ALKERMES PUBLIC LIMITED COMPANY

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

ALKERMES PLC
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TABLE OF CONTENTS

Directors' Report	3
Statement of Directors' Responsibilities	57
Independent Auditors' Report—Group	
Consolidated Profit and Loss Account	60
Consolidated Statement of Comprehensive (Loss) Income	61
Consolidated Balance Sheet	62
Consolidated Statement of Cash Flows	63
Consolidated Reconciliation of Shareholders' Funds	64
Notes to the Consolidated Financial Statements	65
Independent Auditors' Report—Company	
Company Balance Sheet	109
Notes to the Company Financial Statements	110

DIRECTORS' REPORT

For the Year Ended December 31, 2014

The directors present their report and audited consolidated financial statements for the year ended December 31, 2014. The directors have elected to prepare the consolidated financial statements in accordance with section 1 of the Companies (Miscellaneous Provisions) Act, 2013, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S.") ("GAAP"), as defined in Section 1(1) of the Companies (Miscellaneous Provisions) Act 2009, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder.

NOTE REGARDING TRADEMARKS

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NOTE REGARDING FISCAL YEAR

On May 21, 2013, our Audit and Risk Committee, with such authority delegated to it by our Board of Directors, approved a change to our fiscal year-end from March 31 to December 31. This Annual Report reflects our financial results for the twelve month period from January 1, 2014 through December 31, 2014. The period ended December 31, 2013 reflects our financial results for the nine-month period from April 1, 2013 through December 31, 2013 (the "Transition Period"). The period ended March 31, 2013 reflects our financial results for the twelve-month period from April 1, 2012 to March 31, 2013.

Principal Activities

Alkermes plc (as used in this section, together with our subsidiaries, "us," "we,", "our," or the "Company") is a fully integrated, global biopharmaceutical company that applies its scientific expertise and proprietary technologies to research, develop and commercialize, both with partners and on our own, pharmaceutical products that are designed to address unmet medical needs of patients in major therapeutic areas. We have a diversified portfolio of more than 20 marketed products and a clinical pipeline of product candidates that address central nervous system ("CNS") disorders such as addiction, schizophrenia and depression.

Business Overview

Marketed Products

Our key marketed products are expected to generate significant revenues for us. They possess long patent lives and, we believe, are singular or competitively advantaged products in their class. Refer to the "Patents and Proprietary Rights" section of this Annual Report for information with respect to the intellectual property protection for our marketed products. Summary information about our key marketed products is set forth in the table below.

Product	Indication(s)	Collaboration Partner	Territory
RISPERDAL CONSTA	Schizophrenia Bipolar I disorder	Janssen Pharmaceutica Inc. ("Janssen, Inc.") and Janssen Pharmaceutica International, a division of Cilag International AG ("Janssen International")	Worldwide
INVEGA SUSTENNA/ XEPLION	Schizophrenia Schizoaffective disorder	Janssen Pharmaceutica N.V. (together with Janssen, Inc. Janssen International, and their affiliates "Janssen")	United States ("U.S.") Rest of World ("ROW")
AMPYRA/ FAMPYRA	Treatment to improve walking in patients with multiple sclerosis ("MS"), as demonstrated by an increase in walking speed	Acorda Therapeutics, Inc. ("Acorda") Biogen Idec International GmbH ("Biogen Idec"), under sublicense from Acorda	U.S. ROW
BYDUREON	Type 2 diabetes	AstraZeneca plc ("AstraZeneca")	Worldwide
VIVITROL	Alcohol dependence Opioid dependence	Alkermes Cilag GmbH International ("Cilag")	U.S. Russia and Commonwealth of Independent States ("CIS")

RISPERDAL CONSTA and *INVEGA SUSTENNA/XEPLION*

RISPERDAL CONSTA (risperidone long-acting injection) and INVEGA SUSTENNA/XEPLION (paliperidone palmitate extended-release injectable suspension) are long-acting atypical antipsychotics that incorporate our proprietary technologies and are marketed and sold by of Janssen.

RISPERDAL CONSTA is approved in the U.S. for the treatment of schizophrenia and as both monotherapy and adjunctive therapy to lithium or valproate in the maintenance treatment of bipolar I disorder. RISPERDAL CONSTA is approved in numerous countries outside of the U.S. for the treatment of schizophrenia and the maintenance treatment of bipolar I disorder. RISPERDAL CONSTA uses our polymer-based microsphere injectable extended-release technology to deliver and maintain therapeutic medication levels in the body through just one injection every two weeks. RISPERDAL CONSTA is exclusively manufactured by us and marketed and sold by Janssen worldwide.

INVEGA SUSTENNA is approved in the U.S. for the acute and maintenance treatment of schizophrenia and, as of November 2014, for the treatment of schizoaffective disorder as either a monotherapy or adjunctive therapy. Paliperidone palmitate extended-release injectable suspension is approved in the European Union ("EU") and other countries worldwide for the treatment of schizophrenia and is marketed and sold under the trade name XEPLION. INVEGA SUSTENNA uses our nanoparticle injectable extended-release technology to increase the rate of dissolution and enable the formulation of an aqueous suspension for once-monthly intramuscular administration. INVEGA SUSTENNA/XEPLION is manufactured and commercialized worldwide by Janssen.

Revenues from Janssen accounted for approximately 41%, 44% and 35% of our consolidated revenues for the fiscal year ended December 31, 2014, the nine months ended December 31, 2013 and

the fiscal year ended March 31, 2013, respectively. See "*Collaborative Arrangements*" later in Part I of this Annual Report for information about our relationship with Janssen.

What is schizophrenia?

Schizophrenia is a chronic, severe and disabling brain disorder. The disease is marked by positive symptoms (hallucinations and delusions) and negative symptoms (depression, blunted emotions and social withdrawal), as well as by disorganized thinking. An estimated 2.4 million Americans over the age of 18 have schizophrenia in a given year, with men and women affected equally. Worldwide, it is estimated that one person in every 100 develops schizophrenia. Studies have demonstrated that as many as 75% of patients with schizophrenia have difficulty taking their oral medication on a regular basis, which can lead to worsening of symptoms.

What is bipolar I disorder?

Bipolar disorder is a brain disorder that causes unusual shifts in a person's mood, energy and ability to function. It is often characterized by debilitating mood swings, from extreme highs (mania) to extreme lows (depression). Bipolar I disorder is characterized based on the occurrence of at least one manic episode, with or without the occurrence of a major depressive episode. Bipolar disorder is believed to affect approximately 5.7 million American adults, or about 2.6% of the U.S. population aged 18 and older in a given year. The median age of onset for bipolar disorder is 25 years.

What is schizoaffective disorder?

Schizoaffective disorder is a condition in which a person experiences a combination of schizophrenia symptoms, such as delusions, hallucinations or other symptoms characteristic of schizophrenia, and mood disorder symptoms, such as mania or depression. Schizoaffective disorder is a serious mental illness that affects about one in 100 people.

AMPYRA/FAMPYRA

AMPYRA/FAMPYRA is the first treatment approved in the U.S. and in over 50 countries across Europe, Asia and the Americas to improve walking in adults with MS who have walking disability, as demonstrated by an increase in walking speed. Extended-release dalfampridine tablets are marketed and sold by Acorda in the U.S. under the trade name AMPYRA and by Biogen Idec outside the U.S. under the trade name FAMPYRA. In July 2011, the European Medicines Agency ("EMA") conditionally approved FAMPYRA in the EU for the improvement of walking in adults with MS. This authorization was renewed as of May 2014. AMPYRA and FAMPYRA incorporate our oral controlled release technology. AMPYRA and FAMPYRA are manufactured by us.

What is multiple sclerosis?

MS is a chronic, usually progressive, disease in which the immune system attacks and degrades the function of nerve fibers in the brain and spinal cord. These nerve fibers consist of long, thin fibers, or axons, surrounded by a myelin sheath, which facilitates the transmission of electrical impulses. In MS, the myelin sheath is damaged by the body's own immune system, causing areas of myelin sheath loss, also known as demyelination. This damage, which can occur at multiple sites in the CNS, blocks or diminishes conduction of electrical impulses. People with MS may suffer impairments in any number of neurological functions. These impairments vary from individual to individual and over the course of time, depending on which parts of the brain and spinal cord are affected, and often include difficulty walking. Individuals vary in the severity of the impairments they suffer on a day-to-day basis, with impairments becoming better or worse depending on the activity of the disease on a given day.

BYDUREON

BYDUREON (exenatide extended-release for injectable suspension) is approved in the U.S. and the EU for the treatment of type 2 diabetes. From August 2012 until February 2014, Bristol-Myers Squibb Company ("Bristol-Myers") and AstraZeneca co-developed and marketed BYDUREON through their diabetes collaboration. In February 2014, AstraZeneca assumed sole responsibility for the development and commercialization of BYDUREON. BYDUREON, a once-weekly formulation of exenatide, the active ingredient in BYETTA, uses our polymer-based microsphere injectable extended release technology. See "*Collaborative Arrangements*" later in Part I of this Annual Report for information about our relationship with AstraZeneca.

In September 2014, AstraZeneca announced that the once-weekly BYDUREON Pen 2 mg, which is a pre-filled, single-use pen injector that contains the same formulation and dose as the original BYDUREON single-dose tray, was available by prescription in pharmacies in the U.S. AstraZeneca stated that it received a positive opinion from the Committee for Medicinal Products for Human Use ("CHMP") on the BYDUREON dual-chamber pen and that it filed for approval of the dual-chamber pen in Japan in April 2014.

What is type 2 diabetes?

Diabetes is a disease in which the body does not produce or properly use insulin. Diabetes can result in serious health complications, including cardiovascular, kidney and nerve disease. Diabetes is believed to affect nearly 26 million people in the U.S. and an estimated 382 million adults worldwide. Approximately 90-95% of those affected have type 2 diabetes. An estimated 80% of people with type 2 diabetes are overweight or obese. Data indicate that weight loss (even a modest amount) supports patients in their efforts to achieve and sustain glycemic control.

VIVITROL

VIVITROL is a once-monthly injectable medication approved in the U.S. and Russia for the treatment of alcohol dependence and for the prevention of relapse to opioid dependence, following opioid detoxification. VIVITROL uses our polymer-based microsphere injectable extended-release technology to deliver and maintain therapeutic medication levels in the body through just one injection every four weeks. We developed, and currently market and sell, VIVITROL in the U.S., and Cilag sells VIVITROL in Russia and the CIS.

What are opioid dependence and alcohol dependence?

Opioid dependence is a serious and chronic brain disease characterized by compulsive, prolonged self-administration of opioid substances that are not used for a medical purpose. According to the 2013 U.S. National Survey on Drug Use and Health, an estimated 1.8 million people aged 18 or older were dependent on pain relievers or heroin in the U.S.

Alcohol dependence is a serious and chronic brain disease characterized by cravings for alcohol, loss of control over drinking, withdrawal symptoms and an increased tolerance for alcohol. Nearly 18 million people aged 18 or older in the U.S. are dependent on or abuse alcohol. Adherence to medication is particularly challenging with this patient population.

Other Marketed Products

In addition to our key marketed products discussed above, we earn manufacturing and/or royalty revenues on the net sales of a diversified portfolio of products marketed by our partners. We expect these revenues, taken together, to decrease in the future due to existing and expected competition from generic manufacturers and the termination of manufacturing services at our Athlone, Ireland

manufacturing facility for certain products that are expected to no longer be economically practicable to produce. Please see "Results of Operations" elsewhere in this Directors' Report for a more detailed discussion of current and expected future revenue contributions from such products and our Athlone restructuring plan.

Key Development Programs

Our research and development is focused on leveraging our formulation expertise and proprietary product platforms to develop novel, competitively advantaged medications designed to enhance patient outcomes in major CNS disorders, such as schizophrenia and depression.

As part of our ongoing research and development efforts, we have devoted, and will continue to devote, significant resources to conducting clinical studies to advance the development of new pharmaceutical products. The discussion below primarily highlights our current research and development programs. Drug development involves a high degree of risk and investment, and the status, timing and scope of our development programs are subject to change. Important factors that could adversely affect our drug development efforts are discussed in "Item 1A—Risk Factors." Refer to the "Patents and Proprietary Rights" section of this Annual Report for information with respect to the intellectual property protection for our product candidates.

Product Candidate	Target Indication(s)	Status
Aripiprazole Lauroxil	Schizophrenia	New Drug Application ("NDA") submitted and under FDA Review
ALKS 5461	Major Depressive Disorder	Phase 3
ALKS 3831	Schizophrenia	Phase 2
ALKS 8700	MS	Phase 1
ALKS 7106	Pain	Phase 1
RDB 1419	Cancer Immunotherapy	Pre-clinical

Aripiprazole Lauroxil

Aripiprazole lauroxil is an injectable atypical antipsychotic with one-month and extended-duration formulations in development for the treatment of schizophrenia. Once in the body, aripiprazole lauroxil converts into aripiprazole, which is commercially available under the name ABILIFY. As a long-acting investigational medication based on our proprietary LinkeRx technology, aripiprazole lauroxil is designed to have multiple dosing options and to be administered in a ready-to-use, pre-filled product format. Aripiprazole lauroxil is our first product candidate to leverage our proprietary LinkeRx technology.

In April 2014, we announced positive topline results from a randomized, double-blind, placebo controlled phase 3 clinical trial of aripiprazole lauroxil in patients with schizophrenia. The primary endpoint of the study, the change from baseline at week 12 in Positive and Negative Syndrome Scale ("PANSS") total scores as compared to placebo, was met for both the 441 mg and 882 mg monthly doses. Results showed that aripiprazole lauroxil also met the key secondary endpoint of improvement on the Clinical Global Impression—Improvement scale at week 12. In August 2014, we submitted an NDA to the U.S. Food and Drug Administration ("FDA") for aripiprazole lauroxil for the treatment of schizophrenia. The FDA accepted our application for filing in October 2014, and granted us a Prescription Drug User Fee Act ("PDUFA") date of August 22, 2015.

In December 2014, we announced the initiation of a phase 1 clinical study of extended dosing intervals of aripiprazole lauroxil in patients with schizophrenia. The phase 1 study is designed to

evaluate the pharmacokinetics, safety and tolerability of aripiprazole lauroxil administered over two new extended durations: once every six weeks and once every two months. Results from this phase 1 study are expected mid-2016.

ALKS 5461

ALKS 5461 is a proprietary, oral investigational medicine in development for the treatment of major depressive disorder ("MDD") in patients who have an inadequate response to standard antidepressant therapies. ALKS 5461 is composed of samidorphan in combination with buprenorphine. Samidorphan, formerly referred to as ALKS 33, is a proprietary oral opioid modulator characterized by limited hepatic metabolism and durable pharmacologic activity in modulating brain opioid receptors. ALKS 5461 acts as a balanced neuromodulator in the brain and represents a new approach with a novel mechanism of action for treating MDD. In October 2013, the FDA granted fast track status for ALKS 5461 for the adjunctive treatment of MDD in patients with inadequate response to standard antidepressant therapies. See "*Regulatory*" later in Part I of this Annual Report for information about fast track status.

MDD is a condition in which patients exhibit depressive symptoms, such as a depressed mood or a loss of interest or pleasure in daily activities consistently for at least a two-week period, and demonstrate impaired social, occupational, educational or other important functioning. An estimated 16.1 million people in the U.S. suffer from MDD in a given year.

In March 2014, we announced the initiation of the pivotal clinical development program for ALKS 5461. The comprehensive pivotal program, named Focused On Results With A Rethinking of Depression ("FORWARD"), includes a total of twelve studies, including three core phase 3 efficacy studies and nine supportive studies. We announced initiation of two core efficacy studies in June 2014, and announced initiation of the third core efficacy study in July 2014. The core efficacy studies are designed to evaluate the safety and efficacy of ALKS 5461 as adjunctive treatment in patients with MDD. The FORWARD pivotal program will also include studies to evaluate the long-term safety, dosing, pharmacokinetic profile and human abuse liability of ALKS 5461. The three core efficacy studies will utilize state-of-the-art design methodologies intended to reduce the impact of clinically meaningful placebo response. Data from these three core efficacy studies are expected in 2016.

In January 2015, we announced topline results from FORWARD-1, one of a series of supportive clinical studies in the FORWARD phase 3 pivotal program designed to evaluate the safety and tolerability of two titration schedules of ALKS 5461. Data from FORWARD-1 confirmed the safety and tolerability of ALKS 5461 in both titration schedules evaluated one-week and two-week dose escalation schedules. These findings were consistent with the safety and tolerability profile seen in the phase 2 study of ALKS 5461 completed in 2013 in which ALKS 5461 met its primary endpoint, met key secondary endpoints and demonstrated significant reduction in depressive symptoms versus placebo. In addition, the exploratory efficacy analyses showed that ALKS 5461 reduced depressive symptoms from baseline in patients who received either of the two titration schedules. These data support the one-week titration schedule being utilized in the core phase 3 efficacy studies in the FORWARD program.

ALKS 3831

ALKS 3831 is a novel, proprietary investigational medicine designed as a broad-spectrum antipsychotic for the treatment of schizophrenia. ALKS 3831 is composed of samidorphan in combination with the established antipsychotic drug olanzapine, which is generally available under the name ZYPREXA. ALKS 3831 is designed to attenuate olanzapine-induced metabolic side effects, including weight gain, and to have utility in the treatment of schizophrenia in patients with alcohol use.

In January 2015, we announced data from the phase 2 study of ALKS 3831 designed to assess the efficacy, safety and tolerability of ALKS 3831 in the treatment of schizophrenia and its attenuation of weight gain, compared to olanzapine. ALKS 3831 met the primary endpoint of the study, demonstrating equivalence to olanzapine in reduction from baseline in PANSS total scores at week 12. Results showed that ALKS 3831 also met the secondary endpoint of demonstrating a lower mean weight gain compared to olanzapine at week 12 in the full study population, and a lower mean weight gain compared to olanzapine at week 12 in a pre-specified subset of patients who gained weight in the one-week olanzapine lead-in. Based on the positive results from this phase 2 study, we plan to request an end-of-phase 2 meeting with the FDA and advance ALKS 3831 into a pivotal development program in 2015.

In June 2014, we announced initiation of a randomized, double-blind, active-controlled phase 2 study to assess ALKS 3831's efficacy, safety and tolerability in treating schizophrenia in patients with alcohol use, compared to olanzapine. We expect topline results from this study in mid-2017.

ALKS 8700

ALKS 8700 is an oral, novel and proprietary monomethyl fumarate ("MMF") molecule in development for the treatment of MS. ALKS 8700 is designed to rapidly and efficiently convert to MMF in the body and to offer differentiated features as compared to the currently marketed dimethyl fumarate, TECFIDERA. In February 2015, we announced positive topline results from a phase 1, randomized, double-blind clinical study of ALKS 8700, designed to evaluate the safety, tolerability and single-dose pharmacokinetics of several oral formulations of ALKS 8700 compared to both placebo and active control groups.

ALKS 7106

ALKS 7106 is our novel, oral opioid analgesic drug candidate designed for the treatment of pain with intrinsically low potential for abuse and overdose death, two liabilities associated with opioid analgesics. In August 2014, we announced that we initiated a randomized, double-blind, placebo controlled phase 1 study designed to evaluate the safety, tolerability and pharmacokinetics of ALKS 7106. In February 2015, we announced that data from the phase 1 study did not meet our pre-specified criteria for advancing into phase 2 clinical trials. Based on this evaluation, we will not pursue further development of ALKS 7106.

RDB 1419

RDB 1419 is a proprietary, investigational biologic cancer immunotherapy product based on interleukin-2 and its receptors. RDB 1419 was engineered using our proprietary fusion protein technology platform to modulate the natural mechanism of action of a biologic product. We expect to initiate clinical development of RDB 1419 in 2015.

Partnered Product Candidates—Development Programs

Acorda

In December 2014, Acorda announced the initiation of a phase 3 clinical trial of dalfampridine extended release tablets for the treatment of post-stroke walking deficits. It expects this multicenter, double-blind, randomized trial to enroll approximately 540 participants who have experienced an ischemic stroke at least six months prior to enrollment.

Janssen

In July 2014, Janssen announced the submission of a supplemental New Drug Application to the FDA seeking a label change that, if approved, is expected to include new data showing delayed time to relapse in patients prescribed INVEGA SUSTENNA, as compared to selected oral antipsychotic therapies, in the treatment of schizophrenia.

In November 2014, Janssen announced the submission of an NDA to the FDA for three-month atypical antipsychotic paliperidone palmitate for the treatment of schizophrenia in adults. If approved, it will be the first and only long-acting atypical antipsychotic that has a four times a year dosing schedule.

AstraZeneca

AstraZeneca is developing line extensions for BYDUREON for the treatment of type 2 diabetes, including weekly and monthly suspension formulations using our proprietary technology for extended release microspheres. In the third quarter of 2014, AstraZeneca announced the completion of two phase 3 trials of exenatide once weekly suspension for autoinjection, DURATION-NEO-1 and DURATION-NEO-2. The DURATION-NEO-1 phase 3 study evaluated exenatide once weekly suspension for autoinjection compared to twice-daily exenatide in adult patients with type 2 diabetes that had inadequate glycemic control. The trial met its primary endpoint of non-inferiority. The DURATION-NEO-2 study was a randomized, long-term, open-label, multicenter study comparing the glycemic effects, safety and tolerability of exenatide once weekly suspension to sitagliptin and placebo in subjects with type 2 diabetes. AstraZeneca expects to file marketing applications for this product candidate in the U.S. and EU in 2015.

Our Research and Development Expenditures

Please see "Cost and Expenses" for our R&D expenditures for our fiscal year ended December 31, 2014.

Collaborative Arrangements

We have entered into several collaborative arrangements to develop and commercialize products and, in so doing, to access technological, financial, marketing, manufacturing and other resources.

Janssen

RISPERDAL CONSTA

Under a product development agreement, we collaborated with Janssen on the development of RISPERDAL CONSTA. Under the development agreement, Janssen provided funding to us for the development of RISPERDAL CONSTA, and Janssen is responsible for securing all necessary regulatory approvals for the product.

Under license agreements, we granted Janssen and an affiliate of Janssen exclusive worldwide licenses to use and sell RISPERDAL CONSTA. Under our license agreements with Janssen, we receive royalty payments equal to 2.5% of Janssen's net sales of RISPERDAL CONSTA in each country where the license is in effect based on the quarter when the product is sold by Janssen. This royalty may be reduced in any country based on lack of patent coverage and significant competition from generic versions of the product. Janssen can terminate the license agreements upon 30 days' prior written notice to us. Either party may terminate the license agreements by written notice following a breach which continues for 90 days after the delivery of written notice thereof or upon the other party's insolvency. The licenses granted to Janssen expire on a country-by-country basis upon the later of (i) the expiration of the last patent claiming the product in such country or (ii) 15 years after the date

of the first commercial sale of the product in such country, provided that in no event will the license granted to Janssen expire later than the twentieth anniversary of the first commercial sale of the product in such country, with the exception of certain countries where the fifteen-year limitation shall pertain regardless. After expiration, Janssen retains a non-exclusive, royalty-free license to manufacture, use and sell RISPERDAL CONSTA.

We exclusively manufacture RISPERDAL CONSTA for commercial sale. Under our manufacturing and supply agreement with Janssen, we record manufacturing revenues when product is shipped to Janssen, based on 7.5% of Janssen's net unit sales price for RISPERDAL CONSTA for the calendar year. The manufacturing and supply agreement terminates on expiration of the license agreements. In addition, either party may terminate the manufacturing and supply agreement upon a material breach by the other party, which is not resolved within 60 days after receipt of a written notice specifying the material breach or upon written notice in the event of the other party's insolvency or bankruptcy. Janssen may terminate the agreement upon six months' written notice to us. In the event that Janssen terminates the manufacturing and supply agreement without terminating the license agreements, the royalty rate payable to us on Janssen's net sales of RISPERDAL CONSTA would increase from 2.5% to 5.0%.

INVEGA SUSTENNA/XEPLION

Under our license agreement with Janssen Pharmaceutica N.V., we granted Janssen a worldwide exclusive license under our NanoCrystal technology to develop, commercialize and manufacture INVEGA SUSTENNA/XEPLION and related products.

Under our license agreement, we received milestone payments upon the achievement of certain development goals from Janssen; there are no further milestones to be earned under this agreement. We receive tiered royalty payments between 5% and 9% of INVEGA SUSTENNA net sales in each country where the license is in effect, with the exact royalty percentage determined based on worldwide net sales. The tiered royalty payments consist of a patent royalty and a know-how royalty, both of which are determined on a county-by-country basis. The patent royalty, which equals 1.5% of net sales, is payable until the expiration of the last of the patents claiming the product in such country. The know-how royalty is a tiered royalty of 3.5%, 5.5% and 7.5% on aggregate worldwide net sales of below $250 million, between $250 million and $500 million, and greater than $500 million, respectively. The know-how royalty is payable for the later of 15 years from first commercial sale of a product in each individual country or March 31, 2019, subject in each case to the expiry of the license agreement. These royalty payments may be reduced in any country based on patent litigation or on competing products achieving certain minimum sales thresholds. The license agreement expires upon the later of (i) March 31, 2019 or (ii) the expiration of the last of the patents subject to the agreement. After expiration, Janssen retains a non-exclusive, royalty-free license to develop, manufacture and commercialize the products.

Janssen may terminate the license agreement in whole or in part upon three months' notice to us. We and Janssen have the right to terminate the agreement upon a material breach of the other party, which is not cured within a certain time period, or upon the other party's bankruptcy or insolvency.

Acorda

Under an amended and restated license agreement, we granted Acorda an exclusive worldwide license to use and sell and, solely in accordance with our supply agreement, to make or have made, AMPYRA/FAMPYRA. We receive certain commercial and development milestone payments, license revenues and a royalty of approximately 10% based on net sales of AMPYRA/FAMPYRA by Acorda or its sub-licensee, Biogen Idec. This royalty payment may be reduced in any country based on lack of

patent coverage, competing products achieving certain minimum sales thresholds, and whether we manufacture the product.

In June 2009, we entered into an amendment of the amended and restated license agreement and the supply agreement with Acorda and, pursuant to such amendment, consented to the sublicense by Acorda to Biogen Idec of Acorda's rights to use and sell FAMPYRA in certain territories outside of the U.S. (to the extent that such rights were to be sublicensed to Biogen Idec pursuant to its separate collaboration and license agreement with Acorda). Under this amendment, we agreed to modify certain terms and conditions of the amended and restated license agreement and the supply agreement with Acorda to reflect the sublicense by Acorda to Biogen Idec.

Acorda has the right to terminate the amended and restated license agreement upon 90 days' written notice. We have the right to terminate the amended and restated license agreement for countries in which Acorda fails to launch a product within a specified time after obtaining the necessary regulatory approval or fails to file regulatory approvals within a commercially reasonable time after completion of, and receipt of positive data from, all preclinical and clinical studies required for filing a marketing authorization application. Either party has the right to terminate the amended and restated license agreement by written notice following a material breach of the other party, which is not cured within a certain time period, or upon the other party's entry into bankruptcy or dissolution proceedings. If we terminate Acorda's license in any country, we are entitled to a license from Acorda of its patent rights and know-how relating to the product as well as the related data, information and regulatory files, and to market the product in the applicable country, subject to an initial payment equal to Acorda's cost of developing such data, information and regulatory files and to ongoing royalty payments to Acorda. Subject to the termination of the amended and restated license agreement, licenses granted under the license agreement terminate on a country-by-country basis on the later of (i) September 26, 2018 or (ii) the expiration of the last to expire of our patents or the existence of a threshold level of competition in the marketplace.

Under our commercial manufacturing supply agreement with Acorda, we manufacture and supply AMPYRA/FAMPYRA for Acorda (and its sub-licensee). Under the terms of the agreement, Acorda may obtain up to 25% of its total annual requirements of product from a second-source manufacturer. We receive manufacturing royalties equal to 8% of net selling price for all product manufactured by us and a compensating payment for product manufactured and supplied by a third party. We may terminate the commercial manufacturing supply agreement upon 12 months' prior written notice to Acorda, and either party may terminate the commercial manufacturing supply agreement following a material and uncured breach of the commercial manufacturing supply or amended and restated license agreement or the entry into bankruptcy or dissolution proceedings by the other party. In addition, subject to early termination of the commercial manufacturing supply agreement noted above, the commercial manufacturing supply agreement terminates upon the expiry or termination of the amended and restated license agreement.

We are entitled to receive the following milestone payments under our amended and restated license agreement with Acorda for each of the third and fourth new indications of the product developed thereunder:

- initiation of a phase 3 clinical trial: $1.0 million;
- acceptance of an NDA by the FDA: $1.0 million;
- approval of the NDA by the FDA: $1.5 million; and
- the first commercial sale: $1.5 million.

In January 2011, we entered into a development and supplemental agreement to our amended and restated license agreement and commercial manufacturing supply agreement with Acorda. Under the

terms of this agreement, we granted Acorda the right, either with us or with a third party, in each case in accordance with certain terms and conditions, to develop new formulations of dalfampridine or other aminopyridines. Under the terms of the agreement, Acorda has the right to select either a formulation developed by us or by a third party for commercialization. We are entitled to development fees we incur in developing formulations under the development and supplemental agreement and, if Acorda selects and commercializes any such formulation, to milestone payments (for new indications if not previously paid), license revenues and royalties in accordance with our amended and restated license agreement for the product, and either manufacturing fees as a percentage of net selling price for product manufactured by us or compensating fees for product manufactured by third parties. If, under the development and supplemental agreement, Acorda selects a formulation not developed by us, then we will be entitled to various compensation payments and have the first option to manufacture such third-party formulation. The development and supplemental agreement expires upon the expiry or termination of the amended and restated license agreement and may be earlier terminated by either party following an uncured breach of the agreement by the other party.

Acorda's financial obligations under this development and supplemental agreement continue for a minimum of ten years from the first commercial sale of such new formulation, and may extend for a longer period of time, depending on the intellectual property rights protecting the formulation, regulatory exclusivity and/or the absence of significant market competition. These financial obligations survive termination of the agreement.

AstraZeneca

In May 2000, we entered into a development and license agreement with Amylin Pharmaceuticals, LLC ("Amylin") for the development of exendin products falling within the scope of our patents, including the once-weekly formulation of exenatide marketed as BYDUREON. In August 2012, Bristol-Myers acquired Amylin. From August 2012 through January 2014, Bristol-Myers and AstraZeneca jointly developed and commercialized Amylin's exendin products, including BYDUREON, through their diabetes collaboration. In April 2013, Bristol-Myers completed its assumption of all global commercialization responsibility related to the marketing of BYDUREON from Amylin's former collaborative partner, Eli Lilly & Company ("Lilly"). In February 2014, AstraZeneca acquired sole ownership of the intellectual property and global rights related to BYDUREON and Amylin's other exendin products, including Amylin's rights and obligations under our development and license agreement.

Pursuant to the development and license agreement, AstraZeneca has an exclusive, worldwide license to our polymer-based microsphere technology for the development and commercialization of injectable extended-release formulations of exendins and other related compounds. We receive funding for research and development and will also receive royalty payments based on future product sales. Upon the achievement of certain development and commercialization goals, we received milestone payments consisting of cash and warrants for Amylin common stock; there are no further milestones to be earned under the agreement. In October 2005 and in July 2006, we amended the development and license agreement. Under the amended agreement (i) we are responsible for formulation and are principally responsible for non-clinical development of any products that may be developed pursuant to the agreement and for manufacturing these products for use in early-phase clinical trials, and (ii) we transferred certain of our technology related to the manufacture of BYDUREON to Amylin and agreed to the manufacture of BYDUREON by Amylin. Under our amended agreement, AstraZeneca is responsible for conducting clinical trials, securing regulatory approvals and commercializing exenatide products, including BYDUREON, on a worldwide basis.

Until December 31, 2021, we will receive royalties equal to 8% of net sales from the first 40 million units of BYDUREON sold in any particular calendar year and 5.5% of net sales from units sold beyond the first 40 million units for that calendar year. Thereafter, during the term of the

development and license agreement, we will receive royalties equal to 5.5% of net sales of products sold. We were entitled to, and received, milestone payments related to the first commercial sale of BYDUREON in the EU and the first commercial sale of BYDUREON in the U.S.

The development and license agreement expires on the later of (i) ten years from the first commercial sale of the last of the products covered by the development and license agreement, or (ii) the expiration or invalidation of all of our patents covering such product. Upon expiration, all licenses become non-exclusive and royalty-free. AstraZeneca may terminate the development and license agreement for any reason upon 180 days' written notice to us. In addition, either party may terminate the development and license agreement upon a material default or breach by the other party that is not cured within 60 days after receipt of written notice specifying the default or breach. Alkermes may terminate the development and license agreement upon AstraZeneca's insolvency or bankruptcy.

Other Arrangements

Civitas Therapeutics, Inc.

In December 2010, we entered into an asset purchase and license agreement and equity investment agreement with Civitas Therapeutics, Inc. ("Civitas"). Under the terms of these agreements, we sold, assigned and transferred to Civitas our right, title and interest in our pulmonary patent portfolio and certain of our pulmonary drug delivery equipment, instruments, contracts and technical and regulatory documentation and licensed certain related know-how in exchange for 15% of the issued shares of the Series A Preferred Stock of Civitas and a royalty on future sales of any products developed using this pulmonary drug delivery technology. We also participated in certain subsequent rounds of financing. In connection with this transaction, Civitas also entered into an agreement to sublease our pulmonary manufacturing facility located in Chelsea, Massachusetts. Civitas has the option to extend the term of such sublease, subject to certain pre-specified conditions.

We may terminate the asset purchase and license agreement for default in the event Civitas does not meet certain minimum development performance obligations. Either party may terminate the asset purchase and license agreement upon a material default or breach by the other party that is not cured within 45 days after receipt of written notice specifying the default or breach. Either party may also terminate the asset purchase and license agreement upon written notice in the event of the other party's insolvency or bankruptcy.

In October 2014, Civitas was acquired by Acorda for approximately $525.0 million. As a result of this transaction and in exchange for our approximate 6% interest in Civitas (i) we received $27.2 million, and (ii) we have the right to receive up to approximately $2.4 million in future payments, subject to release of all amounts held in escrow. Also, in connection with Acorda's purchase of Civitas, we sold certain of our pulmonary manufacturing equipment to Acorda in exchange for $30.0 million.

Proprietary Product Platforms

Our proprietary product platforms, which include technologies owned and exclusively licensed to us, address several important development opportunities. We have used these technologies as platforms to establish drug development, clinical development and regulatory expertise.

Injectable Extended-Release Microsphere Technology

Our injectable extended-release technology allows us to encapsulate small-molecule pharmaceuticals, peptides and proteins, in microspheres made of common medical polymers. The technology is designed to enable novel formulations of pharmaceuticals by providing controlled, extended release of drugs over time. Drug release from the microsphere is controlled by diffusion of

the drug through the microsphere and by biodegradation of the polymer. These processes can be modulated through a number of formulation and fabrication variables, including drug substance and microsphere particle sizing and choice of polymers and excipients.

LinkeRx Technology

The long-acting LinkeRx technology platform is designed to enable the creation of extended release injectable versions of antipsychotic therapies and may also be useful in other disease areas in which long action may provide therapeutic benefits. The technology uses proprietary linker-tail chemistry to create new molecular entities derived from known agents.

NanoCrystal Technology

Our NanoCrystal technology is applicable to poorly water-soluble compounds and involves formulating and stabilizing drugs into particles that are nanometers in size. A drug in NanoCrystal form can be incorporated into a range of common dosage forms and administration routes, including tablets, capsules, inhalation devices and sterile forms for injection, with the potential for enhanced oral bioavailability, increased therapeutic effectiveness, reduced/eliminated fed/fasted variability and sustained duration of intravenous/intramuscular release.

Oral Controlled Release Technology

Our oral controlled release ("OCR") technologies are used to formulate, develop and manufacture oral dosage forms of pharmaceutical products that control the release characteristics of standard dosage forms. Our OCR platform includes technologies for tailored pharmacokinetic profiles including SODAS technology, CODAS technology, IPDAS technology and the MXDAS drug absorption system, each as described below:

- SODAS Technology: SODAS (Spheroidal Oral Drug Absorption System) technology involves producing uniform spherical beads of 1 mm to 2 mm in diameter containing drug plus excipients and coated with product-specific modified-release polymers. Varying the nature and combination of polymers within a selectively permeable membrane enables varying degrees of modified release depending upon the required product profile.
- CODAS Technology: CODAS (Chronotherapeutic Oral Drug Absorption System) technology enables the delayed onset of drug release incorporating the use of specific polymers, resulting in a drug release profile that more accurately complements circadian patterns.
- IPDAS Technology: IPDAS (Intestinal Protective Drug Absorption System) technology conveys gastrointestinal protection by a wide dispersion of drug candidates in a controlled and gradual manner, through the use of numerous high-density controlled-release beads compressed into a tablet form. Release characteristics are modified by the application of polymers to the micro matrix and subsequent coatings, which form a rate-limiting semi-permeable membrane.
- MXDAS Technology: MXDAS (Matrix Drug Absorption System) technology formulates the drug candidate in a hydrophilic matrix and incorporates one or more hydrophilic matrix-forming polymers into a solid oral dosage form, which controls the release of drug through a process of diffusion and erosion in the gastrointestinal tract.

Manufacturing and Product Supply

We own and occupy manufacturing, office and laboratory facilities in: Wilmington, Ohio; Athlone, Ireland; and Gainesville, Georgia. We either purchase active drug product from third parties or receive it from our third-party collaborators to formulate product using our technologies. The manufacture of our products for clinical trials and commercial use is subject to Current Good Manufacturing Practice

("cGMP") regulations and other regulatory agency regulations. Our manufacturing and development capabilities include formulation through process development, scale-up and full-scale commercial manufacturing and specialized capabilities for the development and manufacturing of controlled substances.

Although some materials for our products are currently available from a single source or a limited number of qualified sources, we attempt to acquire an adequate inventory of such materials, establish alternative sources and/or negotiate long-term supply arrangements. We believe we do not have any significant issues in finding suppliers. However, we cannot be certain that we will continue to be able to obtain long-term supplies of our manufacturing materials.

Our third-party service providers involved in the manufacture of our products are subject to inspection by the FDA or comparable agencies in other jurisdictions. Any delay, interruption or other issues that arise in the acquisition of active pharmaceutical ingredients ("API"), manufacture, fill-finish, packaging, or storage of our marketed products or product candidates, including as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection, could significantly impair our ability to sell our products or advance our development efforts, as the case may be. For information about risks relating to the manufacture of our marketed products and product candidates, see "Item 1A—Risk Factors" and specifically those sections entitled "—We rely heavily on our collaborative partners in the commercialization and continued development of our products; and if they are not effective, our revenues could be materially adversely affected," "—We are subject to risks related to the manufacture of our products," "—We rely on third parties to provide services in connection with the manufacture and distribution of our products" and "—If we or our third-party providers fail to meet the stringent requirements of governmental regulation in the manufacture of our products, we could incur substantial remedial costs and a reduction in sales and/or revenues."

Marketed Products

We manufacture RISPERDAL CONSTA, VIVITROL and polymer for BYDUREON in our Wilmington, Ohio facility. We are currently operating two RISPERDAL CONSTA lines and one VIVITROL line at commercial scale. Janssen has granted us an option, exercisable upon 30 days' advance written notice, to purchase the most recently constructed and validated RISPERDAL CONSTA manufacturing line at its then-current net book value. We source our packaging operations for VIVITROL to a third-party contractor. Janssen is responsible for packaging operations for RISPERDAL CONSTA. Our Wilmington, Ohio facility has been inspected by U.S., European including the Medicines and Healthcare Products Regulatory Agency, Chinese, Japanese, Brazilian and Saudi Arabian regulatory authorities for compliance with required cGMP standards for continued commercial manufacturing.

We manufacture AMPYRA/FAMPYRA, RAPAMUNE and other products in our Athlone, Ireland facility. This facility has been inspected by U.S., Irish, Brazilian, Turkish, Saudi Arabian, Korean and Belarusian regulatory authorities for compliance with required cGMP standards for continued commercial manufacturing.

We manufacture FOCALIN XR, RITALIN LA, VERAPAMIL, ZOHYDRO and other products in our Gainesville, Georgia facility. This facility has been inspected by U.S., Danish, Turkish and Brazilian regulatory authorities for compliance with required cGMP standards for continued commercial manufacturing.

For more information about our manufacturing facilities, see "Item 2—Properties."

Product Candidates

We have established, and are operating, facilities with the capability to produce clinical supplies of: our injectable extended-release products at our Wilmington, Ohio facility; our NanoCrystal and OCR technology products at our Athlone, Ireland facility; and our OCR technology products at our Gainesville, Georgia facility. We have also contracted with third-party manufacturers to formulate certain products for clinical use. We require that our contract manufacturers adhere to cGMP in the manufacture of products for clinical use.

Research & Development

We devote significant resources to R&D programs. We focus our R&D efforts on finding novel therapeutics in areas of high unmet medical need. Our R&D efforts include, but are not limited to, areas such as pharmaceutical formulation, analytical chemistry, process development, engineering, scale-up and drug optimization/delivery. Please see "Cost and Expenses" for our R&D expenditures for our fiscal year ended December 31, 2014.

Permits and Regulatory Approvals

We hold various licenses in respect of our manufacturing activities conducted in Wilmington, Ohio; Athlone, Ireland; and Gainesville, Georgia. The primary licenses held in this regard are FDA Registrations of Drug Establishment; and Drug Enforcement Administration of the U.S. Department of Justice ("DEA"), Controlled Substance Registration in respect of our Gainesville facility. We also hold a Manufacturers Authorization (No. M1067), an Investigational Medicinal Products Manufacturers Authorization (No. IMP074) and Certificates of Good Manufacturing Practice Compliance of a Manufacturer (Ref. 2014/7828/IMP074 and 2014/7828/M1067) from the Health Products Regulatory Authority (HPRA) in respect of our Athlone facility, and a number of Controlled Substance Licenses granted by the HPRA. Due to certain U.S. state law requirements, we also hold certain state licenses to cover distribution activities through certain states and not in respect of any manufacturing activities conducted in those states.

We do not generally act as the product authorization holder for products incorporating our drug delivery technologies that have been developed on behalf of a collaborator. In such cases, our collaborator usually holds the relevant authorization from the FDA or other national regulator, and we would support this authorization by furnishing a copy of the Drug Master File, or the chemistry, manufacturing and controls data to the relevant regulator to prove adequate manufacturing data in respect of the product. We would generally update this information annually with the relevant regulator. In other cases where we are developing proprietary product candidates, such as VIVITROL, we may hold the appropriate regulatory documentation ourselves.

Marketing, Sales and Distribution

We are responsible for the marketing of VIVITROL in the U.S. We focus our sales and marketing efforts on specialist physicians in private practice and in public treatment systems. We use customary pharmaceutical company practices to market our product and to educate physicians, such as sales representatives calling on individual physicians, advertisements, professional symposia, selling initiatives, public relations and other methods. We provide, or contract with third-party vendors to provide, customer service and other related programs for our product, such as product-specific websites, insurance research services and order, delivery and fulfillment services. Our sales force for VIVITROL in the U.S. consists of approximately 70 individuals. VIVITROL is sold directly to pharmaceutical wholesalers, specialty pharmacies and a specialty distributor. Product sales of VIVITROL during the year ended December 31, 2014 to CVS Caremark Corporation and McKesson Corporation represented approximately 17% and 15%, respectively, of total VIVITROL sales.

Cardinal Health Specialty Pharmaceutical Services, a division of Cardinal, provides warehousing, shipping and administrative services for VIVITROL.

Under our collaboration agreements with Janssen, AstraZeneca, Acorda and other collaboration partners, these companies are responsible for the commercialization of any products developed thereunder if and when regulatory approval is obtained.

Competition

We face intense competition in the development, manufacture, marketing and commercialization of our marketed products and product candidates from many and varied sources, such as academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies, including other companies with similar technologies. Some of these competitors are also our collaborative partners, who control the commercialization of products for which we receive manufacturing and royalty revenues. These competitors are working to develop and market other systems, products and other methods of preventing or reducing disease, and new small-molecule and other classes of drugs that can be used with or without a drug delivery system.

The biotechnology and pharmaceutical industries are characterized by intensive research, development and commercialization efforts and rapid and significant technological change. Many of our competitors are larger and have significantly greater financial and other resources than we do. We expect our competitors to develop new technologies, products and processes that may be more effective than those we develop. The development of technologically improved or different products or technologies may make our product candidates or product platforms obsolete or noncompetitive before we recover expenses incurred in connection with their development or realize any revenues from any marketed product.

There are other companies developing extended-release product platforms. In many cases, there are products on the market or in development that may be in direct competition with our marketed products or product candidates. In addition, we know of new chemical entities that are being developed that, if successful, could compete against our product candidates. These chemical entities are being designed to work differently than our product candidates and may turn out to be safer or to be more effective than our product candidates. