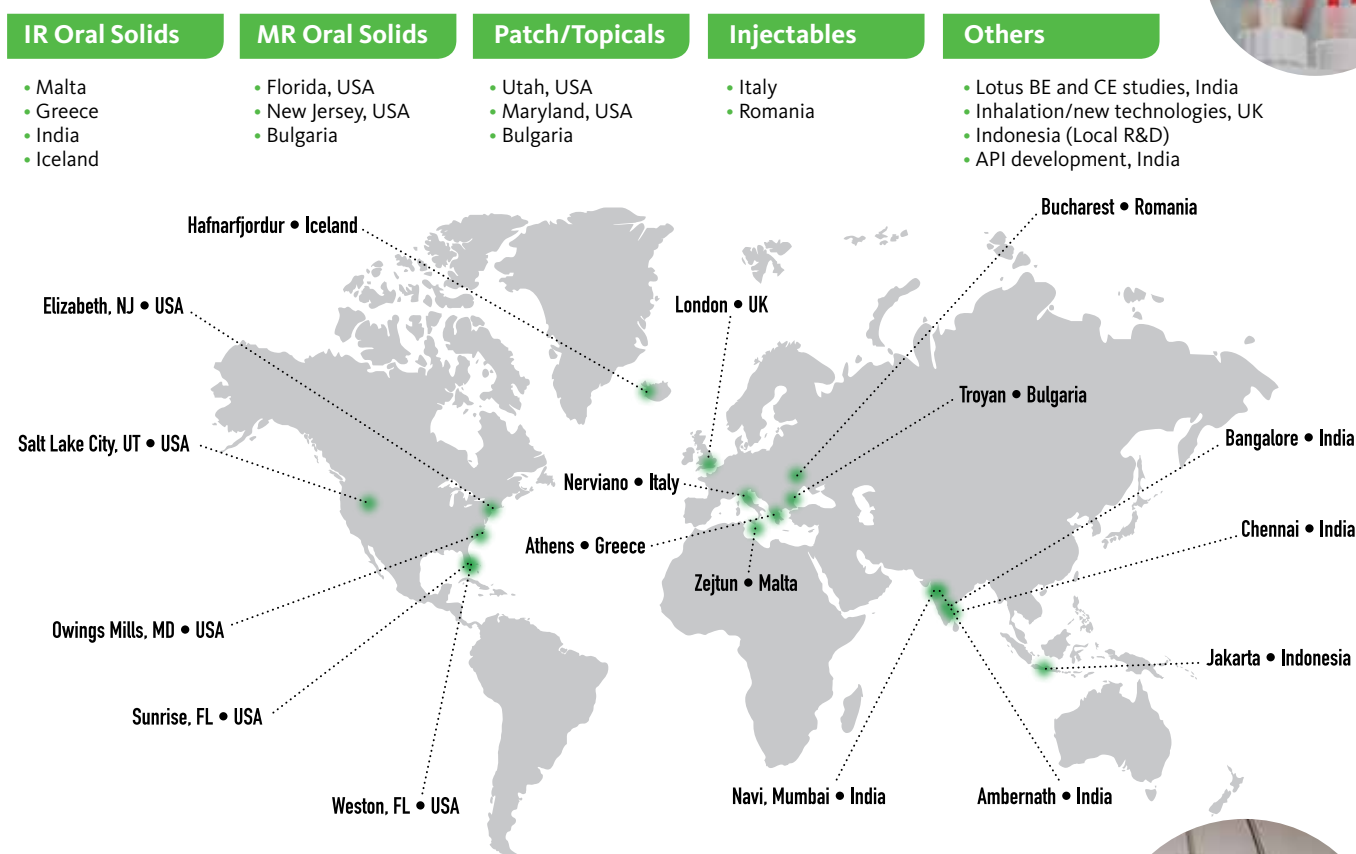


## Commitment to R&D

A key focus for Actavis Pharma in 2013 and beyond is our continued commitment to generic R&D. With 16 R&D sites around the world and more than 185 applications on file with the U.S. FDA, we are strongly positioned for continued long-term organic growth. Our development pipeline contains more than 250 R&D projects for the EU and the U.S. We continue to be an industry leader in Paragraph IV filings in the U.S., with 49 applications that we believe to be first-to-file, spanning multiple dosage forms.

As part of our growth strategy, we are taking significant steps to diversify our U.S. portfolio into more complex, high-barrier products that we anticipate will face limited competition and provide enhanced value. We are decreasing our emphasis on solid oral dosage products, and adding value to our pipeline by increasing our focus on complex dosage forms such as injectables, ophthalmics, liquids and topical products.

## Actavis Pharma R&D Capabilities



## Actavis Pharma Summary

Actavis Pharma is committed to driving growth across our global business. We will continue our focus on enhancing our position in key markets and further expanding our portfolio, with emphasis on broadening our injectable and OTC businesses outside of the U.S. and diversifying our U.S. portfolio into more complex, high-barrier products that will face limited competition when they reach the market. By leveraging our assets worldwide, optimizing the potential of our global commercial network and continuing to deliver best-in-class customer service, we are strengthening the foundation that has established us as a diversified, global pharmaceutical leader.

