

WARNER CHILCOTT LTD

FORM 8-K

(Current report filing)

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

Form 8-K

**Current Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: August 6, 2009
Date of earliest event reported: August 5, 2009

Warner Chilcott Limited

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction
of incorporation)

1-33039
(Commission File Number)

98-0496358
(IRS Employer
Identification No.)

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

+353 41 685 6983
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

At the Annual General Meeting of Shareholders (the “Annual Meeting”) of Warner Chilcott Limited (the “Company”) on August 5, 2009, shareholders approved amendments to the Company’s 2005 Equity Incentive Plan (as amended, the “Equity Incentive Plan”). The amendments amend the existing plan to (i) increase the number of shares authorized for issuance under the plan, (ii) enable awards under the plan that comply with the exemption from the deduction limitation imposed under Section 162(m) of the Internal Revenue Code, as amended and (iii) allow Warner Chilcott plc to issue ordinary shares under the plan, subject to the effectiveness of the Scheme of Arrangement approved at the Company’s special court-ordered meeting of shareholders (the “Special Meeting”) held on August 5, 2009.

A copy of the Equity Incentive Plan is attached hereto as Exhibit 10.1. The description of the Equity Incentive Plan contained herein is qualified in its entirety by reference to the full text of the Equity Incentive Plan. In addition, a more fulsome description of the Equity Incentive Plan is contained in the Proxy Statement prepared by the Company in preparation for its Annual Meeting and Special Meeting and filed with the U.S. Securities and Exchange Commission on June 26, 2009 (the “Proxy Statement”) and is incorporated herein by reference.

At the Annual Meeting, shareholders also approved the Company’s Management Incentive Plan. Under the Management Incentive Plan, annual incentive awards made to certain senior executives of the Company in 2009 as well as awards made in future years will qualify for a tax deduction as “performance-based compensation,” assuming compliance with the terms of the plan.

A copy of the Management Incentive Plan is attached hereto as Exhibit 10.2. The description of the Management Incentive Plan contained herein is qualified in its entirety by reference to the full text of the Management Incentive Plan. In addition, a more fulsome description of the Management Incentive Plan is contained in the Proxy Statement and is incorporated herein by reference.

Item 8.01 Other Events.

On August 5, 2009, the Company issued a press release announcing that at the Special Meeting, its shareholders approved, among other proposals, a Scheme of Arrangement between the Company and its shareholders. Assuming receipt of the required 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. A copy of the Company’s press release is filed as Exhibit 99.1 hereto and is incorporated by reference into this Item 8.01.

Item 9.01 Financial Statements and Exhibits.

(d)	<u>Exhibit Number</u>	<u>Description</u>
	10.1	Warner Chilcott Equity Incentive Plan (as amended and restated)
	10.2	Warner Chilcott Management Incentive Plan
	99.1	Press Release issued August 5, 2009

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 hereunto duly authorized.

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By: /s/ Paul Herendeen

Name: Paul Herendeen

Title: Executive Vice President and Chief Financial Officer

Date: August 6, 2009

**Warner Chilcott
Equity Incentive Plan
(Amended and Restated)**

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**Warner Chilcott
Equity Incentive Plan
(Amended and Restated)**

SECTION 1 . Purpose.

The purpose of the Plan is to attract and retain the best available personnel, to provide additional incentive to persons who provide services to the Company and its Subsidiaries, and to promote the success of the Company's business. Unless the context otherwise requires, capitalized terms used herein are defined in Section 18.

SECTION 2 . Administration.

(a) Authority of the Board. The Plan shall be administered by the Board. The Board shall have full authority and sole discretion to take any actions it deems necessary or advisable for the administration and operation of the Plan, subject to the terms and conditions of the Plan, including, without limitation, the right to construe and interpret the provisions of the Plan or any Award, to provide for any omission in the Plan, to resolve any ambiguity or conflict under the Plan or any Award, to accelerate vesting of or otherwise waive any requirements applicable to any Award, to extend the term or any period of exercisability of any Award, to modify the purchase price or exercise price under any Award, to establish terms or conditions applicable to any Award and to review any decisions or actions made or taken by the Board. All decisions, interpretations and other actions of the Board shall be final and binding on all participants and other persons deriving their rights from a participant. Notwithstanding anything to the contrary herein, no action taken by the Board shall adversely affect in any material respect the rights granted to any participant under any outstanding Award without the participant's written consent. Notwithstanding anything to the contrary herein, the Board may, at its discretion, delegate its authorities under the Plan to any officer of the Company and may subject such delegation to such limits or parameters as it may determine and may revoke such delegation at will.

SECTION 3 . Eligibility.

The Board is authorized to grant Awards to employees, directors and consultants of the Company or any Subsidiary of the Company. Employees who have been granted Awards shall be participants in the Plan with respect to such Awards.

SECTION 4 . Shares Subject to Plan.

(a) Basic Limitation. Subject to the following provisions of this Section and Section 14, the maximum number of Class A Common Shares that may be issued pursuant to Awards under the Plan is 24,170,880 Class A Common Shares. Class A Common Shares may only be authorized but unissued Class A Common Shares and, unless permitted under Bermuda or other applicable law, may not be treasury Class A Common Shares. Notwithstanding the foregoing and subject to the provisions of Section 14 of the Plan, under the Plan no Person may be granted in any calendar year Options, Stock Appreciation Rights or Performance Awards denominated in Class A Common Shares that, in the case of each type of Award, relate to more than two million Class A Common Shares or, with respect to any Performance Award denominated in cash or valued with reference to property other than Class A Common Shares, allow for a payment in excess of \$5,000,000.

(b) Additional Class A Common Shares. In the event that any outstanding Award expires, is cancelled or otherwise terminated, any rights to acquire Class A Common Shares allocable to the unexercised or unvested portion of such Award shall again be available for the purposes of the Plan. In the event that Class A Common Shares issued under the Plan are reacquired by the Company pursuant to any forfeiture provision, such Class A Common Shares shall again be available for the purposes of the Plan.

SECTION 5 . Awards.

(a) Types of Awards. The Board may, in its sole discretion, make Awards of one or more of the following: Options, Share Appreciation Rights, Share Awards, Share Units, Performance Awards and Dividend Equivalent Rights. The Company shall make Awards directly or cause one or more of its Subsidiaries to make Awards; *provided , however ,* that the Company shall be responsible for causing any such Subsidiary to comply with the terms of any Award and the Plan.

(b) Award Agreements. Each Award made under the Plan shall be evidenced by a written agreement, and no Award shall be valid without any such agreement. An Award shall be subject to all applicable terms and conditions of the Plan and to any other terms and conditions which the Board in its sole discretion deems appropriate for inclusion in the Award agreement provided such terms and conditions are not inconsistent with the Plan. Accordingly, in the event of any conflict between the provisions of the Plan and any such agreement, the provisions of the Plan shall prevail. Prior to an Initial Public Offering, awards made to California participants shall also be subject to the applicable requirements set forth in Appendix I. Each agreement evidencing an Award shall provide, in addition to any terms and conditions required to be provided in such agreement pursuant to any other provision of this Plan, the following terms:

(i) Number of Class A Common Shares. The number of Class A Common Shares subject to the Award, if any, which number shall be subject to adjustment in accordance with Section 14 of the Plan.

(ii) Price. Where applicable, each agreement shall designate the price, if any, to acquire any Class A Common Shares underlying the Award, which price shall be payable in a form described in Section 12 and subject to adjustment pursuant to Section 14.

(iii) Vesting. Each Award agreement shall specify the dates and events on which all or any installment of the Award shall be vested and non-forfeitable. Notwithstanding the foregoing, upon a Change in Control any unvested Awards which are subject to a time-based vesting schedule shall be fully vested and non-forfeitable. Awards which are subject to a performance-based vesting schedule shall not be affected by a Change in Control, *i.e.* such awards shall not vest automatically upon a Change in Control.

