WARNER CHILCOTT LTD

FORM 10-Q
(Quarterly Report)

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Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

or

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

For the transition period from to

Commission file number 1-33039

WARNER CHILCOTT LIMITED
(Exact name of Registrant as specified in its charter)

Bermuda **(State or Other Jurisdiction of Incorporation or Organization)**	**98-0496358** **(I.R.S. - Employer Identification No.)**

Unit 19 Ardee Business Park, Hale Street
Ardee, Co. Louth, Ireland
(Address of principal executive offices)

+353 41 685 6983
(Registrant's telephone number)

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 ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of August 1, 2009, the registrant had 251,315,153 Class A common shares outstanding.

INDEX

		Page #
PART I—FINANCIAL INFORMATION		
Item 1.	Condensed Consolidated Financial Statements (unaudited)	**3**
	Condensed Consolidated Balance Sheets (unaudited) as of June 30, 2009 and December 31, 2008	**3**
	Condensed Consolidated Statements of Operations (unaudited) for the quarters and six months ended June 30, 2009 and June 30, 2008	**4**
	Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2009 and June 30, 2008	**5**
	Notes to the Condensed Consolidated Financial Statements (unaudited)	**6**
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	**26**
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	**32**
Item 4.	Controls and Procedures	**32**
PART II—OTHER INFORMATION		
Item 1.	Legal Proceedings	**32**
Item 1A.	Risk Factors	**32**
Item 6.	Exhibits	**33**
	Signatures	**34**

Items other than those listed above have been omitted because they are not applicable.

Table of Contents

PART I. Financial Information

Item 1. Condensed Consolidated Financial Statements

WARNER CHILCOTT LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS
(All amounts in thousands except share amounts)
(Unaudited)

	As of June 30, 2009	As of December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 138,190	$ 35,906
Accounts receivable, net	98,428	93,015
Inventories, net	61,728	57,776
Prepaid income taxes	6,133	109
Prepaid expenses and other current assets	80,365	69,704
Total current assets	384,844	256,510
Other assets		
Property, plant and equipment, net	77,725	60,908
Intangible assets, net	885,613	993,798
Goodwill	1,250,324	1,250,324
Other non-current assets	17,603	21,351
Total assets	$2,616,109	$ 2,582,891
LIABILITIES		
Current liabilities		
Accounts payable	$ 26,140	$ 15,014
Accrued expenses and other current liabilities	165,415	151,753
Current portion of long-term debt	4,935	5,977
Total current liabilities	196,490	172,744
Other liabilities		
Long-term debt, excluding current portion	854,895	956,580
Other non-current liabilities	103,830	103,647
Total liabilities	1,155,215	1,232,971
Commitments and contingencies	—	—
SHAREHOLDERS' EQUITY		
Class A common stock, par value $0.01 per share; 500,000,000 shares authorized; 251,823,414 and 251,294,256 shares issued and 251,311,136 and 250,781,978 shares outstanding	2,513	2,508
Additional paid-in capital	2,061,478	2,055,521
Accumulated deficit	(590,477)	(689,836)
Treasury stock, at cost (512,278 shares)	(6,352)	(6,352)
Accumulated other comprehensive (loss)	(6,268)	(11,921)
Total shareholders' equity	1,460,894	1,349,920
Total liabilities and shareholders' equity	$2,616,109	$ 2,582,891

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents

WARNER CHILCOTT LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(All amounts in thousands except per share amounts)
(Unaudited)

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
REVENUE				
Net sales	$ 245,565	$ 229,636	$ 484,589	$ 453,336
Other revenue	5,251	4,580	12,216	10,363
Total revenue	250,816	234,216	496,805	463,699
COSTS, EXPENSES AND OTHER				
Cost of sales (excludes amortization of intangible assets)	46,962	51,012	95,712	98,782
Selling, general and administrative	53,022	47,097	99,788	102,324
Research and development	11,945	12,546	35,817	24,726
Amortization of intangible assets	56,992	53,137	113,985	105,750
Interest (income)	(14)	(377)	(79)	(795)
Interest expense	15,215	24,968	33,297	49,404
INCOME BEFORE TAXES	66,694	45,833	118,285	83,508
Provision for income taxes	10,671	12,265	18,926	16,282
NET INCOME	$ 56,023	$ 33,568	$ 99,359	$ 67,226
Earnings per share:				
Class A—Basic	$ 0.22	$ 0.13	$ 0.40	$ 0.27
Class A—Diluted	$ 0.22	$ 0.13	$ 0.40	$ 0.27

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents

WARNER CHILCOTT LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 99,359	$ 67,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,426	6,049
Amortization of intangible assets	113,985	105,750
Amortization of deferred loan costs	3,771	4,235
Stock-based compensation expense	5,962	4,005
Changes in assets and liabilities:		
(Increase) in accounts receivable, prepaid expenses and other current assets	(16,031)	(4,311)
(Increase) in inventories	(3,952)	(6,248)
Increase / (decrease) in accounts payable, accrued expenses and other current liabilities	23,437	(812)
(Decrease) in income taxes and other, net	(3,083)	(55,760)
Net cash provided by operating activities	229,874	120,134
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(5,800)	(45,800)
Capital expenditures	(19,033)	(10,013)
Net cash (used in) investing activities	(24,833)	(55,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Term repayments under bank senior secured credit facility	(102,727)	(74,142)
Other	(30)	255
Net cash (used in) financing activities	(102,757)	(73,887)
Net increase / (decrease) in cash and cash equivalents	102,284	(9,566)
Cash and cash equivalents, beginning of period	35,906	30,776
Cash and cash equivalents, end of period	$ 138,190	$ 21,210
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for income taxes	$ 22,195	$ 70,994

See accompanying notes to the unaudited condensed consolidated financial statements.

WARNER CHILCOTT LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Unaudited)
(All amounts in thousands except share amounts, per share amounts or unless otherwise noted)

1. General

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and disclosures required by accounting principles generally accepted in the United States ("U.S. GAAP") for complete consolidated financial statements have been condensed or are not included herein. The interim statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2008 ("Annual Report").

The results of operations of any interim period are not necessarily indicative of the results of operations for the full year. The unaudited interim condensed consolidated financial information presented herein reflects all normal adjustments that are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The Company is responsible for the unaudited interim condensed consolidated financial statements included in this document. All intercompany transactions and balances have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

The following policies are required interim updates to those discussed in Note 2 of the Company's 2008 audited consolidated financial statements included in the Annual Report.

Revenue Recognition

Revenue from product sales is recognized when title to the product transfers to the customer, generally free on board, destination. Recognition of revenue also requires reasonable assurance of the collection of a fixed amount of sales proceeds and the completion of all performance obligations. The Company warrants products against defects and for specific quality standards, permitting the return of products under certain circumstances. Product sales are recorded net of all sales-related deductions including; sales returns, rebates, coupons and fee for service arrangements with certain distributors. Included in net sales are amounts earned under contract manufacturing agreements with third parties. The Company establishes accruals for its sales-related deductions in the same period that it recognizes the related sales based on select criteria for estimating such contra revenues. These reserves reduce revenues and are included as either a reduction of accounts receivable or as a component of accrued expenses.

In 2009, the Company initiated customer loyalty programs related to DORYX 150 mg, LOESTRIN 24 FE, and TACLONEX ointment 100mg. These customer loyalty programs cap the per prescription co-pay amount paid by our ultimate customers. The costs incurred by the Company in connection with the customer loyalty programs are considered sales-related deductions which reduce reported net sales. The Company estimates the accruals for these programs, which are included as a component of accrued advertising and promotion, based on estimated redemption rates, costs per redemption and other historical data. In March 2009, the Department of Defense ("DoD") implemented the National Defense Authorization Act of 2008 authorizing the DoD to access discounted pricing for pharmaceuticals dispensed at retail pharmacies to TRICARE beneficiaries (e.g., members of the US armed forces, their dependants and military retirees). Accordingly, the Company is required to pay rebates to the DoD for purchases under this new program. The TRICARE rebates are reflected as a reduction of net sales.

As of June 30, 2009 and December 31, 2008, the amounts related to all sales-related deductions included as a reduction of accounts receivable were $12,040 and $12,836, respectively. The amounts included in accrued liabilities were $99,330 and $76,683 (of which $63,308 and $61,282 related to reserves for product returns) as of June 30, 2009 and December 31, 2008, respectively. The provisions recorded for product returns were $11,053 and $19,584 in the quarters ended June 30, 2009 and 2008, respectively, and were $23,032 and $34,886 in the six months ended June 30, 2009 and 2008, respectively.

The Company recognizes revenue related to licensing rights to sell products using the Company's patents to third parties as a component of "other revenue". Other revenue for the quarters ended June 30, 2009 and 2008 was $5,251 and $4,580, respectively, and for the six months ended June 30, 2009 and 2008 was $12,216 and $10,363, respectively.

Subsequent Events

The Company evaluates subsequent events for matters that existed as of the balance sheet date up through the issuance date of this report on August 7, 2009. As of August 7, 2009, there are no subsequent events that are required to be recognized or disclosed in the interim financial statements.

3. Earnings Per Share ("EPS")

The Company accounts for EPS in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" and related guidance, which requires two calculations of EPS to be disclosed: basic and diluted. The numerator in

calculating basic and diluted EPS is an amount equal to consolidated net income for the periods presented. The denominator in calculating basic EPS is the weighted average shares outstanding for the respective periods. The denominator in calculating diluted EPS also includes the weighted average dilutive effect of common stock equivalents for the respective periods.

The following is the calculation of EPS for the quarters and six months ended June 30, 2009 and 2008, respectively:

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net income available to common shareholders	$ 56,023	$ 33,568	$ 99,359	$ 67,226
Weighted average number of common and potential Class A common shares outstanding:				
Basic number of Class A common shares outstanding	250,502,666	249,693,566	250,477,140	249,585,273
Dilutive effect of stock option grants and unvested restricted stock grants	219,229	844,179	144,831	932,265
Diluted number of Class A common and potential Class A common shares outstanding	250,721,895	250,537,745	250,621,971	250,517,538
Earnings per common share:				
Class A—Basic	$ 0.22	$ 0.13	$ 0.40	$ 0.27
Class A—Diluted	$ 0.22	$ 0.13	$ 0.40	$ 0.27
Amounts not included in calculation of diluted EPS as their impact was anti-dilutive under the treasury stock method:				
Stock options to purchase Class A common shares	6,521,372	4,168,003	6,521,372	4,168,163
Unvested restricted stock grants	589,241	254,892	689,165	274,939

4. Derivatives

Derivative Financial Instruments

The Company adopted SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”) on January 1, 2009. Derivative financial instruments are measured at fair value as defined by SFAS No. 157, “Fair Value Measurements” (“SFAS 157”), and are recognized as assets or liabilities on the balance sheet with changes in the fair value of the derivatives recognized in either net income or comprehensive income, depending on the timing and designated purpose of the derivative.

The Company entered into an interest rate swap contract covering a portion of its variable rate debt with affiliates of Morgan Stanley. The swap fixes the interest rate on the covered portion of the Company’s variable rate debt, hedging a portion of its exposure to potentially adverse movements in variable interest rates. The swap is accounted for in accordance with SFAS Nos. 133, 138, and 149 and is considered to be an effective cash flow hedge.

The terms of the swap as of June 30, 2009 are shown in the following table:

Notional Principal Amount	Start Date	Maturity Date	Receive Variable Rate	Pay Fixed Rate
$200,000	Sept-29-06	Dec-31-09	90 day LIBOR	5.544%

The interest rate swap effectively converts a portion of the variable rate debt under the Company’s senior secured credit facility to fixed rate debt. In prior years, the Company hedged a portion of its exposure to interest rate movements through the use of multiple interest rate swaps, all but one of which have since expired. The derivative instrument is designated as a cash flow hedge with the related gains / (losses) recorded in other comprehensive income (net of tax) with an offsetting amount included in other non-current liabilities. The gains / (losses) were $1,665 and $7,439 in the quarters ended June 30, 2009 and 2008, respectively, and were $3,613 and ($123) in the six months ended June 30, 2009 and 2008, respectively.

The fair value of the Company’s interest rate swap is determined under Level 3 based upon unobservable market inputs provided by an independent third party financial institution as defined by SFAS 157. The reconciliation of the fair value (net of tax) of the interest rate swap is as follows:

Value of interest rate swap as of December 31, 2008	$(8,513)

Total gains included in other comprehensive income for the quarter ended March 31, 2009	1,948
Value of interest rate swap as of March 31, 2009	**$(6,565)**
Total gains included in other comprehensive income for the quarter ended June 30, 2009	1,665
Value of interest rate swap as of June 30, 2009	**$(4,900)**

Other Financial Instruments

The carrying amounts reported in the consolidated balance sheets as of June 30, 2009 and December 31, 2008 for cash and cash equivalents, accounts receivable, accounts payable and other current assets and liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. The Company's $380,000 principal amount of 8.75% unsecured senior subordinated notes due 2015 (the "Notes") are publicly traded securities. The fair value of the Company's Notes, based on available market quotes, was $383,800 ($380,000 book value) and $349,600 ($380,000 book value) as of June 30, 2009 and December 31, 2008, respectively.

5. Inventories

Inventories consist of the following:

	As of June 30, 2009	As of December 31, 2008
Finished goods	$ 47,299	$ 45,566
Work-in-progress/Bulk	6,830	3,859
Raw materials	7,599	8,351
Total	$ 61,728	$ 57,776

Amounts above are net of $11,272 and $12,965 related to inventory obsolescence reserves as of June 30, 2009 and December 31, 2008, respectively. Product samples are stated at the lower of cost or market value ($3,304 and $3,618 as of June 30, 2009 and December 31, 2008, respectively) and are included in prepaid expenses and other current assets.

6. Goodwill and Intangible Assets

The Company's goodwill and a trademark have been deemed to have indefinite lives and are not amortized. The Company's licensing agreements and certain trademarks that do not have indefinite lives are being amortized on either a straight-line or accelerated basis over their useful lives not to exceed 15 years.