# Actavis Specialty Brands





In 2012, Actavis Specialty Brands continued to drive increased sales of key branded products in the United States and Canada, and also focused on global and pipeline expansion efforts for sustained long-term growth.

Net revenue in our Specialty Brands segment was \$482.4 million, or approximately 8 percent of total net revenue in 2012. We invested approximately \$146 million in brand R&D.

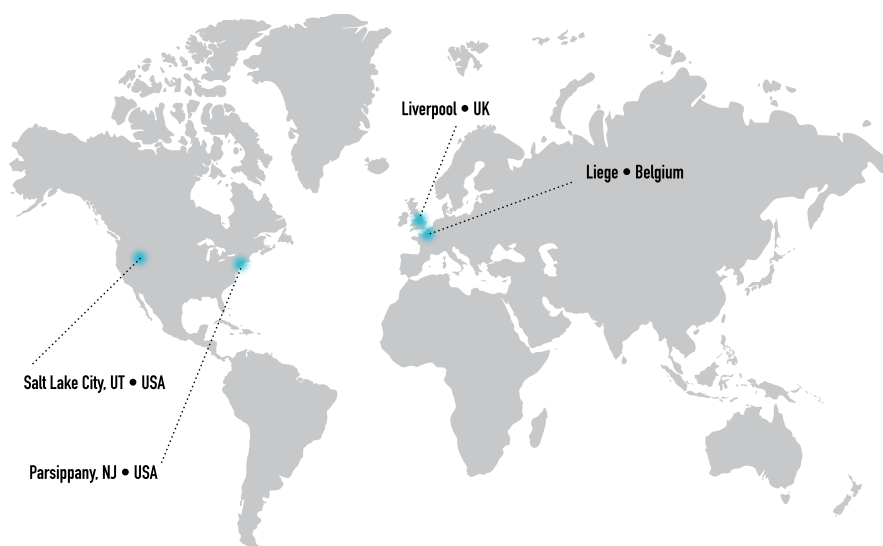
In the U.S., Actavis Specialty Brands saw continued sales growth of core Women's Health and Urology brand products, including Rapaflo<sup>®</sup>, Generess<sup>®</sup> Fe and Crinone<sup>®</sup>. We also drove the successful conversion of our Androderm<sup>®</sup> patch from 2.5 mg and 5 mg strengths to 2 mg and 4 mg strengths.

Internationally, we achieved important milestones in Canada and Latin America, launching Rapaflo<sup>®</sup>, Gelnique<sup>®</sup>, Androderm<sup>®</sup> and Oxytrol<sup>®</sup> in Canada and filing applications for the approval of Rapaflo<sup>®</sup> and Gelnique<sup>®</sup> in Brazil. Additional product filings in Brazil and Mexico are anticipated in 2013. Specialty Brands also continued to make progress against key development initiatives and bolstered the pipeline with development candidates in Women's Health through the acquisition of Uteron Pharma in early 2013.





## Specialty Brands R&D Capabilities and Assets



### Utah, USA

- Development
- Clinical Operations
- Regulatory

### New Jersey, USA

- Clinical Operations
- Medical Affairs

### Liege, Belgium

- Development
- Clinical Operations
- Regulatory
- IUD Manufacturing

### Liverpool, UK

- Biologic Development
- Biologic Regulatory
- Biologic Manufacturing



In early 2013, we further bolstered our Speciality Brands R&D capabilities through the acquisition of Uteron Pharma, which added a 3,000 square meter facility in Grace-Hollogne (Liege), Belgium. This facility supports production for intrauterine devices (IUDs), as well as production and quality control for clinical trial and R&D support for product development.

## Focus on U.S. Growth

Within the U.S., Actavis Specialty Brands is focused on developing products in the Urology and Women's Health segments that treat currently underserved conditions and provide strong, sustainable growth.

In our Urology business, Rapaflo® (silodosin), an alpha blocker for the treatment of the signs and symptoms of enlarged prostate, is the number one promoted product and is the cornerstone of the organization's urology portfolio. Rapaflo® experienced significant sales growth in 2012, and exceeded 10 percent market share in the alpha-blocker marketplace, a segment that faces significant generic competition.

Specialty Brands successfully introduced new 2 mg and 4 mg formulations of Androderm® (testosterone transdermal system) in 2012, replacing the previous 2.5 mg and 5 mg dosage formulations. The lower-dose testosterone patches provide highly effective testosterone administration with a 20 percent reduction in the active ingredient from the original strength, all in a smaller patch size. We currently hold a 5 percent share of the testosterone replacement market. In 2013, Specialty Brands will deploy its Urology sales teams to actively promote Androderm® in the U.S.

In our Women's Health portfolio, Generess® Fe, (norethindrone and ethinyl estradiol chewable tablets and ferrous fumarate chewable tablets) had a strong year in 2012, securing approximately 5 percent market share. Crinone®, the vaginal progesterone gel, which is part of an Assisted Reproductive Technology treatment for



infertility, also achieved strong sales for 2012. Acquired from Columbia Laboratories, Crinone® is the leading vaginal progesterone product used in in vitro fertilization (IVF) procedures.