(c) No Rights as a Shareholder. A participant, or a transferee of a participant, shall have no rights as a shareholder with respect to any Class A Common Shares covered by an Award until Class A Common Shares are actually issued in the name of such person (or if Class A Common Shares will be held in street name, to a broker who will hold such Class A Common Shares on behalf of such person).

SECTION 6 . Options.

(a) Option Agreement. The Board may, in its sole discretion, grant Options. Each agreement evidencing an Award of Options shall contain the following information, which shall be determined by the Board, in its sole discretion:

(i) ISO/Nonstatutory Option. Each agreement shall designate an Option as either an ISO or a Nonstatutory Option (provided that an Option shall be a Nonstatutory Option unless the applicable award agreement specifically designates such Option as an ISO).

(ii) Exercisability. Each agreement shall specify the dates and events when all or any installment of the Option becomes exercisable.

(iii) Term. Each agreement shall state the term of each Option (including the circumstances under which such Option will expire prior to the stated term thereof), which shall not exceed ten years from the date of grant or (in respect of an ISO) such shorter term as may be required by Section 6(b)(iii) below for Ten Percent Class A Common Shareholders.

(b) Special ISO Rules. The following rules apply to ISO grants in addition to any other rule that may apply under this Plan:

(i) ISO Participants. ISOs may only be granted to employees of the Company or a Subsidiary thereof.

(ii) Exercise Price. The exercise price of an ISO shall not be less than 100% of the Fair Market Value of a Class A Common Share on the date of grant or such higher price as may be required by Section 6(b)(iii) below for Ten Percent Class A Common Shareholders.

(iii) Ten Percent Class A Common Shareholders. An individual who owns more than ten percent of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries (a “ **Ten Percent Class A Common Shareholder** ”) shall not be eligible for designation as a participant under an ISO unless (A) the exercise price is at least 110% of the Fair Market Value of a Class A Common Share on the date of grant and (B) the ISO is not exercisable after the expiration of five years from the date of grant. In determining stock ownership for purposes hereof, the attribution rules of Section 424(d) of the Code shall apply.

(iv) Dollar Limitation. The aggregate Fair Market Value of Class A Common Shares (determined as of the respective date or dates of grant) for which one or more Options granted to any participant under the Plan (or any other option plan of the Company or any Subsidiary thereof) may for the first time become exercisable as ISOs during any one calendar year shall not exceed the sum of \$100,000. To the extent a participant holds two or more Options which become exercisable for the first time in the same calendar year, such Options shall qualify as ISOs on the basis of the order in which such Options were granted.

(v) Failure to Qualify. If all or a portion of an Award granted as an ISO fails (or later ceases to) qualify as an ISO, such Option or portion thereof shall be treated as a Nonstatutory Option.

SECTION 7 . *Share Appreciation Rights.*

(a) Generally. The Board may, in its sole discretion, grant “Share Appreciation Rights,” including a concurrent grant of Share Appreciation Rights in tandem with any Option. A Share Appreciation Right means a right to receive a payment in cash, Class A Common Shares or a combination thereof in an amount equal to the excess of (i) the Fair Market Value, or other specified valuation, of a number of Class A Common Shares on the date the right is exercised over (ii) the Fair Market Value, or other specified valuation, of such Class A Common Shares on the date the right is granted. If a Share Appreciation Right is granted in tandem with or in substitution for an Option, the designated Fair Market Value in the Award agreement shall reflect the Fair Market Value of the Class A Common Shares underlying the Awards on the date the Option is granted.

(b) Share Appreciation Rights Award Agreement. Each agreement evidencing an Award of Share Appreciation Rights shall contain the following information, which shall be determined by the Board, in its sole discretion:

(i) Base Value. Each agreement shall specify the base value of the Class A Common Shares above which a participant shall be entitled to share in the appreciation in the value of such Class A Common Shares.

(ii) Exercisability. Each agreement shall specify the dates and events when all or any installment of the Share Appreciation Rights becomes exercisable.

(iii) Term. Each agreement shall state the term of each Share Appreciation Right (including the circumstances under which such Share Appreciation Right will expire prior to the stated term thereof), which shall not exceed ten years from the date of grant.

SECTION 8 . *Share Awards.*

(a) Generally. The Board may, in its sole discretion, make “Share Awards” by granting or selling Class A Common Shares under the Plan. Each Share Award agreement shall set forth the applicable dates and/or events on which all or any portion of the Share Awards shall be vested and non-forfeitable. Payment in Class A Common Shares of all or a portion of any bonus under any other arrangement may be treated by the Board as an Award of Class A Common Shares under the Plan.

(b) No Purchase Price Necessary. In lieu of a purchase price, and except as required by applicable law, a Share Award may be made in consideration of services previously rendered by a participant to the Company or its Subsidiaries thereof.

SECTION 9 . *Share Units.*

(a) Generally. The Board may, in its sole discretion, grant “Share Units”, which in each case shall be a notional account representing Class A Common Shares. Each Share Unit agreement shall set forth the applicable dates and/or events on or after which all or any portion of the Share Unit Award may be settled.

(b) Settlement of Share Units. Share Units shall be settled in Class A Common Shares unless the agreement evidencing the Award expressly provides for settlement of all or a portion of the Share Units in cash equal to the value of the Class A Common Shares that would otherwise be distributed in settlement of such units. Class A Common Shares distributed to settle a Share Unit may be issued with or without payment or consideration therefore, except as may be required by applicable law or the Board in its sole discretion as set forth in the agreement evidencing the Award. The Board may, in its sole discretion, establish a program to permit participants to defer payments and distributions made in respect of Share Units.

SECTION 10. *Performance Awards.*

(a) The Board may, in its sole discretion, grant any Awards under the Plan pursuant to terms which condition the Award recipient’s right to receive the Award, exercise the Award or have the Award settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Board. The Board may use such business criteria and other measures of performance as it deems appropriate in establishing any performance conditions.

(b) Any such Awards may, in the discretion of the Board, be subject to such conditions as the Board deems necessary or appropriate to ensure that such Award satisfies the requirements for “performance-based compensation” within the meaning of Section 162(m) of the Code, or any successor provision thereto. For these purposes, one or more of the following criteria relating to the Company or a designated business segment, business unit, division, business line or other sub-category of the Company or its businesses may be used by the Board in establishing performance goals for such Awards: (i) revenues, (ii) expenses, (iii) gross profit, (iv) operating income, (v) net income, (vi) earnings per share, (vii) cash flow, (viii) capital expenditures, (ix) working capital, (x) economic value added, (xi) stock price per share, (xii) market value, (xiii) enterprise value, (xiv) book value, (xv) return on equity, (xvi) return on book value, (xvii) return on invested capital, (xviii) return on asset, (xix) capital structure, (xx) return on investment, (xxi) utilization, (xxii) cash net income, (xxiii) adjusted cash net income, (xxiv) EBITDA and (xxv) adjusted EBITDA. The performance goals relating to such criteria may be expressed as absolute measures or measures relative to stated references, including, without limitation, the achievements of one or more other businesses or indices.

(c) The Board will have the authority to adjust performance goals for any performance period as equitably necessary, without enlarging or diminishing the participants’ rights, in recognition of (i) extraordinary or nonrecurring events experienced by the Company during the performance period, (ii) changes in applicable accounting rules or principles or changes in the Company’s methods of accounting during the performance

period or (iii) other corporate transactions or events affecting Awards, including, without limitation, the occurrence of a dividend or other distribution (other than an ordinary dividend), whether in the form of cash, securities or other property, recapitalization, stock split, reverse stock split, reorganization, reclassification, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company; *provided* that such adjustment is appropriate to prevent diminution or enlargement of the benefits or potential benefits intended to be provided under the Plan.

SECTION 11 . Dividend Equivalent Rights.

(a) Generally. The Board may, in its sole discretion, grant Dividend Equivalent Rights with respect to any Award.