Components of the Company's intangible assets as of June 30, 2009 consist of the following:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Definite-lived intangible assets			
OVCON / FEMCON FE product family	$ 401,000	$ 320,071	$ 80,929
ESTROSTEP FE product family	199,100	178,243	20,857
ESTRACE Cream	411,000	185,720	225,280
FEMHRT product family	309,800	247,795	62,005
FEMRING	29,301	12,570	16,731
ESTRACE Tablets	31,500	9,450	22,050
FEMTRACE	10,695	3,190	7,505
DORYX	331,300	144,114	187,186
DOVONEX / TACLONEX product family	289,536	64,096	225,440
SARAFEM	57,800	57,800	—
DURICEF	29,000	29,000	—
MOISTUREL	10,900	3,270	7,630
Total Definite-lived intangible assets	**2,110,932**	**1,255,319**	**855,613**
Indefinite-lived intangible assets			
Trademark	30,000		30,000
Total intangible assets, net	**$ 2,140,932**	**$1,255,319**	**$ 885,613**

Aggregate amortization expense related to intangible assets was $56,992 and $53,137 for the quarters ended June 30, 2009 and 2008, respectively, and was $113,985 and $105,750 for the six months ended June 30, 2009 and 2008, respectively. The Company continuously reviews its products' remaining useful lives based on each product's estimated future cash flows. Estimated amortization expense based on current forecasts for the remainder of 2009 and for each of the next five years is as follows:

	Amortization
2009	$ 108,187
2010	160,996
2011	130,684
2012	99,110
2013	80,899
2014	67,307

7. Accrued Expenses

Accrued expenses consist of the following:

	As of June 30, 2009	As of December 31, 2008
Sales returns reserve	$ 63,308	$ 61,282
Advertising and promotion	18,968	6,534
Provision for loss contracts	15,064	13,272
Government rebates accrual	14,380	8,776
Interest payable	13,915	13,934
Obligations under product licensing agreements	9,888	14,363
Payroll, commissions, and employee costs	9,626	15,055
Deferred income	5,080	5,083
Professional fees	4,848	2,075
Research and development expense accruals	3,593	4,858
Income tax liabilities (1)	878	2,450
Other	5,867	4,071
Total	$ 165,415	$ 151,753

(1) As of June 30, 2009 and December 31, 2008, all income tax liabilities were related to FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN48") reserves. In addition, FIN48 income tax reserves included as a component of other non-current liabilities as of June 30, 2009 and December 31, 2008 totaled $3,277 and $2,328, respectively.

8. Indebtedness

Senior Secured Credit Facility

On January 18, 2005, Warner Chilcott Holdings Company III, Limited ("Holdings III") and its subsidiaries, Warner Chilcott Corporation ("WCC") and Warner Chilcott Company, LLC ("WCCL"), entered into a $1,790,000 senior secured credit facility with Credit Suisse as administrative agent and lender, and the other lenders and parties thereto. The senior secured credit facility consisted of $1,640,000 of term loans (including $240,000 of delayed-draw term loans) and a $150,000 revolving credit facility, of which $30,000 and $15,000 are available for letters of credit and swing line loans, respectively, to WCC and WCCL. The senior secured credit facility also contemplates up to three uncommitted tranches of term loans up to an aggregate of $250,000. However, the lenders are not committed to provide these additional tranches. Holdings III, WCC and WCCL are each borrowers and cross-guarantors under the senior secured credit facility. In addition, Holdings III's significant subsidiaries are guarantors. As a result of making optional prepayments of $100,000 in the six months ended June 30, 2009 on the term loan and delayed-draw term loan facilities that mature on January 18, 2012, the scheduled quarterly repayments of principal were reduced to $4,935 annually, with the remaining principal due on the maturity date. The revolving credit facility matures January 18, 2011. As of June 30, 2009, there were no borrowings outstanding under the revolving credit facility.

8.75% Notes

On January 18, 2005, WCC, the Company's wholly-owned U.S. subsidiary, issued $600,000 aggregate principal amount of 8.75% Notes. In October 2006, the Company redeemed $210,000 aggregate principal amount of the Notes using a portion of the proceeds from the Company's initial public offering ("IPO"). During 2008, WCC purchased and retired $10,000 aggregate principal amount of its Notes, at a discount, in privately negotiated open market transactions. As of June 30, 2009, the Notes were guaranteed on a senior subordinated basis by the Company, Holdings III, WC Luxco S.à r.l , Warner Chilcott Intermediate (Luxembourg) S.à r.l., WC Pharmaceuticals I Limited, our U.S. operating subsidiary (Warner Chilcott (US), LLC) and WCCL (collectively, the "Guarantors"). Interest payments on the Notes are due semi-annually in arrears on each February 1 and August 1. The issuance costs related to the Notes are being amortized to interest expense over the ten-year term of the Notes using the effective interest method. As of June 30, 2009, the Notes were unsecured senior subordinated obligations of WCC, were guaranteed on an unsecured senior subordinated basis by the Guarantors and ranked junior to all existing and future senior indebtedness, including indebtedness under the senior secured credit facility.

Components of Indebtedness

As of June 30, 2009, the Company's outstanding funded debt included the following:

	Current Portion as of June 30, 2009	Long-Term Portion as of June 30, 2009	Total Outstanding as of June 30, 2009
Revolving credit loan	$ —	$ —	$ —
Term loans	4,935	474,895	479,830
Notes	—	380,000	380,000
Total	$ 4,935	$ 854,895	$ 859,830

As of June 30, 2009, mandatory principal repayments of long-term debt in the remainder of 2009 and each of the five years ending December 31, 2010 through 2014 and thereafter were as follows:

Year Ending December 31,	Aggregate Maturities
2009	$ 2,468
2010	4,935
2011	3,701
2012	468,726
2013	—
2014	—
Thereafter	380,000
Total long-term debt	$859,830

9. Stock-Based Compensation

The Company's stock-based compensation, including grants of non-qualified options to purchase Class A common shares and grants of restricted Class A common shares, is measured at fair value on the date of grant and is recognized in the statement of operations as compensation expense over the applicable vesting periods. Total stock-based compensation expense recognized for the quarters ended June 30, 2009 and 2008 was $3,330 and $2,195, respectively, and was $5,962 and $4,005 for the six months ended June 30, 2009 and 2008, respectively. Unrecognized future compensation expense was $17,181 as of June 30, 2009, which will be recognized as an expense over a remaining weighted average period of 1.17 years.

In establishing the value of the options on the grant dates, the Company uses its actual historical volatility for its Class A common shares to estimate its expected future volatility at each grant date. The fair value of options is determined on the grant dates using the Black-Scholes method of valuation and that amount is recognized as an expense over the four year vesting period. The options have a term of ten years. The Company assumed that the options would be exercised, on average, in six years. Using the Black-Scholes valuation model, the fair value of the options was determined using the following assumptions:

	2009 Grants	2008 Grants
Dividend yield	None	None
Expected volatility	35.00%	35.00%
Risk-free interest rate	2.35 – 3.52%	2.24 – 3.98%
Expected term (years)	6.00	6.00

The weighted average remaining contractual term of all outstanding options to purchase Class A common shares granted is 7.8 years.

The following is a summary of the equity award activity for unvested restricted Class A common shares in the period from December 31, 2008 through June 30, 2009:

	Class A Grants	
(in thousands except per share amounts)	Number of Common Shares	Weighted Average Fair Value on Grant Date
Unvested restricted Class A common shares at December 31, 2008	530	$ 10.66
Granted shares	539	13.04
Repurchased shares	—	—
Vested shares	(254)	4.44
Forfeited shares	(10)	15.78
Unvested restricted Class A common shares at June 30, 2009	805	$ 14.15

The following is a summary of the equity award activity for non-qualified options to purchase Class A common shares in the period from December 31, 2008 through June 30, 2009:

	Class A Options		
(in thousands except per share amounts)	Number of Options	Weighted Average Fair Value on Grant Date	Weighted Average Exercise Price
Balance at December 31, 2008	4,074	$ 3.95	$ 19.34
Granted options	2,627	4.77	12.51
Exercised options	—	—	—
Forfeited options	(180)	6.65	14.96
Balance at June 30, 2009	6,521	$ 4.20	$ 16.71
Vested and exercisable at June 30, 2009	2,657	$ 2.14	$ 20.99

The intrinsic value of non-qualified options to purchase Class A common shares is calculated as the difference between the closing price of the Company's common stock as of June 30, 2009 and the exercise price of the options that had a strike price below the closing price. The intrinsic value for the non-qualified options to purchase Class A common shares, that are "in the money" as of June 30, 2009, is as follows:

(in thousands except per share amounts)	Number of options	Weighted Average Exercise Price	Closing Stock Price	Intrinsic Value
Balance outstanding at June 30, 2009	719	$ 10.52	$13.15	$1,891
Vested and exercisable at June 30, 2009	—	—	—	—

10. Commitments and Contingencies

The Company has a contingent purchase obligation in connection with a product acquired in 2003 (FEMHRT). This contingent obligation is payable quarterly and is based on FEMHRT maintaining market exclusivity through the first quarter of 2010. Payments related to this product totaled $2,900 in each of the quarters ended June 30, 2009 and 2008 and $5,800 in each of the six months ended June 30, 2009 and 2008. Assuming that FEMHRT maintains market exclusivity through the first quarter of 2010, the Company would make additional payments of:

Year	Amount
2009	$5,800
2010	2,900
Total	$8,700

Product Development Agreements with LEO Pharma A/S

In September 2005, the Company entered into agreements with LEO Pharma A/S ("LEO Pharma") under which the Company acquired the rights to certain products under development. LEO Pharma also granted the Company a right of first refusal and last offer for the U.S. sales and marketing rights to dermatology products developed by LEO Pharma through 2010. In June 2008, the Company made a $40,000 milestone payment under this agreement as a result of the Food and Drug Administration's ("FDA") approval of the New Drug Application ("NDA") for TACLONEX scalp. This $40,000 payment has been recorded as an intangible asset as part of the DOVONEX/TACLONEX product family and is being amortized over the product's useful life. Under the product development agreement, the Company may be required to make additional payments to LEO Pharma upon the achievement of various developmental milestones related to the various products that could aggregate up to $100,000. In addition, the Company agreed to pay a supply fee and royalties to LEO Pharma based on the net sales of those products. The Company may also agree to make additional payments for products that have not been identified or that are covered under the right of first refusal and last offer.

In January 2006, the Company entered into an agreement with LEO Pharma to acquire an option to purchase certain rights with respect to a topical dermatology product in development. The Company paid $3,000 for the option upon signing and agreed to pay an additional $3,000 upon completion of developmental milestones. The purchase price for the supply of the product remains subject to negotiation by LEO Pharma and the Company if the option is exercised.

In May 2009, LEO Pharma agreed to temporarily suspend its development efforts with respect to a topical product for the treatment of psoriasis on the body (the "80-185 product") and begin development efforts on a new dermatology product. In the event that LEO Pharma determines that it will continue development of the new dermatology product, it will be substituted for the 80-185 product under the existing agreements.

Other Product Development Agreements

In July 2007, the Company entered into an agreement with Paratek Pharmaceuticals, Inc. ("Paratek") under which the Company acquired certain rights to novel tetracyclines under development for the treatment of acne and rosacea. The Company paid an upfront fee of $4,000 and agreed to reimburse Paratek for research and development ("R&D") expenses incurred during the term of the agreement. The Company may make additional payments to Paratek upon the achievement of various developmental milestones that could aggregate up to $24,500. In addition, the Company agreed to pay royalties to Paratek based on the net sales, if any, of the products covered under the agreement.

In December 2008, the Company signed an agreement with Dong-A PharmTech Co. Ltd. ("Dong-A"), to develop and market its orally-administered udenafil product, a PDE5 inhibitor for the treatment of erectile dysfunction ("ED") in the U.S. The Company paid $2,000 in connection with signing the agreement, which was included in R&D expense for the year ended December 31, 2008. In March 2009, the Company paid $9,000 to Dong-A, which was included in R&D expense for the six months ended June 30, 2009, upon the achievement of a developmental milestone under the agreement. The Company agreed to pay for all development costs incurred during the term of the agreement and may make an additional payment to Dong-A of $13,000 upon the achievement of a contractually-defined milestone. In addition, the Company agreed to pay a profit-split to Dong-A based on operating profit (as defined in the agreement), if any, on the product.

In February 2009, the Company acquired the U.S. rights to NexMed Inc.'s ("NexMed") topically applied alprostadil cream for the treatment of ED and the previous license agreement between the Company and NexMed relating to the product was terminated. Under the terms of the acquisition agreements, the Company paid NexMed an up-front payment of $2,500, which was included in R&D expense in the six months ended June 30, 2009, and agreed to pay a milestone payment of $2,500 to NexMed upon the FDA's approval of the product NDA. The Company is currently working to prepare its complete response to the non-approvable letter that the FDA delivered to NexMed in July 2008 with respect to the product.

11. Legal Proceedings

General Matters

The Company is involved in various legal proceedings in the normal course of its business, including product liability and other litigation. The Company records reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable. The Company maintains insurance with respect to potential litigation in the normal course of its business based on its consultation with its insurance consultants and outside legal counsel, and in light of current market conditions, including cost and availability. In addition, the Company self-insures for certain liabilities not covered under its litigation insurance based on estimates of potential claims developed in consultation with its insurance consultants and outside legal counsel.

The following discussion is limited to the Company's material on-going legal proceedings:

Hormone Therapy Product Liability Litigation

Approximately 707 product liability suits, including some with multiple plaintiffs, have been filed against, or tendered to, the Company related to its hormone therapy ("HT") products, FEMHRT, ESTRACE, ESTRACE Cream and medroxyprogesterone acetate. Under the purchase and sale agreement pursuant to which the Company acquired FEMHRT from Pfizer Inc. ("Pfizer") in 2003, the Company agreed to assume product liability exposure with respect to claims made against Pfizer after March 5, 2003 and tendered to the Company relating to FEMHRT products. The cases are in the early stages of litigation and the Company is in the process of analyzing and investigating the individual complaints.