## Specialty Brands International Expansion

In 2012, Specialty Brands worked to strengthen its presence globally with important organization and product milestones in Canada and Latin America. In Canada, we built a sales force of 24 representatives to call on urologists and primary care physicians. Also in 2012,

Specialty Brands secured a regulatory filing with Health Canada for Esmya®, a potential treatment for uterine fibroids. Specialty Brands also achieved milestones in Latin America. We filed a regulatory submission with ANVISA for approval of Rapaflo® in Brazil in the fourth quarter of 2012, and are preparing to file Androderm® and Gelnique® for approval in Brazil in 2013. Additionally, Specialty Brands is preparing to file applications for Rapaflo® and Gelnique® in Mexico in the second half of 2013.

## 2012 Key Pipeline Progress

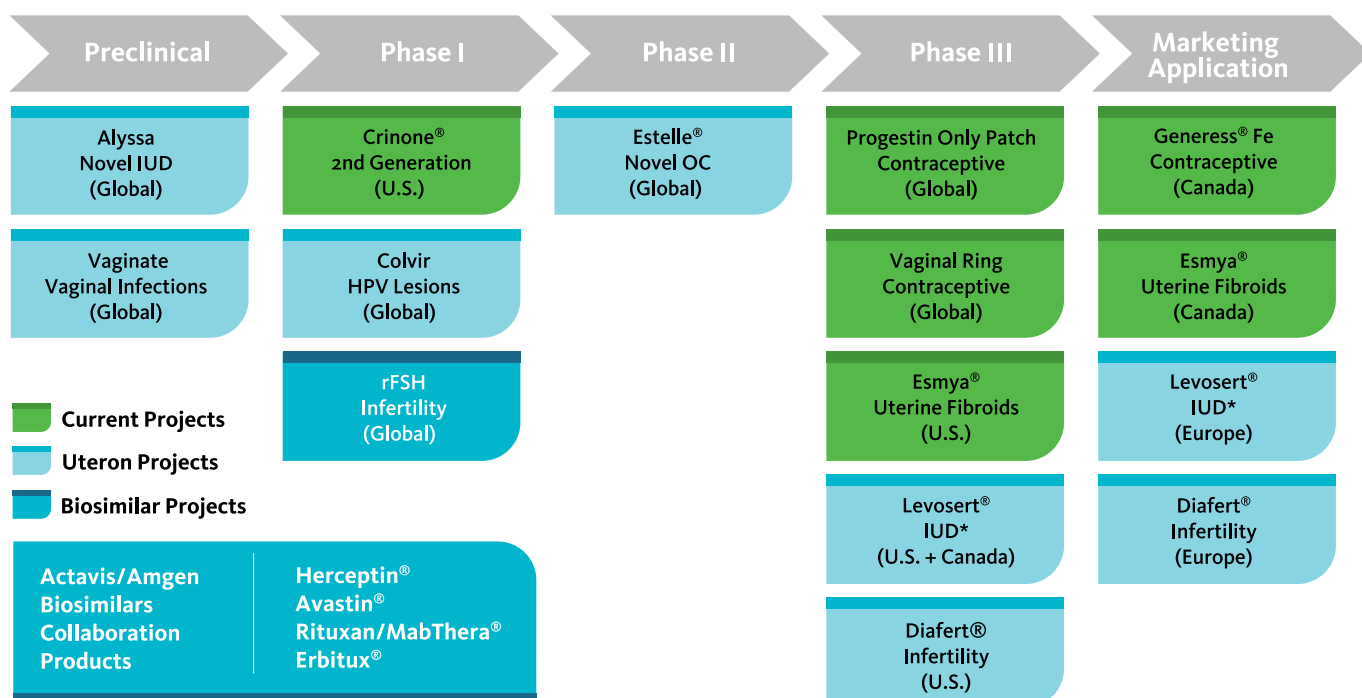
In 2012, Specialty Brands made significant headway with important pipeline projects that will help fuel near- and long-term growth: our progesterone contraceptive patch, Esmya® for uterine fibroids and a vaginal ring contraceptive. The progesterone patch is a progestin-only contraceptive designed to address dosing, administration and delivery limitations of progestin-only oral contraceptive products. A Phase III trial was completed in late 2012. The progesterone patch could receive approval at the end of 2013, with market launch in the U.S. in 2014.

Specialty Brands focused on advancing Esmya® toward regulatory approval in the U.S. and Canada for the treatment of uterine fibroids. In the U.S., the team worked with FDA to define the regulatory pathway, and is now preparing to file the product for approval as a treatment for long-term uterine sparing effect in patients with uterine fibroids. In Canada, we filed an application with Health Canada on Esmya® in June 2012 for approval as a pre-surgical treatment for patients with uterine fibroids, and could receive approval in June 2013.

Specialty Brands has also successfully completed a Phase III trial for its vaginal ring contraceptive, a project developed in collaboration with the Population (POP) Council. We have now entered into regulatory pathway conversations with FDA and are working toward a regulatory submission in the U.S.



## Actavis Specialty Brands: Pipeline Overview – Including Biosimilars



\* Marketing partners include Medicines 360 and Gedeon Richter; pipeline as of Jan 25, 2013

## Bolstering Specialty Brands Pipeline: Uteron Pharma

One of the drivers of Specialty Brands' long-term growth will be in developing and marketing more branded products that fit within our core areas of Women's Health and Urology. With that strategy in mind, in January 2013 Actavis acquired Uteron Pharma for \$150 million in up-front payments and up to \$155 million in milestone payments.

Uteron Pharma is a development-based company specializing in products for contraception, infertility, vaginal infections and female cancer. Headquartered in Liege, Belgium, Uteron employs approximately 60 multidisciplinary staff and is engaged in a development collaboration with the University of Liege.

The acquisition of Uteron expands the Specialty Brands pipeline of Women's Health products, including two potential near-term global commercial opportunities in contraception and infertility, and one novel oral contraceptive.

### Near-Term Product Opportunities

Levosert® is an intrauterine device (IUD), designed to initially deliver 20 mcg of levonorgestrel (LNG) per day for the indications of long-term contraception and treatment of heavy bleeding.

Levosert® is designed to provide patients with a steadier, more controlled release of LNG than oral contraceptives. In addition, Levosert® is also designed with a smaller stem ring to facilitate easier insertion.

The product is currently approved in several EU countries, for first indication, and is in late Phase III development for the U.S. market, with potential launch in 2014.

The second near-term product opportunity, Diafert®, is a non-invasive immunoassay kit for embryo morphology, the assessment of oocyte (egg) quality, related to in-vitro fertilization (IVF). In Phase II clinical trials, Diafert®'s unique testing process increased successful implantation rates 24 percent to 57 percent.

### Mid-Stage Development Candidate

Currently in Phase II clinical studies, the Estelle® contraceptive product is being developed for global markets, with anticipated launch in 2018. Estelle® contains a novel natural estrogen, estetrol, which we believe will provide a prolonged half-life, a higher safety margin, less interference with liver and metabolic functions and an improved side effect profile.

### Early Stage Development Opportunities

As part of the acquisition, Actavis Specialty Brands also acquired additional Women's Health products in early stage development. Vaginate, being developed for the potential treatment of vaginal infections, is currently in proof-of-concept trials. Colvir, which is being studied for the treatment of premalignant Human Papilloma Virus (HPV) lesions of the uterine cervix, is currently in Phase I global trials.

In addition, Actavis acquired Alyssa, a next-generation IUD being developed as a contraceptive with the ability to reduce heavy menstrual bleeding. Alyssa is currently in the pre-clinical formulation development stage.







### Biosimilars Progress

Actavis Specialty Brands is continuing to execute on its strategy to be among the leaders in the global development of biosimilars. Beginning in 2010, we sought to develop a robust program to create a strong biosimilars position poised to compete in the latter half of this decade. This strategy included the acquisition of Eden Biodesign and in-licensing the recombinant follicle stimulating hormone (rFSH) development program in 2010, and the 2011 collaboration with Amgen on the development of biosimilar oncology products.

At the conclusion of 2012, Actavis Specialty Brands had a portfolio of five biosimilar products in various stages of development: one being developed internally and four products being developed within the Amgen/Actavis collaboration.

In our rFSH program, a biosimilar product for infertility, research teams at Eden Biodesign are ramping up development capacity, completing cGMP testing and have met with U.S. and EU regulators to define the development pathway. This program is currently in Phase I.

Specialty Brands also advanced its biosimilars collaboration with Amgen in 2012 and early 2013. In July 2012, legacy Watson entered into a global license agreement with Synthon for its development stage biosimilar version of Herceptin®, an FDA approved treatment for breast and gastric cancers. The development candidate was contributed to the Amgen/Actavis collaboration. Actavis and Amgen have assumed responsibility for product development work worldwide, including Phase III clinical trials, as well as global manufacturing and commercialization. Earlier this year Synthon successfully completed a European Phase I bio-equivalence trial, and Actavis and Amgen are now preparing for a confirmatory Phase III trial in Europe.

Under our collaboration with Amgen, we are developing four oncology products – Herceptin®, Avastin®, Rituxan/MabThera® and Erbitux®. The first biosimilar products from this collaboration could launch as early as 2017.

## Actavis Specialty Brands Summary

With strong growth in its core Women's Health and Urology promoted products, and an expanded pipeline of near- and long-term pipeline programs, Actavis Specialty Brands is positioned for continued growth in the U.S. and in global markets including Canada and Latin America. Actavis Specialty Brands is also well-positioned to capitalize on biosimilars opportunities in the latter-half of the decade.

A full-page background image showing a male worker in profile, facing right. He is wearing a light blue full-body protective suit, a white hairnet, and a clear face shield. He is wearing black gloves and is positioned in front of a piece of industrial machinery. The setting appears to be a cleanroom or a controlled environment with stainless steel surfaces and overhead lighting. An orange semi-transparent banner is overlaid across the middle of the image, containing the text 'Actavis Global Operations'.

# Actavis Global Operations





Actavis Global Operations now operates a network of 30 facilities in 20 countries, representing a combined manufacturing capacity of approximately 44 billion solid oral dosage units and other dosage forms.

With responsibility for producing more than 1,100 generic products and more than 40 branded products, we are focused on maximizing our global capacity to continue delivering the highest quality products to all of our customers around the world.

We are also focused on maximizing the combination of the Watson and Actavis capabilities into a seamless global network that ensures timely product launches, exceptional levels of customer service and is ready to support our evolving product portfolio.







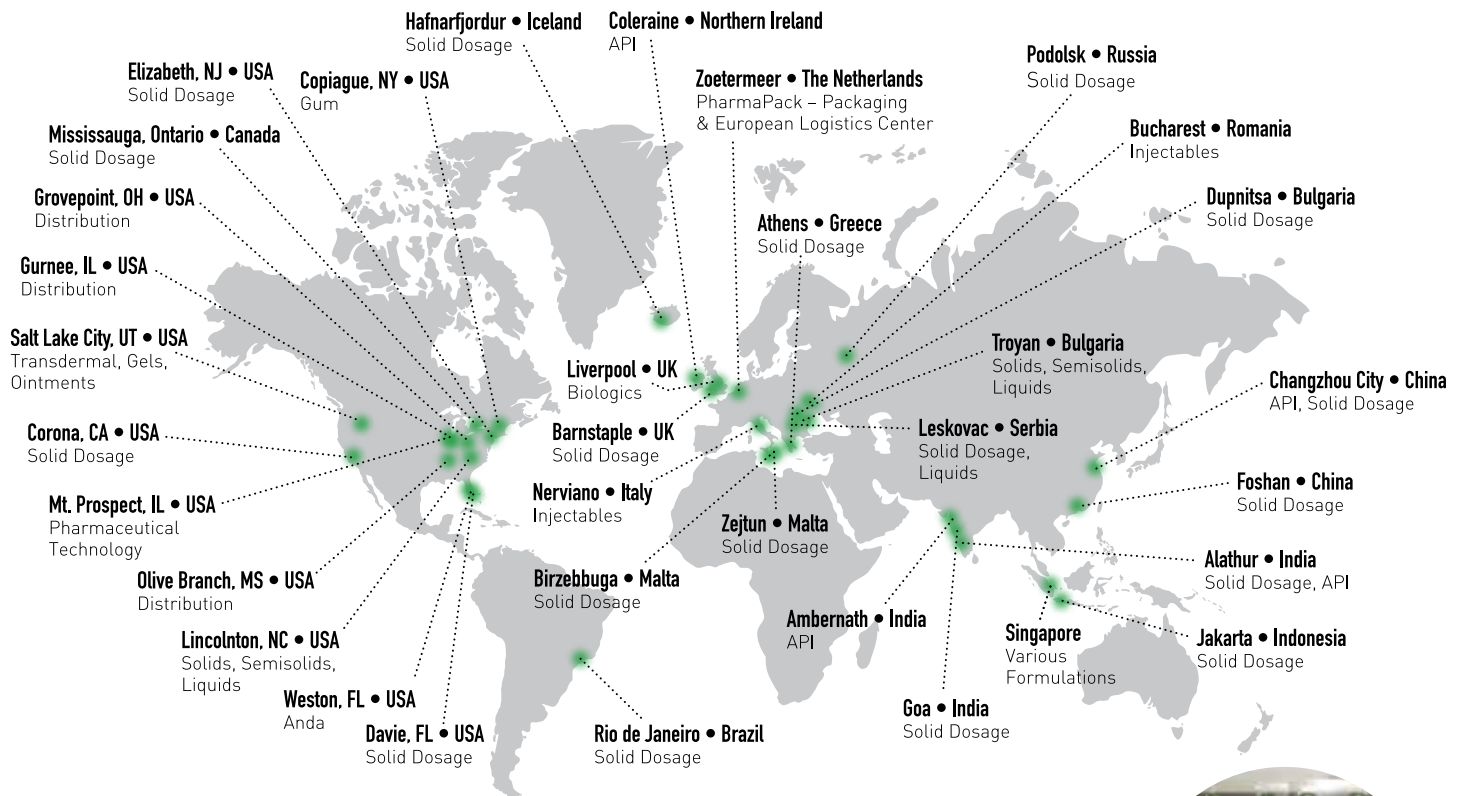
The Actavis manufacturing network today has the capability to produce a broad portfolio of products in nearly every type of pharmaceutical technology. We have enhanced our existing capabilities in a number of areas, including modified-release products, semi-solids, transdermals and liquids, while expanding into new areas such as injectable products and devices, which will be a key focus going forward.

The Actavis network includes four facilities focused on Active Pharmaceutical Ingredient (API) production; five facilities that support transdermals, semi-solids, liquids and other unique technologies; two injectable facilities; and 18 solid oral dosage manufacturing facilities. The Company has four distribution centers in the U.S. and additional distribution capabilities in Europe that are strategically located to reduce transportation costs, while maintaining the highest levels of service.

One of the many benefits of the combination of Watson and Actavis involves strengthening the combined company's position in injectables manufacturing. Actavis Global Operations now has two facilities devoted to injectable drug delivery; one facility in Bucharest, Romania which specializes in small-scale oncology injectable products, and a facility in Nerviano, Italy, which is focused on larger batch injectable products. Actavis Global Operations will continue to invest in injectable manufacturing, particularly in adding prefilled syringe filling/finishing capabilities, which will not only help broaden our portfolio, but also provide a foundation for continued expansion, particularly into biosimilar products in the future.

As the Actavis R&D portfolio continues to evolve to more complex products, we are committed to investing in our global supply chain to ensure we have the manufacturing assets in place to produce the technologies that will drive our future business growth.

## Global Supply Chain Network



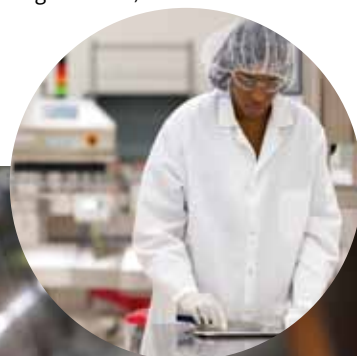


In 2012, we completed a \$44 million expansion of our state-of-the-art facility in Salt Lake City, Utah, USA — a key investment that will provide the capability to launch the generic version of Lidoderm® in September 2013, as well as support the development and production of numerous other transdermal products within our pipeline in the future. We also continued to invest in our manufacturing facilities in Goa, India, and Dupnitsa, Bulgaria, which are both now capable of producing more than 5 billion dosages.

With our global expansion, we have adopted a single quality system spanning our entire supply chain, holding all of our facilities to the highest standard. As evidenced by our compliance track record, we are committed to reliably delivering high-quality products to our customers in every market we serve around the world.

During 2012, we expanded our Operational Excellence Program, which is designed to ensure the optimal utilization of our global manufacturing assets and shift our focus toward producing products in lower-cost locations, while maintaining the highest quality standards.

As part of a thorough review of our expanded and more complex global supply chain network, we announced plans in early 2013 to restructure manufacturing and packaging operations at our Corona, California, USA facility no later than the end of 2014. We intend to restructure manufacturing at the site to create a center of excellence for the production of oral contraceptives. As part of this initiative, we will transfer non-OC products to other existing sites within our global manufacturing network, particularly Davie, Florida, USA.







## Anda, Inc.

Anda, Inc. is the fourth-largest generic pharmaceutical distributor in the U.S. based on sales and is a unique strategic asset for Actavis. Serving as a complement to primary wholesalers, Anda primarily distributes generic and selected brand pharmaceutical products, vaccines, injectables and over-the-counter medicines to pharmacies and physicians' offices across the country. Through Anda, we offer customized programs to support the needs of both customers and manufacturers, and we are the premier distributor for new-to-market launches to chain drug stores.

In 2012, we began efforts to diversify Anda's operations by re-launching PractRx, Anda's direct-to-physician business. Since its re-launch, PractRx has seen steady month-to-month growth and now accounts for approximately 10 percent of Anda's business. It provides a valuable service to the growing number of physicians directly administering treatment in office, and we are committed to continuing to grow the business in the years ahead. Also last year, we launched Anda Specialty, which focuses on the unmet needs of specialty product manufacturers. With its unique distribution capabilities, Anda Specialty promises to be an increasingly important future business segment.

2012 also saw the opening of a new state-of-the-art Anda distribution facility in Olive Branch, Mississippi, USA. The 234,000 square-foot, \$23 million facility, is in close proximity to the primary FedEx® hub in Memphis, Tennessee, USA, which enables us to more efficiently and cost-effectively support our customers. In many cases, we are now able to take an order at midnight, and deliver product to a customer on the same day, providing a unique advantage over competitors.

## Actavis Global Operations Summary

Actavis Global Operations is focused on leveraging our expanded global network to lower costs and optimize capacity, while maintaining the highest global quality and customer service standards. We will look to further improve our cost of goods by capturing purchasing synergies and continuing to optimize our global manufacturing network. And we will continue efforts to rationalize our supply chain, increase efficiency and support our commercial organization with faster and more effective product launches.







## CFO REPORT

2012 marked another year of solid execution and growth for Actavis. Net revenues grew 29 percent to \$5.9 billion. Non-GAAP earnings per diluted share increased 26 percent to \$6.00 and adjusted EBITDA increased 26 percent to \$1.4 billion.

Since 2008, non-GAAP earnings per diluted share have grown at a compounded annual growth rate of more than 31 percent. We have made a number of investments this year to promote the long-term growth of our business.

In January 2012, we completed the acquisition of Ascent Pharmahealth Ltd. for approximately \$393 million and became the fifth-largest generic pharmaceutical company in Australia.

In October 2012, we accelerated our international expansion as we completed the acquisition of the Actavis Group. The acquisition combined two successful, profitable and growing companies into a leading global specialty pharmaceutical company with operations in more than 60 countries. We expect to realize \$300 million in annual cost synergies within the first three years following the close of the transaction, predominantly consisting of SG&A, R&D, corporate cost and purchasing. Longer-term, there is an opportunity to realize incremental revenue synergies and synergies from rationalizing our global manufacturing network.

The Actavis transaction was funded through a combination of \$1.8 billion in term loan borrowings and the issuance of \$3.9 billion in senior unsecured notes at a combined cost of capital of less than 3 percent.

In January of 2013, we completed the acquisition of Belgium-based Uteron Pharma SA for \$150 million in cash up-front, and up to \$155 million in potential future milestone payments. The acquisition expands our global pipeline in Women's Health products, including three potential near-term global commercial opportunities in contraception and infertility, including one novel oral contraceptive. Several additional products in early stages of development are also included in the acquisition.

We ended the year in a strong position from a liquidity standpoint with \$328 million in cash and marketable securities. Financially, our priorities are to ensure a cost effective integration of the Actavis business, maximize the realization of expected synergies and optimize our cost structure through the globalization of operations. We are committed to reducing leverage by deploying future cash flows for accelerated debt repayment. We will optimize returns on internal investments and continue to implement strategies to lower our overall effective tax rate.

Our strong financial position has enabled us to invest in the growth of our business and we are committed to maintaining a strong financial foundation.

**R. Todd Joyce**  
Chief Financial Officer - Global



## Adjusted EBITDA

Twelve months ended December 31, (in millions)	2012	2011	2010
GAAP net income	\$97.3	\$260.9	\$184.4
Plus:			
Interest expense	116.7	81.8	84.1
Interest income	(2.5)	(2.1)	(1.6)
Provision for income taxes	146.8	196.9	67.3
Depreciation (includes accelerated depreciation)	97.5	93.6	101.9
Amortization <sup>(1)</sup>	481.9	355.5	180.0
<b>EBITDA</b>	<b>937.7</b>	<b>986.6</b>	<b>616.1</b>
Adjusted for:			
Global supply chain initiative	14.4	11.0	29.7
Acquisition and licensing charges	294.1	37.7	28.5
Non-cash impairment charges	149.5	44.3	32.6
Non-recurring (gains) losses	(134.6)	(13.2)	(25.1)
Legal settlements	87.7	5.0	132.9
Accretion income	0.4	(0.3)	-
Share-based compensation	48.7	39.8	23.5
<b>Adjusted EBITDA</b>	<b>\$1,397.9</b>	<b>\$1,110.9</b>	<b>\$838.2</b>

(1) Includes amortization of excess purchase price on equity method investment.

## GAAP to Non-GAAP Net Income Calculation

Twelve months ended December 31, (in millions)	2012	2011	2010
<b>Reported GAAP net income attributable to common shareholders</b>	<b>\$97.3</b>	<b>\$260.9</b>	<b>\$184.4</b>
Adjusted for:			
Amortization	481.9	355.5	180.0
Global supply chain initiative <sup>(1)</sup>	15.1	16.3	41.5
Acquisition and licensing charges	294.6	29.5	28.5
Interest accretion on contingent liabilities	22.4	37.5	29.9
Non-cash impairment/asset sales	149.5	44.3	32.6
Non-recurring (gains) losses	(134.6)	(13.2)	(25.1)
Legal settlements	87.7	5.0	132.9
Income taxes on items above	(244.0)	(132.0)	(179.3)
<b>Non-GAAP net income attributable to common shareholders</b>	<b>769.9</b>	<b>603.8</b>	<b>425.4</b>
<b>Diluted earnings per share</b>			
Diluted earnings per share – GAAP	\$0.76	\$2.06	\$1.48
Diluted earnings per share - Non-GAAP	\$6.00	\$4.77	\$3.42
Basic weighted average common shares outstanding	125.8	124.5	122.4
Effect of dilutive securities:			
Dilutive share-based compensation arrangements*	2.6	2.0	1.8
<b>Diluted weighted average common shares outstanding*</b>	<b>128.4</b>	<b>126.5</b>	<b>124.2</b>

(1) Includes accelerated depreciation charges.

\*Includes dilutive effect of current best estimate of 3.85 million shares issuable to the former shareholders of Actavis Group.

## MANAGEMENT TEAM

### BOARD OF DIRECTORS

**Paul M. Bisaro**

President and Chief Executive Officer  
Actavis, Inc.

**Christopher W. Bodine**

Former President,  
Health Care Services for CVS Caremark  
Corporation

**Michael J. Fedida**

Registered Pharmacist,  
Consultant and Owner of Several  
Retail Pharmacies

**Michel J. Feldman**

Member, Seyfarth Shaw LLP

**Albert F. Hummel**

Chief Executive Officer & President,  
Obagi Medical Products, Inc.

**Catherine M. Klema**

President, Nettleton Advisors LLC

**Jack Michelson**

Retired Corporate Vice President  
and President, Technical Operations,  
G.D. Searle

**Ronald R. Taylor**

President,  
Tamarack Bay LLC

**Andrew L. Turner**

Chairman of the Board  
Chairman of the Board, EnduraCare  
Therapy Management, Inc.

**Fred G. Weiss**

Managing Director,  
FGW Associates, Inc.

### ACTAVIS, INC. SENIOR MANAGEMENT

**Paul M. Bisaro**

President and  
Chief Executive Officer

**Sigurdur Oli Olafsson**

President,  
Actavis Pharma

**G. Frederick Wilkinson**

President,  
Actavis Specialty Brands

**Robert A. Stewart**

President,  
Actavis Global Operations

**R. Todd Joyce**

Chief Financial Officer - Global

**David A. Buchen**

Chief Legal Officer - Global & Secretary

**Charles M. Mayr**

Chief Communications Officer - Global

**Patrick J. Eagan**

Chief Human Resources Officer - Global

## CORPORATE INFORMATION

### GLOBAL HEADQUARTERS

Morris Corporate Center III  
400 Interpace Parkway  
Parsippany, NJ 07054

### COMMON STOCK

Stock Symbol: ACT  
Listed: New York Stock Exchange

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP  
Florham Park, NJ

### STOCKHOLDER INFORMATION

Questions concerning stock ownership  
may be directed to Investor Relations at  
Corporate Headquarters.  
E-mail: [investor.relations@actavis.com](mailto:investor.relations@actavis.com)

### STOCK TRANSFER AGENT

American Stock Transfer  
And Trust Company  
6201 15th Avenue  
Brooklyn, NY 11219  
800.937.5449  
[www.amstock.com](http://www.amstock.com)

### ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of  
Stockholders of Actavis, Inc.  
will be held at The Parsippany Sheraton,  
Parsippany, NJ on May 10, 2013.

### PRESS RELEASE INFORMATION

Press releases and other information are  
available on Actavis' Web site at  
[www.actavis.com](http://www.actavis.com)

### ADDITIONAL INFORMATION

Actavis files periodic reports with the  
Securities and Exchange Commission  
that contain additional information  
about the company, including Actavis,  
Inc.'s Annual Report on Form 10-K and  
its Quarterly Reports on Form 10-Q.  
Copies are available on Actavis' corporate  
Web site at [www.actavis.com](http://www.actavis.com) within  
the Investors section, or at [www.sec.gov](http://www.sec.gov), or upon written request to Investor  
Relations at the Corporate Headquarters  
address. We have also filed with the New  
York Stock Exchange the most recent  
Annual CEO Certification as required by  
Section 303A.12(a) of the New York Stock  
Exchange Listed Company Manual.

### TRADEMARKS

Trademarks noted in this annual report  
are the property of their respective  
registered owners.

### Forward-Looking Statement

Statements contained in this annual  
report that refer to Actavis' estimated  
or anticipated future results or other  
non-historical facts are forward-looking  
statements that reflect Actavis' current  
perspective of existing trends and  
information as of the date of this report.  
For instance, any statements in this report  
concerning prospects related to Actavis'  
strategic initiatives, product introductions  
and anticipated financial performance are  
forward-looking statements. It is important  
to note that Actavis' goals and expectations  
are not predictions of actual performance.  
Actavis' performance, at times, will  
differ from its goals and expectations.  
Actual results may differ materially from  
Actavis' current expectations depending  
upon a number of factors affecting  
Actavis' business. These factors include,  
among others, the inherent uncertainty

associated with financial projections;  
successful integration of the legacy Actavis  
acquisition and the ability to recognize the  
anticipated synergies and benefits of the  
legacy Actavis acquisition; the difficulty  
of predicting the timing and outcome of  
pending patent litigation and risks that an  
adverse outcome in such litigation could  
prevent us from selling products and render  
Actavis liable for substantial damages;  
the impact of competitive products and  
pricing; risks related to fluctuations in  
foreign currency exchange rates; periodic  
dependence on a small number of products  
for a material source of net revenue or  
income; variability of trade buying patterns;  
changes in generally accepted accounting  
principles; risks that the carrying values  
of assets may be negatively impacted  
by future events and circumstances; the  
timing and success of product launches;  
the difficulty of predicting the timing or  
outcome of product development efforts

and regulatory agency approvals or  
actions, if any; market acceptance of and  
continued demand for Actavis' products;  
difficulties or delays in manufacturing;  
the availability and pricing of third party  
sourced products and materials; successful  
compliance with governmental regulations  
applicable to Actavis' facilities, products  
and/or businesses; changes in the laws and  
regulations, including Medicare, Medicaid,  
and similar laws in foreign countries  
affecting, among other things, pricing and  
reimbursement of pharmaceutical products  
and the settlement of patent litigation;  
and such other risks and uncertainties  
detailed in Actavis' periodic public  
filings with the Securities and Exchange  
Commission, including but not limited to  
Actavis' Annual Report on form 10-K for the  
year ended December 31, 2012. Except as  
expressly required by law, Actavis disclaims  
any intent or obligation to update these  
forward-looking statements.

Design: Marena Studios • Photography: Bill Gallery

**Mixed Sources**

Product group from well-managed  
forests, controlled sources and  
recycled wood or fiber  
[www.fsc.org](http://www.fsc.org) Cert no. SCS-COC-001023  
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