(b) Settlement of Dividend Equivalent Rights. Dividend Equivalent Rights may be settled in cash, Class A Common Shares, or other securities or property, all as provided in the Award agreement. The Board may, in its sole discretion, grant share units, which in each case shall be a notional account representing Class A Common Shares. The Board may, in its sole discretion, establish a program to permit participants to defer payments and distributions made in respect of Dividend Equivalent Rights.

SECTION 12 . Payment for Class A Common Shares.

(a) General Rule. The purchase price of Class A Common Shares issued under the Plan shall be payable in cash or personal check at the time when such Class A Common Shares are purchased, except as otherwise provided in this Section 12.

(b) Surrender of Class A Common Shares. At the sole discretion of the Board, all or any part of the purchase price and any applicable withholding requirements may be paid by surrendering, or attesting to the ownership of, Class A Common Shares that are already owned by the participant. Such Class A Common Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value on the date when the Award is exercised. The participant shall not surrender, or attest to the ownership of, Class A Common Shares in payment of any portion of the purchase price (or withholding) if such action would cause the Company or any Subsidiary thereof to recognize a compensation expense (or additional compensation expense) with respect to the applicable Award for financial reporting purposes, unless the Board consents thereto.

(c) Services Rendered. At the sole discretion of the Board, and except as required by applicable law, Class A Common Shares may be awarded under the Plan in consideration of services rendered to the Company or a Subsidiary thereof prior to or after the Award.

(d) Net Exercise. At the sole discretion of the Board on or after an Initial Public Offering, payment of all or any portion of the purchase price under any Award under the Plan and any applicable withholding requirements may be made by reducing the number of Class A Common Shares otherwise deliverable pursuant to the Award by the number of such Class A Common Shares having a Fair Market Value equal to the purchase price.

(e) Exercise/Sale. At the sole discretion of the Board and subject to applicable law, on or after an Initial Public Offering, payment may be made in whole or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction (i) to a securities broker approved by the Company to sell Class A Common Shares and to deliver all or part of the sales proceeds to the Company, or (ii) to pledge Class A Common Shares to a securities broker or lender approved by the Company as security for a loan, and to deliver all or part of the loan proceeds to the Company, in each case in payment of all or part of the purchase price and any withholding requirements.

(f) Discretion of Board. Should the Board exercise its sole discretion to permit the participant to pay the purchase price under an Award in whole or in part in accordance with Section 12 (b) through (e) above, it shall not be bound to permit such alternative method of payment for the remainder of any such Award or with respect to any other Award or participant under the Plan.

SECTION 13 . *Termination of Service.*

(a) Termination of Service. If a participant's Service terminates for any reason, the Award shall be subject to the rights of repurchase, and the other provisions, set forth in the written agreement with the participant governing such Award.

(b) Leave of Absence. For purposes of this Section 13, unless otherwise required by applicable law, Service shall be deemed to continue while a participant is on a bona fide leave of absence, if such leave is approved by the Company in writing or if continued crediting of service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Board).

SECTION 14 . *Adjustment of Class A Common Shares.*

(a) General. If there shall be a Recapitalization, an adjustment shall be made to each outstanding Award such that each such Award shall thereafter be exercisable or payable, as the case may be, in such securities, cash and/or other property as would have been received in respect of Class A Common Shares subject to, or referenced by, such Award had such Award been exercised and/or settled in full immediately prior to such Recapitalization and such an adjustment shall be made successively each time any such change shall occur. In addition, in the event of any Recapitalization, the Board will adjust, in a manner it deems fair and equitable, the number of Class A Common Shares that may be issued under the Plan, the number of Class A Common Shares that may be issued to any Person in any calendar year, the number of Class A Common Shares subject to outstanding Awards, and the purchase price applicable to outstanding Awards to prevent dilution or enlargement of participants' rights under the Plan and outstanding Awards. Should the vesting of any Award be conditioned upon the Company's attainment of performance conditions, the Board may, in a fair and equitable manner, make such adjustments to the terms and conditions of such Awards and the criteria therein to recognize unusual and nonrecurring events affecting the Company or in response to changes in applicable laws, regulations or accounting principles. Notwithstanding the foregoing, the Board shall not without a participant's consent make any adjustment to an ISO or an Award that is subject to Section 409A of the Code that does not comply with the rules of Section 424(a) of the Code or Section 409A of the Code, respectively, or would otherwise cause the ISO to fail to qualify as an ISO for purposes of Section 422 of the Code.

(b) Mergers and Consolidations. In the event that the Company is a party to a merger or consolidation, outstanding Awards shall be subject to the agreement of merger or consolidation. Subject to the terms of the applicable Award agreement, the agreement with respect to such merger or consolidation, without the participants' consent, may provide for:

(i) The continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving entity) or by the surviving entity or its direct or indirect parent;

(ii) The substitution by the surviving entity or its direct or indirect parent of share awards with substantially the same terms and economic value for such outstanding Awards;

(iii) The acceleration of the vesting of or right to exercise or receive settlement with respect to such outstanding Awards immediately prior to or as of the date of the merger or consolidation, and the expiration of such outstanding Awards to the extent not timely exercised or purchased by the date of the merger or consolidation or other date thereafter designated by the Board, after reasonable advance written notice thereof to the holder of each such Award; or

(iv) The cancellation of all or any portion of such outstanding Awards; provided that, with respect to "in-the-money" Awards, such cancellation must be made in exchange for a cash payment of the excess of the fair market value of the Class A Common Shares subject to such outstanding Awards or portion thereof being canceled over the purchase price, if any, with respect to such Awards or portion thereof being canceled.

SECTION 15 . *Securities Law Requirements.*

(a) **Class A Common Shares Not Registered.** Class A Common Shares shall not be issued under the Plan unless the issuance and delivery of such Class A Common Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, state or foreign securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Class A Common Shares under the Plan, and accordingly any certificates for Class A Common Shares may have an appropriate legend or statement of applicable restrictions endorsed thereon. Each participant and any person deriving its rights from any participant shall, as a condition to the purchase or issuance of any Class A Common Shares under the Plan, deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company may deem necessary or appropriate to ensure that the issuance of Class A Common Shares is not required to be registered under any applicable securities laws.

(b) **California Participants.** Prior to an Initial Public Offering, if an Award shall be made to a participant based in California, then such Award shall meet the additional requirements set forth in Appendix I.

(c) **United Kingdom Participants:** At any time, if an Award shall be made to a participant based in the United Kingdom, such Award shall be subject to the additional terms and conditions set forth in Appendix II.

SECTION 16 . *General Terms.*

(a) **Nontransferability of Awards.** No Award may be transferred, assigned, pledged or hypothecated by any participant except in compliance with the terms of the agreement governing such Award. The exercisability of an Option or other right to acquire Class A Common Shares under the Plan by someone other than the participant shall be governed by the agreement pursuant to which such Option was granted.

(b) **Restrictions on Transfer of Class A Common Shares.** Any Class A Common Shares issued under the Plan shall be subject to such vesting and special forfeiture conditions, repurchase rights, rights of first offer and other transfer restrictions as the Board may determine. Such restrictions shall be set forth in the applicable Award agreement and shall apply in addition to any restrictions that may apply to holders of Class A Common Shares generally.

(c) **Withholding Requirements.** As a condition to the receipt or purchase of Class A Common Shares pursuant to an Award, a participant shall make such arrangements as the Board may require for the satisfaction of any federal, state, local or foreign withholding obligations that may arise in connection with such receipt or purchase. The participant shall also make such arrangements as the Board may require for the satisfaction of any federal, state, local or foreign withholding obligations that may arise in connection with the disposition of Class A Common Shares acquired pursuant to an Award.

(d) **No Retention Rights.** Nothing in the Plan or in any Award granted under the Plan shall confer upon a participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary thereof employing or retaining the participant) or of the participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(e) **Unfunded Plan.** Participants shall have no right, title or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, nor a

fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the rights of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

SECTION 17 . *Duration and Amendments.*

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors of the Company, subject to (i) the approval of the holders of a majority of the Class A Common Shares and (ii) any other shareholder approval required pursuant to the Sponsor Shareholders Agreement to the extent then in effect. If the requisite shareholder approvals set forth in the immediately preceding sentence to approve the Plan are not obtained within 12 months of its adoption by the Board of Directors of the Company, any Awards that have already been made shall be rescinded, and no additional Awards shall be made thereafter under the Plan. The Plan shall terminate automatically on the day preceding the tenth anniversary of its adoption by the Board of Directors of the Company unless earlier terminated pursuant to Section 17(b) below.

(b) Right to Amend or Terminate the Plan. The Board may amend, suspend or terminate the Plan at any time and for any reason; *provided, however*, that any amendment of the Plan (except as provided in Section 14) which increases the maximum number of Class A Common Shares available for issuance under the Plan in the aggregate, changes the legal entity authorized to make Awards under this Plan from the Company (or its successor) to any other legal entity or which materially changes the class of persons who are eligible for the grant of ISOs, shall be subject to: (i) the approval of the holders of a majority of the Class A Common Shares and (ii) any other shareholder approval required pursuant to the Sponsor Shareholders Agreement to the extent then in effect. Except as may be required by the Sponsor Shareholders Agreement to the extent then in effect or as the Board may deem necessary or desirable in order to comply with any applicable law or regulations, approval of the holders of the Class A Common Shares shall not be required for any other amendment of the Plan.

(c) Effect of Amendment or Termination. Any amendment of the Plan shall not adversely affect in any respect any participant's rights under any Award previously made or granted under the Plan without the participant's consent unless determined to be required in order to comply with applicable law or regulations. No Class A Common Shares shall be issued or sold under the Plan after the termination thereof, except pursuant to an Award granted prior to such termination. The termination of the Plan shall not affect any Awards outstanding on the termination date.

(d) Modification, Extension and Assumption of Awards. Within the limitations of the Plan and applicable law or regulations, the Board may modify, extend or assume outstanding Awards or may provide for the cancellation of outstanding Awards in return for the grant of new Awards for the same or a different number of Class A Common Shares and at the same or a different price. The foregoing notwithstanding, no modification of an Award shall, without the consent of the participant, impair the participant's rights or increase the participant's obligations under such Award or impair the economic value of any such Award unless determined to be required in order to comply with applicable law or regulations.

SECTION 18 . *Definitions.*

(a) “ **Affiliate** ” shall mean, with respect to any Person, any other Person who, directly or indirectly, controls such first Person or is controlled by said Person or is under common control with said Person, where “control” means the power and ability to direct, directly or indirectly, or share equally in or cause the direction of, the management and/or policies of a Person, whether through ownership of voting shares or other equivalent interests of the controlled Person, by contract (including proxy) or otherwise.

(b) “ **Award** ” shall mean the grant of an Option, Share Appreciation Right, Share Award, Share Unit, Performance Award or Dividend Equivalent Right under the Plan.

(c) “ **Board** ” shall mean the Board of Directors of the Company, as constituted from time to time, or if such Board of Directors has appointed a committee to administer the Plan that is composed of two or more directors, each of whom is both an “outside director” (within the meaning of Section 162(m) of the Code) and a “non-employee director” (within the meaning of Rule 16b-3 under the Exchange Act).

(d) “ **Change in Control** ” shall mean the occurrence of:

(i) any Person other than the Company, its Affiliates, an employee benefit plan or trust maintained by the Company or its affiliates, or the “Sponsors” (as defined in the Management Shareholders Agreement) becoming the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the Company’s then outstanding securities (excluding any Person who becomes such a beneficial owner in connection with a transaction described in clause (A) of paragraph (iii) below);

(ii) at any time during a period of twelve consecutive months, individuals who at the beginning of such period constituted the Board ceasing for any reason to constitute at least a majority thereof, unless the election by the Company’s shareholders of each new director during such twelve-month period was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of such twelve-month period; or

(iii) the consummation of (A) a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power or the total fair market value of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of assets of the Company having a total gross fair market value equal to more than 50% of the total gross fair market value of all assets of the Company immediately prior to such transaction or transactions.

(e) “ **Class A Common Share** ” shall mean one Class A ordinary share of the Company, par value \$.01 or, in the case of Awards by any successor or parent to Warner Chilcott Limited, an ordinary or common share of such parent or successor.

(f) “ **Code** ” shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(g) “ **Company** ” shall mean Warner Chilcott Limited, an exempted Bermuda limited company or any successor or parent thereto as designated by the Board.

(h) “ **Covered Employee** ” shall mean a person whose compensation from the Company is, or is deemed likely by the Board to be, subject to the limitation on deductibility set forth in Code Section 162(m) of the Code.

(i) “ **Dividend Equivalent Right** ” shall mean an Award that entitles the holder to receive for each eligible Class A Common Share that is subject to (or referenced by) such Award an amount equal to the dividends paid on one Class A Common Share at such time as dividends are otherwise paid to shareholders of the Company holding Class A Common Shares or, if later, when the Award becomes vested.

(j) “ **Exchange Act** ” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(k) “ **Fair Market Value** ” shall mean the closing price of a Class A Common Shares as reported on the composite tape of the Nasdaq Global Market or any reporting system selected by the Board on the relevant dates or, if no sale of Class A Common Shares is reported for that date, on the date or dates that the Board determines, in its sole discretion, to be appropriate for purposes of the valuation.

(l) “ **Initial Public Offering** ” shall mean the initial Public Offering registered on Form S-1 (or any successor form under the Securities Act).

(m) “ **ISO** ” shall mean an “incentive stock option” described in Section 422(b) of the Code.

(n) “ **Management Shareholders Agreement** ” shall mean that certain Management Shareholders Agreement dated as of the date hereof by and among the Company, Warner Chilcott Holdings Company II, Limited, Warner Chilcott Holdings Company III, Limited and the other parties thereto (as the same shall be amended, supplemented or modified from time to time) to the extent then in force.

(o) “ **Nonstatutory Option** ” shall mean a “stock option” not described in Sections 422(b) of the Code.

(p) “ **Option** ” shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Class A Common Shares.

(q) “ **Performance Award** ” shall mean an Award granted under Section 10.

(r) “ **Person** ” shall mean an individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

(s) “ **Plan** ” shall mean this Warner Chilcott Equity Incentive Plan, as amended from time to time.

(t) “ **Public Offering** ” shall mean an underwritten public offering of Class A Common Shares pursuant to an effective registration statement under the Securities Act, other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form.

(u) “ **Recapitalization** ” shall mean an event or series of events affecting the capital structure of the Company including, but not limited to, a share split, reverse share split, share dividend (subject to the exclusion below), spin-off, recapitalization, combination or reclassification of the Company’s securities, but shall exclude any share dividend to the extent the treatment of a stock dividend is covered in the agreement governing the Award.

(v) “ **Securities Act** ” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(w) “ **Service** ” shall mean service as an employee, director or consultant of the Company or any Subsidiary thereof.

(x) “ **Sponsor Shareholders Agreement** ” means that certain Shareholders Agreement dated as of January 18, 2005, by and among the Company, Warner Chilcott Holdings Company II, Limited, Warner Chilcott Holdings Company III, Limited, Bain Capital Integral Investors II, L.P., DLJMB Overseas Partners III, C.V., J.P. Morgan Partners (BHCA), L.P., Thomas H. Lee (Alternative) Fund V; L.P. and the other parties thereto (as such agreement may be amended, modified or supplemented from time to time) to the extent then in effect.

(y) “ **Share Appreciation Right** ” shall have the meaning described in Section 7(a).

(z) “ **Share Award** ” shall have the meaning described in Section 8(a).

(aa) “ **Share Unit** ” shall have the meaning described in Section 9(a).

(bb) “ **Subsidiary** ” shall mean, with respect to any specified Person, any other Person in which such specified Person, directly or indirectly through one or more Affiliates or otherwise, beneficially owns at least 50% of either the ownership interest (determined by equity or economic interests) in, or the voting control of, such other Person.

SECTION 19 . *Choice of Law.*

All issues concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and performed entirely within such state, without regard to the conflicts of laws rules of such state. Any legal action or proceeding with respect to the Plan shall be brought in the courts of the United States for the Southern District of New York.

APPENDIX I
CALIFORNIA SECURITIES LAW REQUIREMENTS.

The terms of this Appendix I apply only to Awards made prior to an Initial Public Offering that would be subject to Section 25110 of the California Corporations Code or any successor law but for the exemption contained in Section 25102(o) of the California Corporation Code (or any successor law). For purposes of determining the applicability of the California securities law requirements contained in this Appendix, all Awards shall be deemed made in the State in which the participant is principally employed by the Company or any Subsidiary thereof (as determined by the employer's records) on the date of grant or issuance of the Award. Except as modified by the provisions of this Appendix I, all the other relevant provisions of the Plan shall be applicable to such Awards.

(i) *Number of Securities* . At no time shall the total number of securities issuable upon exercise of all outstanding Options and the total number of Class A Common Shares provided for under this or any share bonus or similar plan or agreement of the Company exceed the applicable percentage calculated in accordance with Title 10 California Code of Regulations, Chapter 3, Subchapter 2, Article 4, Subarticle 4, Section 260.140.45.

(ii) *Exercise Price* . The exercise price of an Option shall not be less than 85% of the Fair Market Value on the date of grant (110% of the Fair Market Value on the date of grant for an Option granted to Ten Percent Class A Common Shareholders).

(iii) *Purchase Price* . The purchase price of an Award of Class A Common Shares shall not be less than 85% of the Fair Market Value on the date of issuance (100% of the Fair Market Value on the date of issuance for an Award granted to Ten Percent Class A Common Shareholders).

(iv) *Vesting and Exercisability* . Except in the case of an Option granted to a consultant, officer of the Company (or any Subsidiary thereof), or any member of the Board of Directors of the Company, each Option shall become exercisable and vested with respect to at least 20% of the total number of Class A Common Shares subject to such Option each year, beginning no later than one year after the date of grant.

(v) *Repurchase Rights* . Except in the case of an Award granted or issued to a consultant, officer of the Company (or any Subsidiary thereof), or any member of the Board of Directors of the Company, any rights of the Company to repurchase Class A Common Shares acquired under the Plan applicable to a participant whose Service terminates:

(A) Shall be exercised by the Company (if at all) within 90 days after the date the participant's Service terminates (or for Class A Common Shares upon the exercise of an Award after Service terminates, within 90 days after the date of such exercise) and shall terminate on the date of an Initial Public Offering, and

(B) Shall lapse at the rate of at least 20% of the Class A Common Shares subject to such Award per year (regardless of the portion of the Award exercised or exercisable), with the initial lapse to occur no later than one year after the date of grant, to the extent the repurchase right permits repurchase at less than Fair Market Value. Any repurchase right shall not be exercisable for less than the original purchase price paid by a participant.

(vi) *Limited Transferability Rights* .

(A) A Nonstatutory Option or other right to acquire Class A Common Shares (other than an ISO) may, to the extent permitted by the Board, be assigned in whole or in part during the participant's lifetime (1) as a gift to one or more members of the participant's immediate family or (2) by instrument

to an inter vivos or testamentary trust in which such Award is to be passed to beneficiaries upon the death of the trustor (settlor). The terms applicable to the assigned portion shall be the same as those in effect for the Award immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Board may deem appropriate.

(B) Except as provided in Subsection (A) above, an Award may not be assigned or transferred other than by will or by the laws of descent and distribution following the participant's death.

(vii) *Financial Reports* . The Company shall deliver a financial statement at least annually to each participant holding Awards or Class A Common Shares issued under the Plan, unless such participant is a key employee whose duties in connection with the Company assure such individual access to equivalent information.

APPENDIX II
UNITED KINGDOM LAW REQUIREMENTS.

Any participant in the Plan who is based in the United Kingdom shall participate in the Plan on the following additional terms and conditions:

1. It shall be a condition of issue of any Class A Common Shares that the participant must, if required by the Company, enter into an election under section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 in respect of any or all Class A Common Shares acquired by the participant under the Plan.
2. In a case where the Company or an Affiliate or Subsidiary or any other person (the “ **Relevant Person** ”) is obliged to (or would suffer a disadvantage if they were not to) account for any tax (in any jurisdiction) by virtue of the receipt of any benefit under the Plan (whether in cash or Class A Common Shares) or for any social security contributions payable or assessable (which, unless the Board determines otherwise when the Award is made, shall not include secondary/employer’s National Insurance contributions in the UK) (together, the “ **Tax Liability** ”), the participant (or his personal representatives) must either:
 - (a) make a payment to the Relevant Person of an amount equal to the Tax Liability; or
 - (b) enter into arrangements acceptable to the Relevant Person to secure that such a payment is made (whether by authorizing the sale of some or all of the Class A Common Shares on his behalf and the payment to the Relevant Person of the relevant amount out of the proceeds of sale or otherwise),

and in this regard the participant (or his personal representatives) shall do all such things and execute such documents as the Relevant Person may reasonably require in connection with the satisfaction of the Tax Liability.

3. An individual who participates in the Plan shall waive all and any rights to compensation or damages in consequence of the termination of his office or employment with the Company or any Subsidiary or Affiliate for any reason whatsoever, whether lawfully or otherwise, insofar as those rights arise or may arise from his ceasing to have rights under the Plan as a result of such termination, or from the loss or diminution in value of such rights or entitlements, including by reason of the operation of the terms of the Plan or the provisions of any statute or law relating to taxation. An individual who is eligible to participate in the Plan shall have no right to participate in the Plan.
4. Benefits under the Plan shall not form part of a Participant’s remuneration for any purpose and shall not be pensionable.
5. By participating in the Plan, the Participant consents to the collection, processing, transmission and storage by the Company, in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of introducing and administering the Plan. The Company may share such information with any Subsidiary or Affiliate, any trustee, registrars, brokers, other third party administrator or any person who obtains control of the Company (pursuant to a Change in Control) or acquires the company, undertaking or part-undertaking which employs the Participant, whether within or outside of the European Economic Area.

**APPENDIX III
UNITED KINGDOM TAX APPROVED OPTIONS**

An Option granted under the Plan which is stated to be granted as a “**UK Approved Option**” shall be granted on the terms of the Plan as amended by the provisions of, and on the additional terms and conditions of, this Appendix III.

Definitions

In this Appendix III:

“**Appropriate Limit**” means the limit set out in Paragraph 6 of Schedule 4 to ITEPA;

“**Appropriate Period**” means the relevant period of time as set out in Paragraph 26(3) of Schedule 4 to ITEPA;

“**Associated Company**” means an associated company of the Company within the meaning that the expression bears in Paragraph 35 of Schedule 4 of ITEPA;

“**Close Company**” means a close company as defined in Paragraph 37 of Schedule 4 to ITEPA;

“**Control**” has the meaning given by Section 840 of the Taxes Act;

“**Eligible Employee**” means any individual who:

- (A) is a director (who is required to work at least 25 hours per week exclusive of meal breaks) or any employee of a Participating Company; and
- (B) does not have, as at the date on which the Option is granted, and has not had within the preceding 12 months, a Material Interest in a Close Company which is:
 - (1) the Company; or
 - (2) a company which has Control of the Company or is a Member of a Consortium which owns the Company;

“**ITEPA**” means the Income Tax (Earnings and Pensions) Act 2003;

“**Market Value**” means, in relation to a Class A Common Share on any day, its market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with Shares Valuation at HM Revenue and Customs;

“**Material Interest**” has the meaning given by Paragraph 10 of Schedule 4 to ITEPA;

“**Member of a Consortium**” has the meaning given by Paragraph 36(2) of Schedule 4 to ITEPA;

“**Original Market Value**” means, in relation to any Class A Common Share to be taken into account for the purposes of the limits in Rule 2.6, its Market Value as determined for the purposes of the grant of the relevant Option;

“ **Participating Company** ” means:

- (A) the Company; and
- (B) any other company which is under the Control of the Company and is for the time being designated by the Board as a Participating Company; and

“ **Taxes Act** ” means the Income and Corporation Taxes Act 1988.