The lawsuits were likely triggered by the July 2002 and March 2004 announcements by the National Institute of Health ("NIH") of the terminations of two large-scale randomized controlled clinical trials, which were part of the Women's Health Initiative ("WHI"), examining the long-term effect of HT on the prevention of coronary heart disease and osteoporotic fractures, and any associated risk for breast cancer in postmenopausal women. In the case of the trial terminated in 2002, which examined combined estrogen and progestogen therapy (the "E&P Arm of the WHI Study"), the safety monitoring board determined that the risks of long-term estrogen and progestogen therapy exceeded the benefits, when compared to a placebo. WHI investigators found that combined estrogen and progestogen therapy did not prevent heart disease in the study subjects and, despite a decrease in the incidence of hip fracture and colorectal cancer, there was an increased risk of invasive breast cancer, coronary heart disease, stroke, blood clots and dementia. In the trial terminated in 2004, which examined estrogen therapy, the trial was ended one year early because the NIH did not believe that the results were likely to change in the time remaining in the trial and that the increased risk of stroke could not be justified for the additional data that could be collected in the remaining time. As in the E&P Arm of the WHI study, WHI investigators again found that estrogen only therapy did not prevent heart disease and, although study subjects experienced fewer hip fractures and no increase in the incidence of breast cancer compared to subjects randomized to placebo, there was an increased incidence of stroke and blood clots in the legs. The estrogen used in the WHI Study was conjugated equine estrogen and the progestin was medroxyprogesterone acetate, the compounds found in Premarin ® and Prempro™, products marketed by Wyeth. Numerous lawsuits were filed against Wyeth, as well as against other manufacturers of HT products, after the publication of the summary of the principal results of the E&P Arm of the WHI Study.

Approximately 80% of the complaints filed against, or tendered to, the Company did not specify the HT drug alleged to have caused the plaintiff's injuries. These complaints broadly allege that the plaintiff suffered injury as a result of an HT product. The Company has sought the dismissal of lawsuits that, after further investigation, do not involve any of our products. The Company has successfully reduced the number of HT suits it will have to defend. Of the approximately 707 suits that were filed against, or tendered to, the Company, 453 have been dismissed and 94 involving ESTRACE have been successfully tendered to Bristol-Myers pursuant to an indemnification provision in the asset purchase agreement pursuant to which we acquired ESTRACE. The purchase agreement included an indemnification agreement whereby Bristol-Myers indemnified the Company for product liability exposure associated with ESTRACE products that were shipped prior to July 2001. The Company has forwarded agreed upon dismissal motions in another 11 cases to plaintiffs' counsel.

The Company currently maintains product liability insurance coverage for claims between $25 million and $75 million, above which the Company is self-insured. The Company's insurance may not apply to damages or defense costs related to the above mentioned claims, including any claim arising out of HT products with labeling that does not conform completely to FDA hormone replacement therapy communications to manufacturers of HT products. Labeling changes for ESTRACE Tablets that conform to such communications are currently pending before the FDA. Although it is impossible to predict with certainty the outcome of any litigation, an unfavorable outcome in these proceedings is not anticipated. An estimate of the range of potential loss, if any, to us relating to these proceedings is not possible at this time.

Patent Matters

As a result of the enactment of the QI Program Supplemental Funding Act of 2008 (the "QI Act") on October 8, 2008, Mayne Pharma International Pty. Ltd.'s ("Mayne") U.S. Patent No. 6,958,161 (the "161 patent") covering the Company's DORYX product was submitted to the FDA for listing in the FDA's Orange Book and potential generic competitors that had filed an Abbreviated New Drug Application ("ANDA") prior to the listing of the 161 patent were permitted to certify to the listed patent within 120 days of the enactment of the QI Act. In November and December 2008, and January 2009, the Company and Mayne received Paragraph IV certification notice letters from Actavis Elizabeth LLC ("Actavis"), Mutual Pharmaceutical Company, Inc. ("Mutual"), Mylan Pharmaceuticals Inc. ("Mylan"), Impax Laboratories, Inc. ("Impax") and Sandoz Inc. ("Sandoz") indicating that each had submitted to the FDA an ANDA seeking approval to manufacture and sell generic versions of DORYX 100 and 75 mg delayed-release tablets ("DORYX 100 and 75"). Those notice letters contend that the 161 patent is invalid, unenforceable or not infringed. In December 2008 and January 2009, the Company and Mayne filed lawsuits against each of the potential generic competitors in the United States District Court for the District of New Jersey, charging them with infringement of the 161 patent. In March 2009, the Company received the FDA's response to a citizen petition that it had submitted requesting that the FDA impose a 30-month stay of approval on ANDAs referencing DORYX 100 and 75 that were filed prior to the listing of the 161 patent under the transition rules of the QI Act.

In its joint-response to the citizen petitions of the Company and several other petitioners, the FDA took the position that a 30-month stay would not apply to approvals for such ANDAs.

In March 2009, the Company and Mayne received Paragraph IV certification notice letters from Impax and Mylan indicating that each had submitted to the FDA an ANDA seeking approval to manufacture and sell a generic version of DORYX 150 mg delayed-release tablets ("DORYX 150"). The notice letters contend that the 161 patent is not infringed. In March 2009, the Company and Mayne filed a lawsuit against Impax in the United States District Court for the District of New Jersey, charging Impax with infringement of the 161 patent. In May 2009, the Company and Mayne filed a lawsuit against Mylan in the United States District Court for the District of New Jersey charging Mylan with infringement of the 161 patent. The Company believes that the FDA will stay approval of Impax's and Mylan's generic versions of DORYX 150 for up to 30 months, while the cases are pending in the district court.

All of the actions have been consolidated for discovery purposes. No trial date has been set by the district court. While the Company and Mayne intend to vigorously defend the 161 patent and pursue their legal rights, the Company can offer no assurance as to when the lawsuits will be decided, whether the district court will find that the defendants' ANDAs referencing DORYX 150, 100 and 75 will infringe the 161 patent or that a generic equivalent of DORYX 150, 100 or 75 will not be approved and enter the market prior to the expiration of the 161 patent in 2022.

On July 31, 2009 the Company received a Paragraph IV certification notice letter from Lupin Ltd. ("Lupin") indicating that it had submitted to the FDA an ANDA seeking approval to manufacture and sell a generic version of the Company's oral contraceptive, LOESTRIN 24 FE. The notice letter contends that the Company's U.S. Patent No. 5,552,394 (the "'394 Patent") which covers LOESTRIN 24 FE and expires in 2014 is invalid, unenforceable or not infringed. The Company is currently reviewing the detail of the Paragraph IV certification notice letter, continues to have full confidence in its intellectual property protecting LOESTRIN 24 FE and intends to vigorously defend the '394 Patent and pursue its legal rights.

On July 31, 2009 the Company received a Paragraph IV certification notice letter from Lupin indicating that it had submitted to the FDA an ANDA seeking approval to manufacture and sell a generic version of the Company's oral contraceptive, FEMCON FE. The notice letter contends that the Company's U.S. Patent No. 6,667,050 (the "'050 Patent") which covers FEMCON FE and expires in 2019 is invalid or not infringed. The Company is currently reviewing the detail of the Paragraph IV certification notice letter, continues to have full confidence in its intellectual property protecting FEMCON FE and intends to vigorously defend the '050 Patent and pursue its legal rights.

On September 21, 2006, LEO Pharma informed the Company that the U.S. Patent and Trademark Office (the "USPTO") ordered a reexamination of LEO Pharma's U.S. Patent No. 6,753,013 (the "013 Patent") in response to a request made by Galderma R&D ("Galderma") based on alleged prior art. The 013 Patent covers TACLONEX products and certain of LEO Pharma's products in development. The Company markets and sells TACLONEX products in the United States under a license agreement with LEO Pharma and has license rights to the products in development. LEO Pharma filed a response with the USPTO on November 13, 2006. In September 2007, LEO Pharma received a non-final Action Closing Prosecution from the USPTO, pursuant to which the patent examiner allowed the specific formulation claim for TACLONEX ointment but rejected the remaining pending claims in the reexamination of the 013 Patent. In July 2008, LEO Pharma received a Right of Appeal Notice from the USPTO reaffirming the patent examiner's position as set forth in the non-final Action Closing Prosecution. In December 2008, the USPTO determined that the Right of Appeal Notice had been prematurely issued and granted LEO Pharma's petition to reopen prosecution of the reexamination proceeding. LEO Pharma intends to vigorously defend the 013 Patent. While the Company can offer no assurance as to the ultimate outcome of the reexamination proceeding, including any related appeals, the Company continues to believe that LEO Pharma will succeed in maintaining the important elements of the patent protection for the TACLONEX products, particularly based on the timing, extent and quality of the development work conducted by LEO Pharma with vitamin D analogues in combination with corticosteroids. If the claims of the 013 Patent are substantially narrowed, TACLONEX could face direct or indirect competition prior to the expiration of the 013 Patent in 2020.

Securities Litigation

In November 2006, the Company and certain of its officers, were named as defendants in *Albano v. Warner Chilcott Limited et al.* , a class action lawsuit filed in the U.S. District Court for the Southern District of New York. Subsequently, similar purported class action lawsuits were filed. The complaints asserted claims under the Securities Act of 1933 on behalf of a class consisting of all those who were allegedly damaged as a result of acquiring the Company's common stock in connection with its IPO between September 20, 2006 and September 26, 2006. A consolidated amended complaint, which added as defendants the lead underwriters for the IPO, was filed on May 4, 2007. The consolidated amended complaint alleges, among other things, that the Company omitted and/or misstated certain facts concerning its planned transition from the sale of OVCON 35 to the sale of its new patented product, OVCON 35 FE (now FEMCON FE). The Company and the individual defendants answered the complaint on June 18, 2007. The District Court certified the plaintiff class on February 4, 2008.

On April 25, 2008, the Company reached an agreement in principle to settle the class action lawsuit. The terms of the settlement included a cash payment of $16,500, which was made to the plaintiffs in 2008. The majority of the settlement was funded by insurance proceeds and did not have a material adverse impact on the Company's financial position, results of operations or cash flows. The settlement was submitted to the District Court for approval at a fairness hearing held on April 30, 2009. No shareholder objected to or opted out of the settlement. On July 14, 2009, the District Court issued a final judgment and order of dismissal with prejudice that resolved all claims asserted against the Company and the other defendants in this case.

12. Income Taxes

The Company operates primarily in five tax jurisdictions: the United Kingdom, the United States, the Republic of Ireland, Bermuda and Puerto Rico. The Company's effective tax rates for the quarter and six months ended June 30, 2009 was 16.0%. The current estimate of the Company's effective tax rate for the full year 2009 is approximately 16.0%. The Company's effective tax rates for the quarter and six months ended June 30, 2008 were 26.8% and 19.5%, respectively. The decrease in the effective tax rates in 2009 as compared to the 2008 periods was mainly due to the impact of discrete items in 2008 primarily relating to uncertain tax positions and withholding taxes. The effective income tax rates for interim reporting periods is volatile due to changes in income mix among the various tax jurisdictions in which the Company operates, the impact of discrete items, as well as the overall level of consolidated income before income taxes.

As of June 30, 2009 and December 31, 2008, the Company's liability for unrecognized tax benefits was $3,570 and $3,527, respectively, excluding interest and penalties, if any. The unrecognized tax benefits that would impact the effective tax rate, if recognized, were $3,570 and $3,527 as of June 30, 2009 and December 31, 2008, respectively. During the quarters ended June 30, 2009 and 2008, the Company recorded approximately $0 and $371 in interest, respectively, in its provision for income taxes. During the six months ended June 30, 2009 and 2008, the Company recorded approximately $0 and $1,082 in interest, respectively, in its provision for income taxes. Included in income tax liabilities as of June 30, 2009 and December 31, 2008 were approximately $723 and $1,242 of interest, respectively. The Company also includes penalties, when applicable, as a component of its provision for income taxes.

13. Segment Information

The Company's business consists of one operating segment for internal financial reporting purposes. The following represents selected statement of operations information for the quarters and six months ended June 30, 2009 and 2008:

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenue by country of origin:				
United States	$ 246,089	$ 227,122	$ 485,132	$ 446,763
All other countries	4,727	7,094	11,673	16,936
Total revenue	$ 250,816	$ 234,216	$ 496,805	$ 463,699

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenue breakdown by product:				
Net sales:				
LOESTRIN 24 FE	$ 57,992	$ 50,215	$ 110,357	$ 97,086
FEMCON FE	12,323	10,739	25,262	21,500
ESTROSTEP FE*	2,840	6,380	7,984	11,062
OVCON*	2,175	4,030	4,900	6,760
ESTRACE Cream	28,171	21,158	51,394	40,395
FEMHRT	13,152	16,416	25,844	32,444
FEMRING	3,616	3,419	7,441	6,921
DORYX	44,883	31,698	95,266	66,825
TACLONEX	36,545	38,848	73,128	75,709
DOVONEX*	33,888	33,419	61,892	66,580
SARAFEM	4,376	7,799	8,460	12,218
Other products	3,074	1,407	6,456	4,535
Contract manufacturing product sales	2,530	4,108	6,205	11,301
Total net sales	245,565	229,636	484,589	453,336
Other revenue:				
Royalty revenue	5,251	4,580	12,216	10,363
Total revenue	$ 250,816	$ 234,216	$ 496,805	$ 463,699

* Includes revenue from related authorized generic product sales from the date of their respective launch.

The following is selected balance sheet information as of June 30, 2009 and December 31, 2008:

	As of June 30, 2009	As of December 31, 2008
Property, plant and equipment, net:		
United States	$ 17,950	$ 16,599
Puerto Rico	48,564	34,921
United Kingdom	11,211	9,388
Total	$ 77,725	$ 60,908

14. Guarantor and Non-Guarantor Condensed Consolidated Financial Information

The following financial information is presented to segregate the financial results of the Company, WCC (the issuer of the Notes), the guarantor subsidiaries of the Notes and the non-guarantor subsidiaries. The guarantors jointly and severally, and fully and unconditionally, guarantee WCC's obligation under the Notes.

The information includes elimination entries necessary to consolidate the guarantor and the non-guarantor subsidiaries. Investments in subsidiaries are accounted for using the equity method of accounting. The principal elimination entries eliminate investments in subsidiaries, equity and intercompany balances and transactions.

As of June 30, 2009, the Company, Holdings III and WC Luxco S.à r.l. (the direct parent of WCC) were guarantors of the Notes. In addition, Warner Chilcott Intermediate (Luxembourg) S.à r.l. (the direct parent of WCC prior to May 20, 2009), WCCL, WC Pharmaceuticals I Limited, and Warner Chilcott (US), LLC (together, the "Subsidiary Guarantors") were guarantors of the Notes. Warner Chilcott Holdings Company II, Limited ("Holdings II") is the direct parent of Holdings III and was not a guarantor of the Notes. Holdings II is a wholly-owned subsidiary of the Company and its only material non-current asset is the capital stock of Holdings III. Certain subsidiaries that do not guarantee the Notes are in the process of dissolution and are expected to be formally dissolved prior to September 30, 2009. All assets, rights and liabilities of such non-guarantor subsidiaries were transferred to, and assumed by, WCCL as of December 31, 2008.

The following financial information presents the condensed consolidating balance sheets as of June 30, 2009 and December 31, 2008, and the related statements of operations for the quarters ended June 30, 2009 and 2008, and the related statements of operations and cash flows for the six months ended June 30, 2009 and 2008.

Table of Contents

Condensed Consolidating Balance Sheets as of June 30, 2009

	Parent (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Assets									
Current Assets									
Cash and cash equivalents	$ 3,265	$ 167	$ 554	$ 20	$ 621	$ 129,428	$ 4,135	$ —	$ 138,190
Accounts receivable, net	—	—	—	—	—	98,244	184	—	98,428
Intercompany	—	—	13,549	—	—	88,012	3,569	(105,130)	—
Inventories	—	—	—	—	—	58,946	2,782	—	61,728
Prepaid expenses & other current assets	244	—	—	—	25,316	57,978	2,960	—	86,498
Total Current Assets	3,509	167	14,103	20	25,937	432,608	13,630	(105,130)	384,844
Other Assets									
Property, plant & equipment, net	—	—	—	—	—	66,519	11,206	—	77,725
Intangible assets, net	—	—	—	—	—	868,877	16,736	—	885,613
Goodwill	—	—	—	—	—	1,250,324	—	—	1,250,324
Other noncurrent assets	—	—	—	—	10,502	7,101	—	—	17,603
Intercompany	—	—	1,446,404	—	—	—	—	(1,446,404)	—
Investments in subsidiaries	1,460,801	1,460,645	—	1,446,462	1,592,327	—	—	(5,960,235)	—
Total Assets	$1,464,310	$1,460,812	$1,460,507	$1,446,482	$1,628,766	$2,625,429	$ 41,572	$(7,511,769)	$2,616,109
Liabilities									
Current Liabilities									
Accounts payable	$ 414	$ —	$ —	$ —	$ —	$ 20,696	$ 5,030	$ —	$ 26,140
Intercompany	233	17	—	—	72,305	3,569	29,006	(105,130)	—
Accrued expenses & other current liabilities	2,769	—	—	—	13,862	147,326	1,458	—	165,415
Current portion of long-term debt	—	—	—	—	1,291	3,644	—	—	4,935
Total Current Liabilities	3,416	17	—	—	87,458	175,235	35,494	(105,130)	196,490
Other Liabilities									
Long-term debt, excluding current portion	—	—	—	—	503,296	351,599	—	—	854,895
Intercompany	—	—	—	1,446,404	—	—	—	(1,446,404)	—
Other non-									

current liabilities	—	—	—	—	—	99,068	4,762	—	103,830
Total Liabilities	3,416	17	—	1,446,404	590,754	625,902	40,256	(1,551,534)	1,155,215
Shareholders' Equity	1,460,894	1,460,795	1,460,507	78	1,038,012	1,999,527	1,316	(5,960,235)	1,460,894
Total Liabilities and Shareholders' Equity	$1,464,310	$1,460,812	$1,460,507	$1,446,482	$1,628,766	$2,625,429	$ 41,572	$(7,511,769)	$2,616,109

Table of Contents

Condensed Consolidating Balance Sheets as of December 31, 2008

	Parent (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Assets									
Current Assets									
Cash and cash equivalents	$ 428	$ 7	$ 63	$ 202	$ 452	$ 29,367	$ 5,387	$ —	$ 35,906
Accounts receivable, net	3	—	—	—	4	92,811	197	—	93,015
Intercompany	—	—	6,570	4,095	—	54,492	—	(65,157)	—
Inventories	—	—	—	—	—	55,868	1,908	—	57,776
Prepaid expenses & other current assets	260	—	—	—	—	66,146	3,407	—	69,813
Total Current Assets	691	7	6,633	4,297	456	298,684	10,899	(65,157)	256,510
Other Assets									
Property, plant & equipment, net	—	—	—	—	—	51,520	9,388	—	60,908
Intangible assets, net	—	—	—	—	—	974,576	19,222	—	993,798
Goodwill	—	—	—	—	—	1,250,324	—	—	1,250,324
Other noncurrent assets	—	—	—	—	12,073	9,278	—	—	21,351
Investments in subsidiaries	1,357,585	1,357,618	1,350,847	812,433	1,557,362	—	—	(6,435,845)	—
Total Assets	$1,358,276	$ 1,357,625	$ 1,357,480	$ 816,730	$1,569,891	$2,584,382	$ 39,509	$(6,501,002)	$2,582,891
Liabilities									
Current Liabilities									
Accounts payable	$ —	$ —	$ —	$ —	$ —	$ 13,979	$ 1,035	$ —	$ 15,014
Intercompany	8,136	46	—	—	5,560	21,609	29,806	(65,157)	—
Accrued expenses & other current liabilities	220	—	—	8	13,869	136,495	1,161	—	151,753
Current portion of long-term debt	—	—	—	—	1,606	4,371	—	—	5,977
Total Current Liabilities	8,356	46	—	8	21,035	176,454	32,002	(65,157)	172,744
Other Liabilities									
Long-term debt, excluding current portion	—	—	—	—	533,705	422,875	—	—	956,580
Other non-current liabilities	—	—	—	—	—	98,650	4,997	—	103,647
Total Liabilities	8,356	46	—	8	554,740	697,979	36,999	(65,157)	1,232,971
Shareholders' Equity	1,349,920	1,357,579	1,357,480	816,722	1,015,151	1,886,403	2,510	(6,435,845)	1,349,920
Total Liabilities and Shareholders' Equity	$1,358,276	$ 1,357,625	$ 1,357,480	$ 816,730	$1,569,891	$2,584,382	$ 39,509	$(6,501,002)	$2,582,891

Table of Contents

Condensed Consolidating Statements of Operations for the quarter ended June 30, 2009

	Warner Chilcott Limited (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Total revenue	$ —	$ —	$ —	$ —	$ —	$ 250,816	$ 3,891	$ (3,891)	$250,816
Costs, expenses and other									
Cost of sales (excluding amortization of intangible assets)	—	—	—	—	—	50,294	559	(3,891)	46,962
Selling, general & administrative	7,481	—	6	39	50	42,368	3,084	(6)	53,022
Research and development	—	—	—	39	—	11,603	303	—	11,945
Amortization of intangible assets	—	—	—	—	—	55,749	1,243	—	56,992
Dividend (income) / expense	(17,600)	(17,800)	(13,242)	—	—	—	—	48,642	—
Interest (income)	(1)	—	—	—	—	(10)	(3)	—	(14)
Interest expense	—	—	—	—	9,667	5,548	—	—	15,215
Income / (loss) before income taxes	10,120	17,800	13,236	(78)	(9,717)	85,264	(1,295)	(48,636)	66,694
Income tax (benefit) / provision	—	—	—	—	(3,746)	14,559	(142)	—	10,671
Equity in earnings / (losses) of subsidiaries	45,903	45,703	50,267	9,369	15,340	—	—	(166,582)	—
Net income / (loss)	$ 56,023	$ 63,503	$ 63,503	$ 9,291	$ 9,369	$ 70,705	$ (1,153)	$ (215,218)	$ 56,023

Table of Contents

Condensed Consolidating Statements of Operations for the quarter ended June 30, 2008

	Warner Chilcott Limited (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Total revenue	$ —	$ —	$ —	$ —	$ —	$ 234,216	$ 13,856	$ (13,856)	$234,216
Costs, expenses and other									
Cost of sales (excluding amortization of intangible assets)	—	—	—	—	—	55,108	862	(4,958)	51,012
Selling, general & administrative	962	7	8	14	32	53,904	1,052	(8,882)	47,097
Research and development	—	—	—	(5)	—	12,424	127	—	12,546
Amortization of intangible assets	—	—	—	—	—	44,516	8,621	—	53,137
Dividend (income) / expense	—	—	(5,268)	—	—	—	—	5,268	—
Interest (income)	(10)	—	(21)	—	(2)	(310)	(34)	—	(377)
Interest expense	—	—	—	—	12,677	11,910	381	—	24,968
(Loss) / income before income taxes	(952)	(7)	5,281	(9)	(12,707)	56,664	2,847	(5,284)	45,833
Income tax (benefit) / provision	—	—	—	—	(4,900)	16,857	308	—	12,265
Equity in earnings / (losses) of subsidiaries	34,520	34,527	29,246	(1,114)	6,693	—	—	(103,872)	—
Net income / (loss)	$ 33,568	$ 34,520	$ 34,527	$ (1,123)	$ (1,114)	$ 39,807	$ 2,539	$ (109,156)	$ 33,568

Table of Contents

Condensed Consolidating Statements of Operations for the six months ended June 30, 2009

	Warner Chilcott Limited (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Total revenue	$ —	$ —	$ —	$ —	$ —	$ 496,805	$ 5,976	$ (5,976)	$496,805
Costs, expenses and other									
Cost of sales (excluding amortization of intangible assets)	—	—	—	—	—	100,815	873	(5,976)	95,712
Selling, general & administrative	9,843	11	30	91	147	85,208	4,460	(2)	99,788
Research and development	—	—	—	45	—	34,814	958	—	35,817
Amortization of intangible assets	—	—	—	—	—	111,498	2,487	—	113,985
Dividend (income) / expense	(17,600)	(17,800)	(13,242)	—	—	—	—	48,642	—
Interest (income)	(1)	—	—	—	(1)	(67)	(10)	—	(79)
Interest expense	—	—	—	—	20,296	13,001	—	—	33,297
Income / (loss) before income taxes	7,758	17,789	13,212	(136)	(20,442)	151,536	(2,792)	(48,640)	118,285
Income tax (benefit) / provision	—	—	—	—	(7,882)	27,228	(420)	—	18,926
Equity in earnings / (losses) of subsidiaries	91,601	91,412	96,000	22,861	35,421	—	—	(337,295)	—
Net income / (loss)	$ 99,359	$ 109,201	$ 109,212	$ 22,725	$ 22,861	$ 124,308	$ (2,372)	$ (385,935)	$ 99,359

Table of Contents

Condensed Consolidating Statements of Operations for the six months ended June 30, 2008

	Warner Chilcott Limited (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
Total revenue	$ —	$ —	$ —	$ —	$ —	$ 463,699	$ 33,491	$ (33,491)	$463,699
Costs, expenses and other									
Cost of sales (excluding amortization of intangible assets)	—	—	—	—	—	108,436	1,887	(11,541)	98,782
Selling, general & administrative	2,748	22	23	51	166	118,895	2,357	(21,938)	102,324
Research and development	—	—	—	(3)	—	24,326	403	—	24,726
Amortization of intangible assets	—	—	—	—	—	88,507	17,243	—	105,750
Dividend (income) / expense	—	—	(5,268)	—	—	—	—	5,268	—
Interest (income)	(21)	—	(29)	—	(15)	(648)	(82)	—	(795)
Interest expense	—	—	—	—	25,435	23,588	381	—	49,404
(Loss) / income before income taxes	(2,727)	(22)	5,274	(48)	(25,586)	100,595	11,302	(5,280)	83,508
Income tax (benefit) / provision	—	—	—	—	(9,866)	25,392	756	—	16,282
Equity in earnings / (losses) of subsidiaries	69,953	69,975	64,701	6,433	22,153	—	—	(233,215)	—
Net income / (loss)	$ 67,226	$ 69,953	$ 69,975	$ 6,385	$ 6,433	$ 75,203	$ 10,546	$ (238,495)	$ 67,226

Table of Contents

Condensed Consolidating Statements of Cash Flows for the six month ended June 30, 2009

	Parent (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Net cash provided by / (used in) operating activities	$ 2,837	$ 160	$ 491	$ (182)	$ 30,893	$ 195,562	$ 113	$ —	$ 229,874
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of intangible assets	—	—	—	—	—	(5,800)	—	—	(5,800)
Capital expenditures	—	—	—	—	—	(17,668)	(1,365)	—	(19,033)
Net cash (used in) investing activities	—	—	—	—	—	(23,468)	(1,365)	—	(24,833)
CASH FLOWS FROM FINANCING ACTIVITIES									
Term repayments under bank senior secured credit facility	—	—	—	—	(30,724)	(72,003)	—	—	(102,727)
Other	—	—	—	—	—	(30)	—	—	(30)
Net cash (used in) financing activities	—	—	—	—	(30,724)	(72,033)	—	—	(102,757)
Net increase / (decrease) in cash and cash equivalents	$ 2,837	$ 160	$ 491	$ (182)	$ 169	$ 100,061	$ (1,252)	$ —	$ 102,284

Table of Contents

Condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2008

	Warner Chilcott Limited (Guarantor)	Warner Chilcott Holdings Company II, Limited (Non-Guarantor)	Warner Chilcott Holdings Company III, Limited (Guarantor)	Parent of Issuer (Guarantor)	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations/ Adjustments	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Net cash provided by / (used in) operating activities	$ 53	$ (8)	$ 2,372	$ (121)	$ (12)	$ 118,142	$ (292)	$ —	$120,134
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of intangible assets	—	—	—	—	—	(45,800)	—	—	(45,800)
Capital expenditures	—	—	—	—	—	(9,269)	(744)	—	(10,013)
Net cash (used in) investing activities	—	—	—	—	—	(55,069)	(744)	—	(55,813)
CASH FLOWS FROM FINANCING ACTIVITIES									
Term repayments under bank senior secured credit facility	—	—	—	—	(1,066)	(73,076)	—	—	(74,142)
Other	309	—	—	—	—	(54)	—	—	255
Net cash provided by / (used in) financing activities	309	—	—	—	(1,066)	(73,130)	—	—	(73,887)
Net increase / (decrease) in cash and cash equivalents	$ 362	$ (8)	$ 2,372	$ (121)	$(1,078)	$ (10,057)	$ (1,036)	$ —	$ (9,566)

Table of Contents

15. Comprehensive Income

SFAS 130, "Reporting Comprehensive Income", requires foreign currency translation adjustments and certain other items, which were reported in shareholders' equity to be separately disclosed as other comprehensive income / (loss). The components of accumulated other comprehensive income / (loss) for the Company consist of foreign currency translation adjustments and unrealized gains / (losses) on the Company's interest rate swap contract. Other comprehensive income was $59,904 and $41,031 for the quarters ended June 30, 2009 and 2008, respectively, and $105,012 and $66,981 for the six months ended June 30, 2009 and 2008, respectively.

The components of accumulated other comprehensive (loss) consist of:

	As of June 30, 2009	As of December 31, 2008
Cumulative translation adjustment	$ (1,368)	$ (3,408)
Unrealized (loss) on interest rate swaps (net of tax)	(4,900)	(8,513)
Total	$ (6,268)	$ (11,921)

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

You should read the following discussion together with our condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q and our audited consolidated financial statements included in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2008 ("Annual Report"). This discussion contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from those we currently anticipate as a result of many factors, including the factors we describe under "Risk Factors" in our Annual Report and elsewhere in this Form 10-Q.

Summary

The following are certain significant events that occurred during the six months ended June 30, 2009:

- In January 2009, we entered into settlement and license agreements with Watson Pharmaceuticals, Inc. to resolve pending patent litigation relating to FEMCON FE and LOESTRIN 24 FE;
- In February 2009, we acquired the U.S. rights to NexMed, Inc.'s ("NexMed") topically applied alprostadil cream for the treatment of erectile dysfunction ("ED") and the previous license agreement between the Company and NexMed relating to the product was terminated. We paid an upfront fee of $2.5 million (which was included in research and development expense ("R&D")) and agreed to make an additional payment of $2.5 million upon Food and Drug Administration ("FDA") approval of the New Drug Application ("NDA");
- In March 2009, we paid $9.0 million to Dong-A PharmTech Co. Ltd. ("Dong-A"), which was included in R&D, upon the achievement of a developmental milestone under our existing agreement for the development of an orally-administered udenafil product for the treatment of ED;
- In March 2009, we received the FDA's response to our citizen petition requesting that the FDA impose a 30-month stay of approval on Abbreviated New Drug Applications ("ANDAs") referencing DORYX 100 and 75 mg that were filed prior to the listing of the 161 patent under the transition rules of the QI Program Supplemental Funding Act of 2008. In its joint response to our and several other petitioners' citizen petitions, the FDA took the position that a 30-month stay would not apply to approvals for such ANDAs. We do believe, however, that the FDA will stay for up to 30 months the approval of ANDAs submitted after the listing of the 161 patent by Impax Laboratories, Inc. and Mylan Pharmaceuticals Inc. for generic versions of DORYX 150 mg, while our lawsuits against such companies are pending in district court;
- In March 2009, we submitted an NDA for a low-dose oral contraceptive to the FDA;
- On March 31, 2009, we made optional prepayments aggregating $100.0 million of our term loan indebtedness under our senior secured credit facility;
- In May 2009, we announced that our Board of Directors unanimously approved the redomestication of the Company from Bermuda to Ireland, subject to the approval of a scheme of arrangement by our shareholders and the Supreme Court of Bermuda. On August 5, 2009, our shareholders voted in favor of the proposed scheme of arrangement and certain related matters at a special meeting of shareholders held in Ireland. Assuming the approval of the Supreme Court of Bermuda at a hearing to be held on August 14, 2009, and the satisfaction of certain other conditions, the transaction will result in Warner Chilcott plc, a newly formed public limited company organized in, and a tax resident of, Ireland, becoming the ultimate public holding company of the Warner Chilcott group;
- Our revenue for the quarter ended June 30, 2009 was $250.8 million and our net income was $56.0 million; and
- Our revenue for the six months ended June 30, 2009 was $496.8 million and our net income was $99.4 million.

Operating Results for the quarters and six months ended June 30, 2009 and 2008

Revenue

The following table sets forth our unaudited revenue for the quarters and six months ended June 30, 2009 and 2008, as well as the corresponding dollar and percentage changes:

(dollars in millions)	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	Increase (decrease) Dollars	Increase (decrease) Percent	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Increase (decrease) Dollars	Increase (decrease) Percent
Oral Contraception								
LOESTRIN 24 FE	$ 58.0	$ 50.2	$ 7.8	15.5%	$ 110.4	$ 97.1	$ 13.3	13.7%
FEMCON FE	12.4	10.7	1.7	14.7%	25.3	21.5	3.8	17.5%
ESTROSTEP FE*	2.9	6.4	(3.5)	(55.5)%	8.0	11.0	(3.0)	(27.8)%
OVCON*	2.2	4.0	(1.8)	(46.0)%	4.9	6.8	(1.9)	(27.5)%
Total	75.5	71.3	4.2	5.6%	148.6	136.4	12.2	8.9%
Hormone therapy								
ESTRACE Cream	28.2	21.2	7.0	33.1%	51.4	40.4	11.0	27.2%
FEMHRT	13.1	16.4	(3.3)	(19.9)%	25.8	32.4	(6.6)	(20.3)%
FEMRING	3.6	3.4	0.2	5.8%	7.4	6.9	0.5	7.5%
Other HT Products	2.5	2.5	—	(0.5)%	5.0	5.4	(0.4)	(8.4)%
Total	47.4	43.5	3.9	9.1%	89.6	85.1	4.5	5.2%
Dermatology								
DORYX	44.9	31.7	13.2	41.6%	95.3	66.8	28.5	42.6%
TACLONEX	36.5	38.8	(2.3)	(5.9)%	73.1	75.8	(2.7)	(3.4)%
DOVONEX*	33.9	33.5	0.4	1.4%	61.9	66.6	(4.7)	(7.0)%
Total	115.3	104.0	11.3	10.9%	230.3	209.2	21.1	10.1%
PMDD								
SARAFEM	4.4	7.8	(3.4)	(43.9)%	8.5	12.2	(3.7)	(30.8)%
Other product sales								
Other	0.5	(1.1)	1.6	n.m.	1.4	(0.9)	2.3	n.m.
Contract manufacturing	2.5	4.1	(1.6)	(38.4)%	6.2	11.3	(5.1)	(45.1)%
Total product net sales	245.6	229.6	16.0	6.9%	484.6	453.3	31.3	6.9%
Other revenue								
Royalty revenue	5.2	4.6	0.6	14.7%	12.2	10.4	1.8	17.9%
Total revenue	$250.8	$234.2	$ 16.6	7.1%	$ 496.8	$ 463.7	$ 33.1	7.1%

* Includes revenue from related authorized generic product sales from the date of their respective launch.

Revenue in the quarter ended June 30, 2009 was $250.8 million, an increase of $16.6 million, or 7.1%, over the same quarter in the prior year. Revenue in the six months ended June 30, 2009 was $496.8 million, an increase of $33.1 million, or 7.1%, over the same period in the prior year. The primary drivers of the increase in revenue were the net sales of our promoted products DORYX, LOESTRIN 24 FE and ESTRACE Cream, which together contributed $28.0 million and $52.8 million of revenue growth for the quarter and six months ended June 30, 2009, respectively, compared to the prior year periods. The growth delivered by these products was partially offset by net sales declines in certain other products, primarily ESTROSTEP FE, SARAFEM and FEMHRT. Changes in the net sales of our products are a function of a number of factors including changes in: market demand, gross selling prices, sales-related deductions from gross sales to arrive at net sales and the levels of pipeline inventories of our products held by our direct and indirect customers. We use IMS Health, Inc. (“IMS”) estimates of filled prescriptions for our products as a proxy for market demand.

Net sales of our oral contraceptive products increased $4.2 million, or 5.6%, in the quarter ended June 30, 2009 and $12.2 million, or 8.9%, in the six months ended June 30, 2009, compared with the prior year periods. LOESTRIN 24 FE generated revenues of $58.0 million in the quarter ended June 30, 2009, an increase of 15.5%, compared with $50.2 million in the prior year quarter. During the six months ended June 30, 2009, LOESTRIN 24 FE generated revenues of $110.4 million, an increase of 13.7%, compared with $97.1 million in the prior year period. The increase in LOESTRIN 24 FE net sales in both periods was primarily due to higher average selling prices and increases in filled prescriptions of 10.3% and 9.2% in the quarter and six months ended June 30, 2009, respectively, offset in part by the impact of higher sales-related deductions and a contraction of pipeline inventories relative to the prior year periods. FEMCON FE generated revenues of $12.4 million and $25.3 million in the quarter and six months ended June 30, 2009, respectively, compared to $10.7 million and $21.5 million in the prior year periods. The increase in FEMCON FE net sales in the quarter and six months ended June 30, 2009 was primarily due to higher average selling prices and increases in filled prescriptions of 6.3% and 10.9%, respectively, compared to the prior year periods, offset in part by a contraction of pipeline inventories relative to the prior year periods.

Net sales of our dermatology products increased $11.3 million, or 10.9%, in the quarter ended June 30, 2009 and $21.1 million, or 10.1%, in the six months ended June 30, 2009, compared with the prior year periods. Net sales of DORYX increased $13.2 million, or 41.6%, in the quarter ended June 30, 2009, compared to the prior year quarter, primarily due to a 41.6% increase in filled prescriptions and an expansion of pipeline inventories compared to the prior year period, which was offset in part by higher sales-related deductions. The increase in filled prescriptions primarily relates to DORYX 150 mg, which we launched in the third quarter of 2008 and to which we have dedicated significant promotional efforts, including our recently launched customer loyalty card program. Increased utilization of the customer loyalty card for DORYX 150 mg drove an increase in sales-related deductions in the 2009 periods. Net sales of DORYX increased $28.5 million, or 42.6%, in the six months ended June 30, 2009, compared to the prior year period, primarily due to a 31.9% increase in filled prescriptions, as well as higher average selling prices, which were offset in part due to higher sales-related deductions. Net sales of TACLONEX decreased $2.3 million, or 5.9%, to $36.5 million in the quarter ended June 30, 2009, compared to $38.8 million in the prior year quarter. Net sales of TACLONEX decreased $2.7 million, or 3.4%, to $73.1 million in the six months ended June 30, 2009, compared to $75.8 million in the prior year period. The decrease in sales in the quarter and six months ended June 30, 2009 is primarily due to a decline in filled prescriptions of 5.7% and 4.5%, respectively, as well as higher sales-related deductions, offset in part by the impact of higher average sales prices. Net sales of DOVONEX were relatively flat in the quarter ended June 30, 2009 as compared to the prior year quarter, and decreased by $4.7 million, or 7.0%, in the six months ended June 30, 2009, compared with the prior year period. The decline in DOVONEX net sales in the six months ended June 30, 2009 was due primarily to decreases in filled prescriptions of 24.6%, offset in part by higher average selling prices and an expansion of pipeline inventories relative to the prior year period. The decline in filled prescriptions was due primarily to customers switching to other therapies, as well as the introduction of generic versions of DOVONEX Solution into the market in the second quarter of 2008, including our authorized generic product. We expect DOVONEX net sales to continue to decline due to competition from other therapies and generic competition, specifically related to DOVONEX Solution.

Net sales of our hormone therapy products increased $3.9 million, or 9.1%, in the quarter ended June 30, 2009 and $4.5 million, or 5.2%, in the six months ended June 30, 2009, compared with the prior year periods. Net sales of ESTRACE Cream increased $7.0 million, or 33.1%, and $11.0 million, or 27.2%, in the quarter and six months ended June 30, 2009, respectively, compared to the prior year periods. We began promotional efforts for ESTRACE Cream in early 2009. As a result, the increases in net sales were primarily due to an increase in filled prescriptions of 21.2% and 18.3% in the quarter and six months ended June 30, 2009, respectively, and higher average selling prices. Net sales of FEMHRT decreased $3.3 million, or 19.9%, and $6.6 million, or 20.3%, in the quarter and six months ended June 30, 2009, respectively, compared to the prior year periods. Filled prescriptions of FEMHRT decreased 12.0% and 13.4% in the quarter and six months ended June 30, 2009, respectively. Also contributing to the decline in FEMHRT net sales was a contraction of pipeline inventories relative to the prior year periods. The resulting decrease in net sales was partially offset by higher average selling prices compared to the prior year periods.

Cost of Sales (excluding amortization of intangible assets)

The tables below show the calculation of cost of sales and cost of sales percentage for the quarters and six months ended June 30, 2009 and 2008:

(dollars in millions)	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	$ Change	Percent Change
Product net sales	$ 245.6	$ 229.6	$ 16.0	6.9%
Cost of sales (excluding amortization)	$ 46.9	$ 51.0	$ (4.1)	(7.9)%
Cost of sales percentage	19.1%	22.2%		

(dollars in millions)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	$ Change	Percent Change
Product net sales	$ 484.6	$ 453.3	$ 31.3	6.9%
Cost of sales (excluding amortization)	$ 95.7	$ 98.8	$ (3.1)	(3.1)%
Cost of sales percentage	19.8%	21.8%		

Cost of sales (excluding amortization) decreased $4.1 million, or 7.9%, and $3.1 million, or 3.1%, in the quarter and six months ended June 30, 2009, respectively, compared with the prior year periods. Our cost of sales, as a percentage of product net sales, decreased in both the quarter and six months ended June 30, 2009. The decrease is due to a number of factors, primarily a favorable mix of products sold as compared to the prior periods, offset in part by increases in manufacturing costs.

Selling, General & Administrative ("SG&A") expenses

SG&A expenses were comprised of the following expenses for the quarters and six months ended June 30, 2009 and 2008:

(dollars in millions)	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	$ Change	Percent Change
Advertising and Promotion ("A&P")	$ 10.5	$ 10.3	$ 0.2	1.7%
Selling and Distribution	20.3	23.0	(2.7)	(11.7)%
General, Administrative and Other ("G&A")	22.2	13.8	8.4	61.1%
Total	$ 53.0	$ 47.1	$ 5.9	12.6%

(dollars in millions)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	$ Change	Percent Change
A&P	$ 18.2	$ 27.5	$ (9.3)	(34.0)%
Selling and Distribution	43.2	46.6	(3.4)	(7.4)%
G&A	38.4	28.2	10.2	36.5%
Total	$ 99.8	$ 102.3	$ (2.5)	(2.5)%

SG&A expenses for the quarter ended June 30, 2009 were $53.0 million, an increase of $5.9 million, or 12.6%, from $47.1 million in the prior year quarter. SG&A expenses for the six months ended June 30, 2009 were $99.8 million, a decrease of $2.5 million, or 2.5%, from $102.3 million in the prior year period. A&P expenses for the quarter ended June 30, 2009 were essentially flat as compared to the prior year period. A&P expenses for the six months ended June 30, 2009 decreased $9.3 million, or 34.0% compared to the prior year period, due primarily to an $8.5 million decrease in direct-to-consumer advertising as well as an overall decrease in other promotional spending in the 2009 period. Selling and distribution expenses decreased by $2.7 million, or 11.7%, and $3.4 million, or 7.4%, in the quarter and six months ended June 30, 2009, respectively, as compared to the prior year periods. The decrease in both periods is primarily due to a reduction in the size of our field sales forces, offset in part by new promotion expenses related to FEMRING included in the 2009 periods. G&A expenses increased $8.4 million, or 61.1%, and $10.2 million, or 36.5%, in the quarter and six months ended June 30, 2009, respectively, as compared with the prior year periods. The increase in both periods is due in large part to increases in professional and legal fees primarily in connection with our proposed redomicile to Ireland and, to a lesser extent, increases in compensation expenses, including non-cash stock-based compensation, and other costs.

R&D

Our investment in R&D for the quarter ended June 30, 2009 was $11.9 million, a decrease of $0.6 million, or 4.8%, compared with the prior year quarter. Our R&D expense for the six months ended June 30, 2009 was $35.8 million, an increase of $11.1 million, or 44.9% compared with the prior year period. Included in the six months ended June 30, 2009 was a $9.0 million payment to Dong-A upon the achievement of a developmental milestone under our existing agreement for an orally-administered udenafil product for the treatment of ED. Also included in the six months ended June 30, 2009 was a $2.5 million payment to NexMed in connection with our acquisition of the rights to its topically applied alprostadil cream for the treatment of ED. Excluding the $11.5 million of payments to Dong-A and NexMed during the six months ended June 30, 2009, R&D expenditures were essentially flat compared to the prior year period. We expect our internal R&D spend in the second half of 2009 to exceed our internal R&D spend in the first six months of 2009.

Amortization of intangible assets

Amortization of intangible assets in the quarters ended June 30, 2009 and 2008 was $57.0 million and $53.1 million, respectively. Amortization of intangible assets in the six months ended June 30, 2009 and 2008 was $114.0 million and $105.8 million, respectively. The increase in the quarter and six months ended June 30, 2009 compared to the prior year periods was due to the acceleration of amortization of the OVCON / FEMCON FE product family beginning in the quarter ended December 31, 2008. We continuously review our products' remaining useful lives based on each product family's estimated future cash flows. Our amortization methodology is calculated on either an accelerated or a straight-line basis to match the expected useful life of the asset, with identifiable assets assessed individually or by product family.

Interest income and interest expense ("Net interest expense")

Net interest expense for the quarter ended June 30, 2009 was $15.2 million, a decrease of $9.4 million, or 38.2%, from $24.6 million in the prior year quarter. Net interest expense for the six months ended June 30, 2009 was $33.2 million, a decrease of $15.4 million, or 31.7%, from $48.6 million in the prior year period. Included in net interest expense in the six months ended June 30, 2009 was $1.3 million relating to the write-off of deferred loan costs associated with the optional prepayment of $100.0 million of indebtedness under our senior secured credit facility, as compared to a $1.1 million expense relating to the write-off of deferred loan costs associated with the optional prepayment of $70.0 million of indebtedness under our senior secured credit facility in the six

months ended June 30, 2008. We did not make any optional prepayments of debt during the quarter ended June 30, 2009. The decrease in net interest expense in the 2009 periods was primarily the result of cumulative reductions in outstanding debt during 2008 and the first half of 2009 which reduced the average debt balance outstanding from $1,199.2 million in the six months ended June 30, 2008 to $911.5 million in the six months ended June 30, 2009. The cumulative reduction in the average debt level is the result of optional prepayments and purchases made using cash flows from operations and cash on hand, net of investing activities.

Income taxes

Our effective tax rates for the quarter and six months ended June 30, 2009 was 16.0%. Our effective tax rates for the quarter and six months ended June 30, 2008 were 26.8% and 19.5%, respectively. The decrease in the effective tax rate for the quarter and six months ended June 30, 2009 compared to the prior year periods was mainly due to the impact of discrete items in the 2008 periods, primarily relating to uncertain tax positions and withholding taxes. The effective income tax rates for interim reporting periods is volatile due to changes in income mix among the various tax jurisdictions in which we operate, the impact of discrete items, as well as the overall level of consolidated income before income taxes.

Net income

Due to the factors described above, we reported net income of $56.0 million and $33.6 million in the quarters ended June 30, 2009 and 2008, respectively, and $99.4 million and $67.2 million in the six months ended June 30, 2009 and 2008, respectively.

Financial Condition, Liquidity and Capital Resources

Cash

At June 30, 2009, our cash on hand was $138.2 million, as compared to $35.9 million at December 31, 2008. As of June 30, 2009 our debt, net of cash on hand, was $721.6 million and consisted of $479.8 million of outstanding borrowings under our senior secured credit facility and $380.0 million aggregate principal amount of our outstanding 8.75% Senior Subordinated Notes due 2015 (“Notes”).

The following table summarizes our net increase / (decrease) in cash and cash equivalents:

(Dollars in millions)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net cash provided by operating activities	$ 229.9	$ 120.1
Net cash (used in) investing activities	(24.8)	(55.8)
Net cash (used in) financing activities	(102.8)	(73.9)
Net increase / (decrease) in cash and cash equivalents	$ 102.3	$ (9.6)

Our net cash provided by operating activities for the six months ended June 30, 2009 increased $109.8 million over the prior year period. We reported net income of $99.4 million in the six months ended June 30, 2009 as compared to $67.2 million in the six months ended June 30, 2008. In the six months ended June 30, 2009 we paid $22.2 million in respect of income taxes as compared to $71.0 million in the prior year period. During the six months ended June 30, 2008, the income tax payments were made primarily based upon (1) estimates of the amounts payable in connection with the anticipated final settlement of U.S. federal tax audits related to the tax periods ended September 30, 2003, September 30, 2004, January 17, 2005 and December 31, 2005, (2) estimates of U.S. income taxes for the December 31, 2007 and 2008 tax years, and (3) amended income tax returns filed for the tax year ended December 31, 2006 resulting from the APA signed with the IRS. Our liability for unrecognized tax benefits (including interest) under FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes” (FIN48”) which is expected to settle within the next twelve months is $0.9 million. Our liability for unrecognized tax benefits (including interest) under FIN48 which is expected to settle after twelve months is $3.3 million. Also impacting our cash flows from operating activities relative to the prior year period was a $9.0 million cash payment made in the six months ended June 30, 2008 relating to the final settlement of our OVCON 35 litigation which was included in net income in the year ended December 31, 2007.

Our net cash used in investing activities during the six months ended June 30, 2009 totaled $24.8 million, consisting of $5.8 million of contingent purchase consideration paid to Pfizer in connection with the 2003 acquisition of FEMHRT and $19.0 million relating to capital expenditures. The cash flows used in investing activities in the six months ended June 30, 2008 consisted of $5.8 million of contingent purchase consideration paid to Pfizer in connection with the 2003 acquisition of FEMHRT, $40.0 million to acquire the rights to sell TACLONEX scalp, and $10.0 million of capital expenditures. We expect our capital expenditures in 2009 to increase significantly over the 2008 levels primarily due to continued investments in our Fajardo, Puerto Rico manufacturing facility.

Our net cash used in financing activities in the six months ended June 30, 2009 was $102.8 million. This included scheduled repayments of $2.7 million and optional prepayments of $100.0 million of indebtedness under our senior secured credit facility. Our net cash used in financing activities in the six months ended June 30, 2008 was primarily the result of our repayment of $74.1 million of debt under the senior secured credit facility.

Senior Secured Credit Facility

On January 18, 2005, Warner Chilcott Holdings Company III, Limited ("Holdings III") and its subsidiaries, Warner Chilcott Corporation ("WCC") and Warner Chilcott Company, LLC ("WCCL"), entered into a $1,790.0 million senior secured credit facility with Credit Suisse as administrative agent and lender, and the other lenders and parties thereto. The senior secured credit facility consisted of $1,640.0 million of term loans (including $240.0 million of delayed-draw term loans) and a $150.0 million revolving credit facility, of which $30.0 million and $15.0 million are available for letters of credit and swing line loans, respectively, to WCC and WCCL. The senior secured credit facility also contemplates up to three uncommitted tranches of term loans up to an aggregate of $250.0 million. However, the lenders are not committed to provide these additional tranches. Holdings III, WCC and WCCL are each borrowers and cross-guarantors under the senior secured credit facility. In addition, Holdings III's significant subsidiaries are guarantors. The term loan and delayed-draw term loan facilities mature on January 18, 2012, with scheduled quarterly repayments of principal totaling $4.9 million annually, with the remaining principal due on the maturity date. The revolving credit facility matures January 18, 2011. As of June 30, 2009, there were no borrowings outstanding under the $150.0 million revolving credit facility.

8.75% Notes

On January 18, 2005, WCC, our wholly-owned U.S. subsidiary, issued $600.0 million aggregate principal amount of 8.75% Notes due 2015. In October 2006, we redeemed $210.0 million aggregate principal amount of the Notes using a portion of the proceeds from our initial public offering. In 2008, WCC purchased and retired $10.0 million aggregate principal amount of its Notes, at a discount, in privately negotiated open market transactions. As of June 30, 2009, the Notes were guaranteed on a senior subordinated basis by the Company, Holdings III, WC Luxco S.à r.l , Warner Chilcott Intermediate (Luxembourg) S.à r.l., WC Pharmaceuticals I Limited , our U.S. operating subsidiary (Warner Chilcott (US), LLC) and WCCL (collectively, the "Guarantors"). Interest payments on the Notes are due semi-annually in arrears on each February 1 and August 1. The issuance costs related to the Notes are being amortized to interest expense over the ten-year term of the Notes using the effective interest method. The Notes are unsecured senior subordinated obligations of WCC. As of June 30, 2009, the Notes were guaranteed on an unsecured senior subordinated basis by the Guarantors and ranked junior to all existing and future senior indebtedness, including indebtedness under the senior secured credit facility.

Components of Indebtedness

As of June 30, 2009, our outstanding funded debt included the following (dollars in millions):

	Current Portion as of June 30, 2009	Long-Term Portion as of June 30, 2009	Total Outstanding as of June 30, 2009
Revolving credit loan	$ —	$ —	$ —
Term loans	4.9	474.9	479.8
Notes	—	380.0	380.0
Total	$ 4.9	$ 854.9	$ 859.8

As of June 30, 2009, mandatory principal repayments of long-term debt in the remainder of 2009 and each of the five years ending December 31, 2010 through 2014 and thereafter were as follows:

Year Ending December 31,	Aggregate Maturities (in millions)
2009	$ 2.5
2010	4.9
2011	3.7
2012	468.7
2013	—
2014	—
Thereafter	380.0
Total long-term debt	$ 859.8

The carrying amount reported for long-term debt, other than the Notes, approximates fair value because the underlying debt not covered by an interest rate swap (fair value of $(4.9) million as of June 30, 2009) is at variable rates and reprices frequently. Our Notes are publicly traded securities. The fair value of the Notes, based on available market quotes, was $383.8 million as of June 30, 2009.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The principal market risk (i.e., the risk of loss arising from adverse changes in market rates and prices) to which we are exposed is interest rate risk on our debt. We had no foreign currency option contracts as of June 30, 2009.

The following risk management discussion and the estimated amounts generated from analytical techniques are forward-looking statements of market risk assuming certain market conditions occur. Actual results in the future may differ materially from these projected results due to actual developments in the global financial markets.

Interest Rate Risk

We manage debt and overall financing strategies centrally using a combination of short- and long-term loans with either fixed or variable interest rates. We have entered into an interest rate swap contract which fixes the interest rate on a portion of our variable rate debt. We have entered into the interest rate swap specifically to hedge a portion of our exposure to potentially adverse movements in variable interest rates. Based on variable rate debt levels of $279.8 million as of June 30, 2009, after taking into account the impact of our applicable interest rate swap, a 1.0% change in interest rates would impact net interest expense by approximately $0.7 million per quarter.

Inflation

Inflation did not have a material impact on our operations during the quarters and six months ended June 30, 2009 and 2008.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

(a) Disclosure controls and procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management of the Company, with the participation of its Chief Executive Officer and Chief Financial Officer at a reasonable level, evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluation, as of June 30, 2009, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are effective.

(b) Changes in internal controls over financial reporting

During the quarter ended June 30, 2009 there have been no changes in our internal control over financial reporting 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 involved in various legal proceedings of a nature considered normal to our business, including product liability and other litigation and contingencies. We record reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable. We maintain insurance with respect to potential litigation in the normal course of our business based on our consultation with our insurance consultants and outside legal counsel, and in light of current market conditions, including cost and availability. In addition, we self-insure for certain liabilities not covered under our litigation insurance based on estimates of potential claims developed in consultation with our insurance consultants and outside legal counsel.

See "Note 11" to our Notes to the Condensed Consolidated Financial Statements for the quarter ended June 30, 2009 included in this Form 10-Q for a description of our significant current legal proceedings.

Item 1A. Risk Factors

In addition to the other information in this report, the factors discussed in "Risk Factors" in our Annual Report should be carefully considered in evaluating the Company and its businesses. The risks and uncertainties described in our Annual Report are not the only ones facing the Company and its subsidiaries. Additional risks and uncertainties, not presently known to us or otherwise, may also impair our business operations. If any of the risks described in our Annual Report or such other risks actually occur, our business, financial condition or results of operations could be materially and adversely affected.

Table of Contents

Item 6. Exhibits

10.1 Letter Agreement, dated as of May 7, 2009, between LEO Pharma A/S and Warner Chilcott Company, LLC with respect to the 80-185 product.

10.2 Settlement and License Agreement dated as of January 9, 2009, by and among Warner Chilcott Company, LLC (f/k/a/ Warner Chilcott Company, Inc.), Watson Pharmaceuticals, Inc. and Watson Laboratories, Inc.

31. Certifications under Rule 13a-14(a) of the Securities Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURES

Pursuant to the requirements 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.

WARNER CHILCOTT LIMITED

Date: August 7, 2009

By: /s/ Roger M. Boissonneault
Name: Roger M. Boissonneault
Title: President and Chief Executive Officer

Date: August 7, 2009

By: /s/ Paul Herendeen
Name: Paul Herendeen
Title: Executive Vice President and Chief Financial Officer

Exhibit 10.1

07 May 2009

WARNER CHILCOTT COMPANY, LLC
P.O.Box 1005
Fajardo
Puerto Rico
00738

Terms for exchanging the LEO 80185 Body Indication with a New LEO Product

Reference is made to the Master Agreement dated as of April 1, 2003 between Galen (Chemicals) Limited and LEO Pharma A/S ("LEO") (the "Master Agreement") as amended by Addendum I dated as of September 14, 2005 between Warner Chilcott Company, LLC (formerly Warner Chilcott Company, Inc.) ("WCCI") and LEO (the "Addendum") and to the License, Supply and Development Agreement dated as of September 14, 2005 between LEO and WCCI, as amended (the "DC Agreement"). In consideration of the covenants and agreements contained herein and notwithstanding anything to the contrary set forth in the Master Agreement, the Addendum and the DC Agreement, LEO and WCCI hereby agree as follows:

Whereas WCCI has expressed its interest in marketing a new LEO product described in Exhibit A hereto (the "New Product") in the the Territory (as defined in the DC Agreement) instead of LEO 80185 (trunk indication) for the topical treatment of psoriasis vulgaris in adults described in Appendix IV to the DC Agreement (the "80185 Product"); and

Whereas LEO has agreed to attempt to develop such New Product.

Now therefore WCCI and LEO have agreed to enter into this Letter Agreement.

LEO and WCCI agree that:

1. LEO shall cease development of the 80185 Product for the Territory until such time as it delivers the 80185 Development Resumption Notice (as defined below) to WCCI in accordance with the terms hereof.

2. LEO will develop the New Product for the Territory on the following conditions:

   a. Between January 1, 2010 and December 1, 2010 LEO shall deliver written notice to WCCI providing that (i) LEO will continue the development of the New Product for the Territory (such notice, the "New Product Development Notice") or (ii) LEO will resume the development of the 80185 Product for the Territory and will terminate its development hereunder with respect to the New Product (such notice, the "80185 Development Resumption Notice"), it being understood that such election of whether to continue the New Product development or resume the 80185 Product development shall be determined in LEO's sole discretion.

   b. If LEO delivers a New Product Development Notice in accordance with Section 2(a) hereof the parties shall execute an amendment to Appendix IV of the DC Agreement on or prior to January 15, 2011 deleting the 80185 Product and including the New Product as an Appendix IV Product (as defined in the DC Agreement) and WCCI shall pay the following milestones to LEO:

      i. USD 25,000,000 (United States Dollars twenty five million) no later than January 15, 2011;

      ii. USD 10,000,000 (United States Dollars ten million) 15 (fifteen) days after the acceptance for filing of an NDA or an sNDA for the approval of the New Product with the United States Food and Drug Administration (the "FDA"); and

      iii. USD 15,000,000 (United States Dollars fifteen million) 15 (fifteen) days after the approval by the FDA of the New Product for the Territory.

For the avoidance of doubt, if LEO delivers the 80185 Development Resumption Notice in accordance with Section 2(a) hereof then the milestone payments relating to the 80185

Product set forth in Article 5 of the Addendum (in the Addendum referred to as the “LEO 80185 – Trunk Indication”) shall be payable to LEO, subject to provisions of the Addendum.

3. As promptly as practicable, LEO will use commercially reasonable efforts to file and diligently prosecute one or more patent applications covering the New Product and any patents issuing thereon shall be deemed to be “Patents” under the terms of the DC Agreement.
4. It is understood that none of the milestone payments paid according to this Letter Agreement are refundable.
5. Subject to the terms of the DC Agreement, all rights including, but not limited to, any intellectual property rights, arising out of the development of either the 80185 Product and the New Product will be owned by LEO.
6. LEO does not guarantee that it succeeds in developing a New Product or that an NDA, an sNDA and/or a marketing authorization can be obtained for any of the indications/products referred to in this Letter Agreement.
7. The provisions of the Master Agreement, the Addendum and the DC Agreement shall, to the extent such provisions are not changed by this Letter Agreement, remain unchanged and in full force and effect.

Please indicate your acceptance of the foregoing by executing and returning one of the duplicate original copies of this document to the undersigned at the address set forth above.

LEO PHARMA A/S

/s/ Gitte P. Aabo
Gitte P. Aabo
President, CEO

/s/ Lars Olsen
Lars Olsen
Executive Vice President

Acknowledged and agreed:

WARNER CHILCOTT COMPANY, LLC

By: /s/ Max A. Torres
Name: Max A. Torres
Title: Senior Director

Exhibit 10.2

SETTLEMENT AND LICENSE AGREEMENT

This is an agreement (hereinafter referred to as " Agreement ") dated as of this 9th day of January, 2009, by and among Warner Chilcott Company, Inc. (" WCCI "), a corporation organized and existing under the laws of Puerto Rico, and Watson Pharmaceuticals, Inc. (" WPI "), a corporation organized and existing under the laws of the State of Nevada, and Watson Laboratories, Inc. (" WLI ", and, together with WPI, " Watson "), a corporation organized and existing under the laws of the State of Nevada. WCCI and Watson are sometimes individually referred to herein as a " Party " and collectively referred to herein as " Parties ."

WHEREAS, the Parties are presently involved in the Lawsuit, in which it has been asserted that Watson infringes certain claims of U.S. Patent No. 5,552,394 (the " Patent " and the asserted claims therein, the " Patent Claims "), with respect to certain of which Patent Claims Watson has asserted affirmative defenses and counterclaims alleging invalidity, unenforceability and/or non-infringement; and

WHEREAS, the Parties wish to fully settle the Lawsuit concerning the Patent Claims with respect to the Watson Product upon the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The following terms, when used with initial capital letters shall have the meaning set forth below.

a. " Affiliate " shall mean with respect to a Party, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Party at any time during the period for which the determination of affiliation is being made. For the purposes of this definition, " control " (including the terms " controlled by " and " under common control with ") means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies or affairs of a person, whether through ownership of voting securities or general partnership or managing member interests, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such person. Without limiting the generality of the foregoing, a person shall be deemed to control any other person in which it owns, directly or indirectly, a majority of the voting interests.

b. " ANDA " shall mean an Abbreviated New Drug Application as defined under 21 U.S.C. § 355(j).

c. " FDA " shall mean the United States Food and Drug Administration.

d. " Launch Date " shall mean the earliest of (i) January 22, 2014, (ii) the date of a final, nonappealable judicial order that the Patent is invalid, unenforceable or not infringed by a Third Party's generic version of the WCCI Product and (iii) the date on which Watson is licensed under Paragraph 7 to launch.

e. " Lawsuit " shall mean *Warner Chilcott Company, Inc. v. Watson Pharmaceuticals, Inc . and Watson Laboratories, Inc.* , 2:06-CV-03491, U.S. District Court for the District of New Jersey.

f. " Losses " shall mean all pending and potential claims, demands, all manner of actions, causes of action, suits, debts, liabilities, losses, damages, attorneys' fees, costs, expenses, judgments, settlements, interest, punitive damages and other damages or costs of whatever nature, whether known or unknown, pending or future, certain or contingent.

g. " Person " means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, limited liability partnership, unincorporated organization, government (or any agency or political subdivision thereof) or other legal Person or organization.

h. " Proceeding " shall mean any action, audit, litigation, investigation, suit or other proceeding.

i. " Related Parties " shall mean a Party's Affiliates, directors, officers, employees, agents, representatives, heirs, assigns, predecessors, successors or other related parties.

j. "Third Party" shall mean any Person other than a Party or its Affiliates.

k. " Watson Product " shall mean the oral contraceptive drug that is described in, and is the subject of, ANDA No. 78-267 or any other ANDA filed by Watson or its Affiliates for which the WCCI Product is the reference product.

l. " WCCI NDA " shall mean New Drug Application (an " NDA ") No. 021871.

m. " WCCI Product " shall mean the oral contraceptive drug that is described in, and is the subject of the WCCI NDA, which is currently marketed by WCCI under the trademark Loestrin ® 24 Fe.

2. Upon the terms and subject to the conditions of this Agreement, in consideration of the mutual execution of this Agreement and the mutual agreement to be legally bound by the terms hereof, each Party, on behalf of itself and its Related Parties, hereby releases, acquits and forever discharges each other Party and its Related Parties from any and all Losses arising out of, derived from, predicated upon or relating to the Patent Claims, the actions asserting such Patent Claims and the Lawsuit; provided , however , nothing in this Agreement shall prevent or impair the right of any Party to bring a Proceeding in court or any other forum for a breach of this Agreement or any representation, warranty or covenant herein. Notwithstanding this release or anything herein to the contrary, nothing herein shall preclude Watson from challenging the validity, enforceability and/or infringement of the Patent in any future litigation concerning a product other than (i) the Watson Product, or (ii) any other product that, as designed, could be AB rated to the WCCI Product. The Parties agree to the entry of a dismissal without prejudice of the Lawsuit, with each side bearing its own costs and attorneys' fees. Promptly following the

execution of this Agreement, the Parties shall cause to be filed with the United States District Court for the District of New Jersey, all necessary papers, including a Stipulation of Dismissal, attached as Attachment A, required to dismiss all claims and counterclaims, motions, and petitions asserted in the Lawsuit and shall take all other necessary actions to obtain the settlement and dismissal of the Lawsuit.

3. Each Party acknowledges and agrees that:

a. It may have sustained Losses that are presently unknown and unsuspected, and that such Losses might give rise to Losses in the future. Nevertheless, each Party acknowledges and agrees that this Agreement has been negotiated and agreed upon, notwithstanding the existence of such possible Losses, all of which have been hereby released under Paragraph 2 hereof.

b. If any fact relating to this Agreement or the Lawsuit and now believed to be true is found hereafter to be other than, or different from, that which is now believed, each Party expressly assumes the risk of such difference in fact and agrees that this Agreement shall be, and will remain, effective notwithstanding any such difference in fact, subject to each Party's right to bring a Proceeding for a breach of this Agreement or any representation, warranty or covenant herein.

c. This Agreement may be pleaded as a full and complete defense to, and used as a basis for injunction against, any Proceeding that may be instituted, prosecuted or attempted in breach hereof. Should any Party institute a Proceeding to enforce any provision of this Agreement, or for Losses by reason of any alleged breach of any provision hereof, or for a declaration of such Party's rights or obligations hereunder, or for any other judicial remedy predicated upon the breach by the other Party of this Agreement or as may otherwise be permitted hereunder, the prevailing Party shall be reimbursed by the losing Party for all reasonable and necessary costs and expenses incurred thereby, including, but not limited to, reasonable attorneys' fees for the services rendered to the Party finally prevailing in any such Proceeding.

4. Watson covenants and agrees that it shall not sell the Watson Product prior to January 22, 2014 or such earlier date upon which it is licensed to sell the Watson Product pursuant to Paragraphs 5, 7 or 8 hereof. Watson agrees that to the extent that Watson or its Affiliates sells, has sold, or offers for sale any Watson Product in the United States in violation of this Paragraph 4, such breach will cause irreparable harm to WCCI. Watson hereby irrevocably and unconditionally consents to immediate entry of a temporary restraining order, preliminary injunction and permanent injunction, without the requirement to post a bond, to enforce the provisions of this Paragraph 4.

5. WCCI covenants and agrees that neither it nor its Affiliates shall market or supply, or grant a Third Party any rights (under the Patent or otherwise) to market a generic version of the WCCI Product, whether manufactured under the WCCI NDA or an ANDA, on any date prior to the date that is one hundred eighty (180) days following the Launch Date, unless WCCI agrees to establish an early launch date for Watson that is at least one hundred eighty (180) days prior to the commencement of marketing by WCCI, its Affiliates or such Third Party (an " Early Launch

Date ”). Any authorization of or license to a Third Party by WCCI to market the WCCI Product in which WCCI assigns or transfers the exclusive right to market the WCCI Product shall not trigger this provision, so long as such authorization or license is subject to the terms and conditions of this Agreement. WCCI shall, to the extent reasonably practicable, provide Watson with 60 days’ advance written notice of any such Third Party sale or license. For the avoidance of doubt, nothing in this Paragraph 5 shall prevent WCCI and its Affiliates from marketing or from supplying, authorizing or licensing a Third Party to market a generic version of the WCCI Product, so long as such product is not sold commercially until the day that is one hundred eighty (180) days following the Launch Date or the Early Launch Date.

6. Upon the terms and subject to the conditions of this Agreement, WCCI grants to Watson a non-exclusive, fully paid-up, worldwide, royalty-free, irrevocable license, under the Patent and all regulatory exclusivities pertaining to and covering the WCCI Product, to manufacture and offer for sale in the United States commencing prior to January 22, 2014 for sale commencing on January 22, 2014, and to sell effective January 22, 2014 and thereafter, the Watson Product, all for the terms of such Patent and regulatory exclusivities. WCCI shall use its commercially reasonable efforts to cooperate with Watson, at Watson’s sole cost and expense, as may be required to obtain FDA approval of Watson’s ANDA No. 78-267 effective January 22, 2014.

7. If a Third Party commercially launches a generic version of the WCCI Product without authorization from WCCI, then WCCI shall grant to Watson the license granted pursuant to Paragraph 6 hereof, effective on the same date as such Third Party launch. Further provided, in the event a Third Party commercially launches a generic version of the WCCI Product and WCCI subsequently succeeds in having such Third Party cease its sales of such product, then the license granted pursuant to this Paragraph 7 shall be suspended at such time as the Third Party product is no longer commercially available or, if such cessation of sales is pursuant to an injunction issued by a court, the date of such injunction, whichever is earlier, and the license shall be reinstated upon the subsequent occurrence, if any, of an “at risk” launch as described in the first sentence of this Paragraph 7. WCCI shall use its commercially reasonable efforts to cooperate with Watson, at Watson’s sole cost and expense, as is required to obtain FDA approval of Watson’s ANDA No. 78-267 under a license granted pursuant to this Paragraph 7.

8. If a Third Party obtains a final, nonappealable judicial order that the Patent is invalid, unenforceable or not infringed by a Third Party’s generic version of the WCCI Product, then WCCI shall grant to Watson a non-exclusive license under the Patent so adjudicated and all regulatory exclusivities to enter the market with the Watson Product at the time of such order, and WCCI shall use its commercially reasonable efforts to cooperate with Watson, at Watson’s sole cost and expense, as may be required to obtain FDA approval of Watson’s ANDA No. 78-267 at or as soon as practicable after such order. For clarity, if the Patent is found in a final, nonappealable judicial order to be invalid, unenforceable or not infringed by a Third Party’s generic version of the WCCI Product, Watson shall be entitled to exercise all rights with respect to the Patent to the extent any Third Party would legally be able to do so.

9. All rights not expressly granted to Watson under Paragraphs 6, 7 and 8 are expressly reserved to WCCI. Watson expressly disclaims any right to use the WCCI Product, Patent or Patent Claims except in accordance with the express grants hereunder, and WCCI has no

obligation to make available any intellectual property rights or to take any other actions other than as expressly set forth herein; provided , however , that WCCI shall not use or sue or bring a Proceeding seeking to enforce any of the Patent or Patent Claims or any other intellectual property rights pertaining to the WCCI Product to prevent or restrict Watson or its Affiliates, licensees, sublicensees or subcontractors from undertaking the licensed activities permitted under this Agreement, so long as all such activities comply in all material respects with the terms contained herein.

10. Notwithstanding anything to the contrary contained in this Agreement, Watson may grant sublicenses in order to exercise its rights and carry out its obligations under this Agreement: (a) to its Affiliates, without the prior written consent of WCCI; and (b) to third parties, with WCCI's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Watson acknowledges that the grant of a sublicense or use of a subcontractor shall not relieve Watson from, and Watson shall remain responsible for, all of its obligations under this Agreement. Watson shall be responsible for the compliance of its Affiliates, sublicensees and subcontractors with this Agreement.

11. Each Party hereto represents and warrants to the other Party that, as of the date hereof:

a. this Agreement is a legal, valid and binding obligation of the warranting party, enforceable against such party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general principles of equity;

b. the warranting party is not subject to any judgment, order, injunction, decree or award of any court, administrative agency or governmental body that would or might interfere with its performance of any of its material obligations hereunder; and

c. the warranting party has full power, right and authority to enter into and perform its obligations under this Agreement in accordance with its terms.

12. WCCI represents and warrants that, as of the date hereof:

a. it presently owns, licenses or has the legal rights to use the Patent and the WCCI NDA, and to grant the licenses hereunder, and that it has the right to settle the Lawsuit; and

b. it has no pending patent applications claiming the WCCI Product.

13. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF APPLICABLE LAW.

14. Neither Party hereto may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party, except to an Affiliate, or in connection with a merger, reorganization, change of control or sale of all or substantially all of the applicable business. Notwithstanding the foregoing, Watson may assign this Agreement to any successor-

in-interest to the Watson Product, whether by merger, asset sale, operation of law or otherwise. Any purported assignment in violation of the foregoing shall be null and void *ab initio* and of no force or effect. No assignment of this Agreement will relieve the assigning Party from any of its obligations hereunder. In the event of a permitted assignment, this Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns.

15. For avoidance of doubt, all rights and licenses granted under or pursuant to any paragraph of this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code (the " Bankruptcy Code "), licenses of "intellectual property" as defined under the Bankruptcy Code. The Parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code; provided , however , that should WCCI become a party to a bankruptcy proceeding and such proceeding is not dismissed within thirty (30) days then, to the extent permitted by law, this Agreement and the licenses granted by WCCI hereunder shall be adopted by any bankruptcy trustee or relevant Third Party charged with the disposition of same, and shall not be rejected by same, it being the Parties' intent that, in such event, Watson and its Affiliates and sublicensees shall be entitled to retain the rights granted to them hereunder by WCCI. Further, upon the bankruptcy of WCCI, Watson shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property, and such, if not already in its possession, shall be promptly delivered to Watson unless WCCI elects to continue, and continues, to perform all of its obligations under this Agreement.

16. From the date hereof until the date on which Watson is permitted to commence sales of the Watson Product hereunder, WCCI will use its reasonable best efforts to provide Watson with 30 days' advance notice of any proposed labeling changes with respect to the WCCI Product requested by WCCI or any specific labeling amendments or supplements with respect to the WCCI Product including, but not limited to, any changes made in response to an order or request of the FDA.

17. Each Party shall, at its own cost and expense, take all actions and do all things reasonably necessary or proper, including under applicable law, to make effective and further the intents and purposes of the transactions contemplated by this Agreement, including executing any further instruments reasonably requested by the other Party.

18. Each Party acknowledges and agrees that:

a. The Mutual Confidential Disclosure Agreement between WPI and WCCI, dated as of November 8, 2007, as amended (the " Confidentiality Agreement "), shall remain in full force and effect, the terms of which are hereby incorporated by reference, as amended and/or clarified by this Agreement and this Paragraph 18.

b. The Parties hereby acknowledge and agree that (i) WLI agrees to be bound by the terms and conditions of the Confidentiality Agreement as if it were originally a party thereto; (ii) the term of the Confidentiality Agreement is amended such that it shall not terminate until the tenth anniversary of the date of this Agreement; (iii) the terms of this Agreement and the transactions contemplated hereunder, and any information exchanged hereunder shall be deemed " Confidential Information " for purposes of the Confidentiality

Agreement and any use or disclosure thereof shall be governed by such agreement; and (iv) the legal department of each Party shall be permitted to retain one copy of the other Party's Confidential Information solely for archival purposes, notwithstanding paragraph 3 of the Confidentiality Agreement. Each Party acknowledges that any and all other information provided to it by the other Party or its representatives concerning such other Party and its Affiliates shall remain subject to the terms and conditions of the Confidentiality Agreement.

c. If either Party becomes aware or has knowledge of any unauthorized use or disclosure of the other Party's Confidential Information, it shall promptly notify the disclosing Party of such unauthorized use or disclosure.

d. Except (i) as set forth in any press release mutually agreed by the Parties, (ii) as consistent with the press release issued pursuant to this Paragraph 18(d) and (iii) as may be required to be made by a Party to the extent that such disclosure is legally required including, without limitation, all applicable securities and regulatory laws and regulations, neither Party shall make or allow the publication of any press release or public announcement with respect to this Agreement or any of the transactions contemplated hereby, without the prior written approval of the other Party, which shall not unreasonably be withheld, conditioned or delayed.

19. Each Party shall, at its own cost and expense, take all actions and do all things reasonably necessary or proper, including under applicable law, to make effective and further the intents and purposes of the transactions contemplated by this Agreement, including executing any further instruments reasonably requested by the other Party.

20. This Agreement (including all attachments hereto) constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, oral or written, with respect to such matters, except for the Confidentiality Agreement, which shall remain in full force and effect as modified hereunder, the terms of which are incorporated by reference. The Parties may amend or modify the provisions of this Agreement, including this provision, only by mutual agreement in writing.

21. The Parties agree and acknowledge that this Agreement is the product of all of the Parties and shall not be construed against any of the Parties.

22. All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon a Party, if delivered by registered or certified mail (return receipt requested) or by a reputable overnight express courier service (charges prepaid), or if sent by facsimile to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person as follows:

In the case of WCCI:

Warner Chilcott Company, Inc.
Union Street Km. 1.1
Fajardo
Puerto Rico
Facsimile: 787 863 5355
Attn: Senior Director, Business Management

with a copy to:

Warner Chilcott (US), LLC
100 Enterprise Drive
Rockaway, NJ 07866
Facsimile: (973) 442-3316
Attn: General Counsel

In the case of Watson:

Watson Pharmaceuticals, Inc.
311 Bonnie Circle
Corona, California 92880
Facsimile: (951) 493-5821
Attn: General Counsel

Such notices will be deemed to have been given on the date delivered in the case of hand delivery or delivery by overnight courier, on the date set forth in the confirmation sheet in the case of facsimile delivery, and on the fifth (5 th) business day following the date of post mark in the case of delivery by mail.

23. This Agreement and any dispute arising out of or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York. With respect to any Proceeding relating to this Agreement, each Party irrevocably agrees and consents to the exclusive jurisdiction of the federal and state courts in New York and waives any objection to venue of any such Proceeding brought in any such court. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN RESPECT TO ANY SUCH PROCEEDING.

24. WCCI shall defend, indemnify and hold harmless each of Watson and its Affiliates and their respective directors, officers and employees (each an “Indemnified Party”) from and against any reasonable fees, costs or expenses (including expert witnesses and attorneys) incurred by an Indemnified Party in connection with any action, investigation, subpoena, lawsuit or proceeding, whether formal or informal, civil or criminal, brought by a governmental entity or Third Party against an Indemnified Party (each a “Proceeding”) arising from the Parties’ entering into of this Agreement (each or collectively “WCCI Liability”). An Indemnified Party claiming a right to indemnification under this Paragraph 24 shall notify WCCI of any Proceeding within five (5) business days after the Indemnified Party has knowledge of such Proceeding. At the

Indemnified Party's request, WCCI shall use reasonable efforts to cooperate with the Indemnified Party and its legal representatives in the investigation and defense of any Proceeding. WCCI shall remit and pay any and all WCCI Liability to the respective Indemnified Party on a quarterly calendar year basis; provided that, WCCI's obligation to reimburse Indemnified Parties for WCCI Liability shall be limited to one million dollars ($1,000,000) in each calendar year (January 1 through December 31 of each year). For the avoidance of doubt, WCCI shall never be obligated to indemnify Watson and its Affiliates and their respective directors, officers and employees for WCCI Liability in an amount greater than $1,000,000 in a given year, regardless of the amount of WCCI liability in any other year.

25. This Agreement may be executed in any number of counterparts, and execution by each of the Parties of any one of such counterparts will constitute due execution of this Agreement. Each such counterpart hereof shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

26. If any provision of this Agreement is held invalid, illegal or unenforceable for any reason, the Parties shall negotiate in good faith for a substitute provision to continue the intent and purpose of such invalid provisions, and the validity, legality and enforceability of the remaining provisions shall not be in any way impaired thereby.

[Signature page follows]

This Agreement is signed as indicated below by duly authorized representatives of WCCI and Watson, respectively, effective as of the date first written above.

WARNER CHILCOTT COMPANY, INC.

By: /s/ Max A. Torres
Name: Max Torres
Title: Senior Director

WATSON LABORATORIES, INC.

By: /s/ Paul M. Bisaro
Name: Paul M. Bisaro
Title: President and Chief Executive Officer

WATSON PHARMACEUTICALS, INC.

By: /s/ Paul M. Bisaro
Name: Paul M. Bisaro
Title: President and Chief Executive Officer

ATTACHMENT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

WARNER CHILCOTT COMPANY, INC. Plaintiff, v. WATSON PHARMACEUTICALS, INC. and WATSON LABORATORIES, INC. Defendants.	: : : : : : : : :	DOCUMENT ELECTRONICALLY FILED Civil Action No. 2:06-CV-3491 (HAA(ES)) **STIPULATION OF DISMISSAL WITHOUT PREJUDICE**

Pursuant to Rules 41(a)(1) and 41(c) of the Federal Rules of Civil Procedure. The Plaintiff and Defendants, by their undersigned attorneys, hereby stipulate and agree that the above captioned action, including all claims, counterclaims and affirmative defenses, are dismissed **without prejudice** .

Each party will bear its own costs, disbursements and attorneys' fees.

Dated: _____, 2008

Respectfully submitted,

Kevin J. McKenna, Esq.
Elvin Esteves, Esq.
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Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Roger M. Boissonneault, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Warner Chilcott Limited;

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 Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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: August 7, 2009

/s/ Roger M. Boissonneault
Name: Roger M. Boissonneault
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Paul Herendeen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Warner Chilcott Limited;

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 Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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: August 7, 2009

/s/ Paul Herendeen

Name: Paul Herendeen
Title: Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The certification set forth below is being submitted in connection with Warner Chilcott Limited's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Roger M. Boissonneault, the Chief Executive Officer and Paul Herendeen, the Chief Financial Officer of Warner Chilcott Limited, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Warner Chilcott Limited.

Date: August 7, 2009

/s/ Roger M. Boissonneault
Name: Roger M. Boissonneault
Title: President and Chief Executive Officer

/s/ Paul Herendeen
Name: Paul Herendeen
Title: Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Warner Chilcott Limited and will be retained by Warner Chilcott Limited and furnished to the Securities and Exchange Commission or its staff upon request.