Provisions applying at Grant

Options may only be granted under this Appendix III to Eligible Employees.

Options may only be granted under this Appendix III at such time or times as the Class A Common Shares over which Options are to be granted satisfy the conditions specified in Paragraphs 16 to 20 of Schedule 4 to ITEPA. To the extent these conditions are not met at the date the holder of the Option wishes to exercise an Option (whether in whole or in part) the Option shall be deemed to have been granted solely under the Plan and not in accordance with this Appendix III.

The exercise price of an Option shall not be less than the Market Value of a Class A Common Share on the date on which the Option is granted, but shall be subject only to any adjustment pursuant to Rule 5.1;

Options may be granted subject to such objective conditions of exercise as the Board may determine.

Any condition in respect of an Option granted under Part A may only be altered if events happen which mean that the Board considers that the original condition is no longer appropriate and that an altered condition reflects a more fair and reasonable measure. Such an alteration may only be effected to the extent that the Board reasonably considers that it will subsequently be no more difficult for the holder of the Option to satisfy the condition as so altered than it was for him to achieve the condition in its original form at the date on which the Option was granted. Any such alteration to an Option must be agreed in advance with HM Revenue and Customs.

Any Option granted to an Eligible Employee shall be limited to take effect so that, immediately following such grant, the aggregate of the Original Market Value of all Class A Common Shares over which he has been granted option rights which are subsisting under:

this Appendix III; and

any other share option scheme approved under Schedule 4 to ITEPA which has been adopted by the Company or an Associated Company,

shall not exceed or further exceed the Appropriate Limit.

The agreement entered into pursuant to Section 6(a) of the Plan shall, in addition to the provisions set out in Section 6(a), specify:

the date on which the Option was granted;

that the Option has been granted in accordance with this Appendix III; and

the full terms of any conditions of exercise which the Board has determined shall apply to the Option.

The agreement entered into pursuant to Section 6(a) of the Plan shall be executed by the Company in such other manner as to take effect in law as a deed.

Options may only be granted under this Appendix III following approval of this Appendix III by HM Revenue and Customs under Schedule 4 to ITEPA.

Provisions applying at Exercise

An Option may not be exercised by the holder of the Option if he has, or has had at any time within the 12 month period preceding the date of exercise, a Material Interest in the issued ordinary share capital of a Close Company which is the Company or a company which has Control of the Company or is a Member of a Consortium which owns the Company.

Options may be transferred upon a participant's death to his personal representative(s). Where an Option may be exercised by the personal representatives of a deceased Participant, exercise shall be permitted for no longer than 1 year following the date of his death.

For the purposes of section 524 and paragraph 35A of Schedule 4 to ITEPA the specified retirement age shall be 55.

Class A Common Shares to be issued pursuant to the exercise of an Option shall be issued within 28 days following the effective date of exercise of the Option.

The Board shall procure the transfer of any Class A Common Shares to be transferred pursuant to the exercise of an Option within 28 days following the effective date of exercise of the Option.

Class A Common Shares issued pursuant to the exercise of an Option will rank *pari passu* in all respects with the Class A Common Shares then in issue at the date of such issue, except that they will not rank for any rights attaching to Class A Common Shares by reference to a record date preceding the date of issue.

Class A Common Shares to be transferred pursuant to the exercise of an Option will be transferred free of all liens, charges and encumbrances and together with all rights attaching thereto, except they will not rank for any rights attaching to Class A Common Shares by reference to a record date preceding the date of transfer.

If and so long as the Class A Common Shares are admitted to trading on any stock exchange, stock market or other recognized exchange (the "Relevant Exchange"), the Company shall apply for any Class A Common Shares issued pursuant to the exercise of an Option to be admitted to trading on the Relevant Exchange, as soon as practicable after the issue thereof.

Option Exchange

If any company (the "**Acquiring Company**"):

obtains Control of the Company as a result of making:

a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the Acquiring Company will have Control of the Company; or

a general offer to acquire all the shares in the Company which are of the same class as the shares which may be acquired on the exercise of Options,

in either case ignoring any shares which are already owned by it or a member of the same group of companies;

obtains Control of the Company in pursuance of a compromise or arrangement sanctioned by the Court under Section 425 of the Companies Act 1985 or Article 418 of the Companies (Northern Ireland) Order 1986; or

becomes bound or entitled to acquire Shares under Sections 428 to 430F of the Companies Act 1985 or Articles 421 to 423 of the Companies (Northern Ireland) Order 1986,

any holder of an Option may at any time within the Appropriate Period, by agreement with the Acquiring Company, release any Option which has not lapsed (the “Old Option”) in consideration of the grant to him of an option (the “New Option”) which (for the purposes of Paragraph 27 of Schedule 4 to ITEPA) is equivalent to the Old Option but relates to shares in a different company (whether the Acquiring Company itself or some other company falling within Paragraph 16(b) or (c) of Schedule 4 to ITEPA).

The New Option shall not be regarded for the purposes of Rule 4.1 as equivalent to the Old Option unless the conditions set out in Paragraph 27(4) of Schedule 4 to ITEPA are satisfied, but so that the provisions of the Plan shall for this purpose be construed as if:

the New Option were an option granted under the Plan at the same time as the Old Option; and

except for the purposes of the definition of “Participating Company”, the reference to “Warner Chilcott Holdings Company, Limited” in the definition of “Company” were a reference to the different company mentioned in Rule 4.1.

Adjustments and Alterations

The number of Class A Common Shares over which an Option has been granted and the exercise price thereof shall be adjusted in such manner as the Board shall determine following any capitalization issue (other than a scrip dividend), rights issue, subdivision, consolidation, reduction or other variation of share capital of the Company to the intent that (as nearly as may be without involving fractions of a Class A Common Share or an aggregate exercise price calculated, and rounded up, to more than two decimal places) the aggregate exercise price payable in respect of an Option shall remain unchanged, provided that no adjustment made pursuant to this Rule 5.1 shall be made without the prior approval of HM Revenue and Customs (so long as this Appendix III is approved by HM Revenue and Customs under Schedule 4 to ITEPA).

Where an Option subsists over both issued and unissued Class A Common Shares, an adjustment permitted by Rule 5.1 may only be made if any reduction of the exercise price of both issued and unissued Class A Common Shares can be made to the same extent.

Any alternation or addition to a key feature of this Appendix III (or any Option granted under this Appendix III), at a time when it is approved by HM Revenue and Customs under Schedule 4 to ITEPA, shall not have effect until it has been approved by HM Revenue and Customs.

Terms of the Plan

The following provisions of the Plan shall not apply to Options granted in accordance with this Appendix III:

Sections 12(b), (c) and (d);

Section 12(e)(i), unless the documentation in relation to such provisions has previously been approved by HM Revenue and Customs;

Section 14(a);

the words “or by the surviving entity or its direct or indirect parent” in Section 14(b)(i);

Section 14(b)(ii);

Section 14(b)(iv); and

Section 16(b).

**Warner Chilcott Limited
Management Incentive Plan**

1. **Purpose** . The purpose of this Management Incentive Plan (the “ **Plan** ”) is to aid Warner Chilcott Limited, an exempted Bermuda limited company or any successor or parent thereto (the “ **Company** ”), in attracting, retaining, motivating and rewarding key senior employees and executives of the Company and the Group Companies, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals.

2. **Administration**. The Committee will have full power and authority to construe, interpret and administer the Plan. All decisions, actions or interpretations of the Committee will be final, conclusive and binding upon all parties.

3. **Eligibility**. Participants in the Plan will be selected by the Committee from among the executive officers and senior managers of the Company and the Group Companies who have the capability of making a substantial contribution to the success of the Company. In making this selection and in determining the form and amount of awards, the Committee may consider any factors it deems relevant, including, without limitation, the individuals’ functions, responsibilities, value of services to the Company and past and potential contributions to the Company’s profitability and growth.

4. **Term, Amendment and Termination**.

(a) *Term*. The Plan will commence as of the Effective Date and, subject to the terms of the Plan, will continue in full force and effect until terminated by the Board.

(b) *Amendment and Termination*. The Board reserves the right at any time to amend, suspend or terminate the Plan in whole or in part and for any reason and without the consent of any Participant or Beneficiary; *provided* , that no such amendment will adversely affect rights to receive any amount to which Participants or Beneficiaries have become entitled prior to such amendment.

5. **Awards**

(a) *Award Denomination and Amount*. An Award may be denominated and computed based on a stated dollar amount or a percentage of the annual base salary of the Participant receiving such Award. The maximum aggregate amount that a Participant may earn in respect of an Award or Awards granted in respect of any single fiscal year of the Company is \$5,000,000.

(b) *Grant of Awards and Establishment of Performance Goals*. Awards will be granted in respect of a designated Performance Period and will be earned based on the achievement of Performance Goals over the term of such Performance Period. The Performance Goals applicable to an Award, which may vary among Participants, shall be based on (i) one or more Business Criteria, (ii) personal performance goals or (iii) a combination of one or more Business Criteria and personal performance goals. With respect to Awards to Named Executives intended to be Section 162(m) Exempt Awards, the Performance Goals applicable to such awards shall be established by the Committee in writing not later than 90 days after the beginning of the Performance Period applicable to such Awards (or in the case of an Award granted with respect to less than a full Performance Period, in accordance with the rules applicable under Code Section 162(m)). With respect to other Awards, the Performance Goals may be established in any manner permitted by the Committee.

(c) *Determination and Payment of Final Award Amounts* . With respect to an Award to a Named Executive intended to be a Section 162(m) Exempt Award, the Committee will, promptly after the date on which the necessary financial or other information for the relevant Performance Period becomes available,

certify whether the Performance Goals applicable to such Award have been achieved in the manner required by Code Section 162(m). With respect to other Awards, the determination of the achievement of the applicable Performance Goals pertaining to such Awards may be established in any manner permitted by the Committee. If the Performance Goals with respect to an Award have been achieved, the Award will have been earned, except that the Committee may, in its sole discretion, reduce the amount of the Award to reflect the Committee's assessment of the Participant's individual performance or for any other reason, unless such reduction is explicitly prohibited under the terms of the Award or the terms of a written agreement between the Company (or a Group Company) and the relevant Participant. Payments, if any, with respect to an Award shall generally be made to the Participant within a reasonable period, not to exceed ninety days, following the date of the final certification or determination above, subject to Section 6.

(d) *Business Criteria*. One or more of the following criteria relating to the Company, a Group Company or a designated business segment, business unit, division, business line or other sub-category of the Company, a Group Company or their respective businesses may be used by the Committee in establishing Performance Goals for Awards: (i) revenues, (ii) expenses, (iii) gross profit, (iv) operating income, (v) net income, (vi) earnings per share, (vii) cash flow, (viii) capital expenditures, (ix) working capital, (x) economic value added, (xi) stock price per share, (xii) market value, (xiii) enterprise value, (xiv) book value, (xv) return on equity, (xvi) return on book value, (xvii) return on invested capital, (xviii) return on asset, (xix) capital structure, (xx) return on investment, (xxi) utilization, (xxii) cash net income, (xxiii) adjusted cash net income, (xxiv) EBITDA and (xxv) adjusted EBITDA. The Performance Goals relating to such criteria may be expressed as absolute measures or measures relative to stated references, including, without limitation, the achievements of one or more other businesses or indices.

(e) *Adjustments*. The Committee will have the authority to adjust Performance Goals for any Performance Period as equitably necessary, without enlarging or diminishing the Participants' rights, in recognition of (i) extraordinary or nonrecurring events experienced by the Company during the Performance Period, (ii) changes in applicable accounting rules or principles or changes in the Company's methods of accounting during the Performance Period or (iii) other corporate transactions or events affecting Awards, including, without limitation, the occurrence of a dividend or other distribution (other than an ordinary dividend), whether in the form of cash, securities or other property, recapitalization, stock split, reverse stock split, reorganization, reclassification, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company; provided that such adjustment is appropriate to prevent diminution or enlargement of the benefits or potential benefits intended to be provided under the Plan.

6. Termination of Employment .

(a) *Without Cause, For Good Reason, Due to Death or Disability*. If, prior to the payment of amounts with respect to an Award granted to a Participant, the Participant's employment with the Company is terminated by the Company without Cause, by the Participant for Good Reason or due to the Participant's death or Disability, to the extent that the Performance Goals for the Performance Period during which such termination occurred are achieved and certified, the Participant (or, if applicable, the Participant's Beneficiary) will be paid a pro rata amount of the Award that would have been earned and payable but for such termination; provided, that, unless such reduction is explicitly prohibited under the terms of the Award or the terms of a written agreement between the Company (or a Group Company) and the Participant, the pro rata amount of the Award shall be reduced in the same proportion as the average discretionary reduction, if any, applied by the Committee to the Awards of all Named Executives and the pro rata amount of the Award may be further reduced by the Committee, in its sole discretion, to reflect the Committee's assessment of the Participant's individual performance prior to such termination or for any other reasons. The pro rata amount of the Award will be determined based upon the number of days that the Participant was employed during the Performance Period.

(b) *For Cause, Without Good Reason.* If, prior to the payment of amounts with respect to an Award granted to a Participant, the Participant's employment with the Company is terminated by the Company for Cause or by the Participant without Good Reason, the Participant's right to the payment of an Award and all other rights under the Plan will be forfeited, and no amount will be paid or payable hereunder to or in respect of such Participant.

7. General Provisions .

(a) *Restrictions on Transfer .* The rights of a Participant with respect to any Award will not be transferable otherwise than by will or the laws of descent and distribution.

(b) *Tax Withholding .* Whenever payments under the Plan are to be made to a Participant, the Company may withhold therefrom, or from any other amounts payable to or in respect of the Participant, an amount sufficient to satisfy any applicable governmental withholding tax requirements related thereto.

(c) *Unfunded Status of Awards.* The Plan is intended to constitute an "unfunded" plan. With respect to any payments not yet made to a Participant, nothing contained in the Plan or any Award will give the Participant any rights that are greater than those of a general creditor of the Company.

(d) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval will be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, including incentive arrangements and awards that do not qualify under Code Section 162(m), and such other arrangements may be either applicable generally or only in specific cases.

(e) *Compliance with Code Section 162(m) .* The Company intends that, to the extent consistent with the business goals of the Company, all Awards to Named Executives will constitute "qualified performance-based compensation" within the meaning of Code Section 162(m) and the regulations thereunder. Accordingly, in connection with language that is designated as intended to comply with Code Section 162(m), the terms of the Plan will be interpreted in a manner consistent with Code Section 162(m) and the regulations thereunder. If any provision of the Plan that is designated as intended to comply with Code Section 162(m) does not comply or is inconsistent with the requirements of Code Section 162(m) or the regulations thereunder, such provision will be construed or deemed amended to the extent necessary to conform to such requirements, and no provision will be deemed to confer upon the Committee or any other person discretion to increase the amount of compensation otherwise payable in connection with any Award upon attainment of the applicable performance objectives.

(f) *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan will be determined in accordance with the laws of the State of New York, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

(g) *Limitation on Rights Conferred under Plan.* Neither the Plan nor any action taken hereunder will be construed as (i) giving any Participant the right to continue in the employ or service of the Company, (ii) interfering in any way with the right of the Company to terminate any Participant's employment or service at any time (subject to the terms and provisions of any Employment Agreement with the Participant) or (iii) giving any Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees. Except as expressly provided in the Plan, the Plan will not confer on any person other than the Company and the Participant any rights or remedies thereunder.

(h) *Effective Date.* The Plan will become effective if, and at such time as, the stockholders of the Company have approved it by the affirmative votes of the holders of a majority of the voting securities of the Company present, or represented, and entitled to vote on the subject matter at a duly held meeting of stockholders.

(i) *Amendment* . The Board may amend or terminate the Plan at its discretion; provided, however, that no amendment shall cause any outstanding Award to a Named Executive which is intended to be a Section 162(m) Exempt Award to cease to qualify as a Section 162(m) Exempt Award.

8. **Definitions** . The following capitalized terms used in the Plan have the respective meanings set forth below:

- (a) “ **Award** ” means a conditional right granted to a Participant under the Plan to receive cash.
 - (b) “ **Beneficiary** ” means the person(s) designated by the Participant, in writing on a form provided by the Committee, to receive payments under the Plan in the event of the Participant’s death or, in the absence of such designation, the Participant’s estate.
 - (c) “ **Board** ” means the Company’s Board of Directors.
 - (d) “ **Business Criteria** ” means the criteria designated in Section 5(d).
 - (e) “ **Cause** ”, with respect to a Participant, has the meaning ascribed to such term in the Participant’s Employment Agreement in effect at as a the date that Cause is to be established, or if the Participant is not a party to such an Employment Agreement or “Cause” is not defined therein, “Cause” means the Participant’s:
 - (i) conviction of a felony (other than a violation of a motor vehicle or moving violation law) or a misdemeanor, if such misdemeanor involves moral turpitude,
 - (ii) voluntary engagement in conduct constituting larceny, embezzlement, conversion or any other act involving the misappropriation of any funds of the Company or any Group Company in the course of the Participant’s employment,
 - (iii) willful refusal (following written notice) to carry out specific directions of the Company or any Group Company with which the Participant is employed or of which the Participant is an officer, which directions are consistent with the Participant’s duties to the Company or Group Company, as the case may be, or
 - (iv) commission of any act of gross negligence or intentional misconduct in the performance of the Participant’s duties as an employee of the Company or any Group Company.
- For purposes of this definition, no act or failure to act on the Participant’s part will be considered to be Cause if done, or omitted to be done, by the Participant in good faith and with the reasonable belief that the action or omission was in the best interest of the Company or Group Company with which the Participant is employed or of which the Participant is an officer, as the case may be.
- (f) “ **Code** ” means the Internal Revenue Code of 1986, as amended.
 - (g) “ **Committee** ” means the Compensation Committee of the Board or such other committee or subcommittee appointed by the Board to administer the Plan that in the case of any actions taken with respect to any Award to any Named Executive is comprised of not fewer than two directors of the Company, each of whom will qualify in all respects as an “outside director” within the meaning of Code Section 162(m).
 - (h) “ **Disability.** ” With respect to a Participant who is party to an Employment Agreement, “Disability” shall have the meaning ascribed to such term or a derivative term (such as “disabled”) under the

Participant's Employment Agreement. With respect to a Participant who is not a party to an Employment Agreement, or in whose Employment Agreement "Disability" or a derivative term is not defined, "Disability" (i) shall mean the Participant's inability, as a result of a medically determinable physical or mental impairment, to perform the duties and services of the Participant's position, or (ii) shall have the meaning specified in any disability insurance policy maintained by the Company covering the Participant, whichever is more favorable to the Participant.

(i) "**Effective Date**" means the effective date specified in Section 7(h).

(j) "**Employment Agreement**" means an employment, severance or similar agreement between the Company or any Group Company and a Participant.

(k) "**Good Reason**", with respect to a Participant, has the meaning ascribed to such term in the Participant's Employment Agreement or, if the Participant is not a party to an Employment Agreement or "Good Reason" is not defined therein, "Good Reason" means:

(i) the assignment to the Participant of duties materially inconsistent with the Participant's position (including status, offices, titles and reporting requirements) or any other action by the Company or any Group Company that results in a diminution of the Participant's position, authority, duties or responsibilities, or

(ii) the Company or any Group Company requiring the Participant to be based at any office or location other than the office or location at which the Participant was based at the time of such relocation;

provided, that any event described in clauses (i) or (ii) above will constitute Good Reason only if the relevant Company or Group Company fails to cure such event within 30 days after receipt from the Participant of written notice of the event that constitutes Good Reason; *provided further*, that Good Reason will cease to exist for an event on the 90th day following the later of its occurrence or the Participant's knowledge thereof, unless the Participant has given the relevant Company or Group Company written notice thereof prior to such date.

(l) "**Group Company**" means the Company and any of its direct or indirect subsidiaries.

(m) "**Named Executive**" means a person whose compensation from the Company is, or is deemed materially likely by the Committee to be, subject to the limitation on deductibility set forth in Code Section 162(m).

(n) "**Participant**" means a person who has been granted an Award under the Plan.

(o) "**Performance Goals**" means the performance objectives of the Company during a Performance Period for the purposes of determining whether, and to what extent, Awards will be earned for the Performance Period.

(p) "**Performance Period**" means a period of not longer than one year over and within which performance is measured for the purposes of determining whether an Award has been earned.

(q) "**Section 162(m) Exempt Award**" means an Award that qualifies as performance-based compensation within the meaning of Code Section 162(m)(4)(C) (or any successor provision).

**NEWS RELEASE****Warner Chilcott Announces Shareholder Approval of Irish Redomestication**

ARDEE, Ireland, August 5, 2009 — Warner Chilcott Limited (Nasdaq: WCRX) announced today that at a special court-ordered meeting of shareholders held earlier today (the “Special Meeting”), its shareholders approved a scheme of arrangement between the Company and its shareholders. Assuming receipt of the required 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. The Company expects that the transaction will be completed on or about August 20, 2009. Following completion of the transaction, shares of the Irish company, Warner Chilcott plc, will begin trading on the NASDAQ Global Market under the symbol “WCRX,” the same symbol under which the Company’s shares currently trade. Warner Chilcott also announced that at the Special Meeting its shareholders approved the creation of distributable reserves of Warner Chilcott plc, subject to the approval of the High Court of Ireland following the completion of the transaction.

The Company

Warner Chilcott is a leading specialty pharmaceutical company currently focused on the women’s healthcare and dermatology segments of the U.S. pharmaceuticals market. It is a fully integrated company with internal resources dedicated to the development, manufacturing and promotion of its products. WCRX-G

Forward Looking Statements

This press release contains forward-looking statements, including statements concerning our operations, our economic performance and financial condition, and our business plans and growth strategy and product development efforts. These statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “may,” “might,” “will,” “should,” “estimate,” “project,” “plan,” “anticipate,” “expect,” “intend,” “outlook,” “believe” and other similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements

are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties. The following represent some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by our forward-looking statements: our substantial indebtedness; competitive factors in the industry in which we operate (including the approval and introduction of generic or branded products that compete with our products); our ability to protect our intellectual property; a delay in qualifying our manufacturing facility to produce our products or production or regulatory problems with either third party manufacturers upon whom we may rely for some of our products or our own manufacturing facilities; pricing pressures from reimbursement policies of private managed care organizations and other third party payors, government sponsored health systems, the continued consolidation of the distribution network through which we sell our products, including wholesale drug distributors and the growth of large retail drug store chains; the loss of key senior management or scientific staff; adverse outcomes in our outstanding litigation or an increase in the number of litigation matters to which we are subject; government regulation affecting the development, manufacture, marketing and sale of pharmaceutical products, including our ability and the ability of companies with whom we do business to obtain necessary regulatory approvals; our ability to manage the growth of our business by successfully identifying, developing, acquiring or licensing new products at favorable prices and marketing such new products; our ability to obtain regulatory approval and customer acceptance of new products, and continued customer acceptance of our existing products; changes in tax laws or interpretations that could increase our consolidated tax liabilities; the other risks identified in our Annual Report on Form 10-K for the year ended December 31, 2008, as amended; and other risks detailed from time-to-time in our public filings, financial statements and other investor communications.

We caution you that the foregoing list of important factors is not exclusive. In addition, in light of these risks and uncertainties, the matters referred to in our forward-looking statements may not occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as may be required by law.

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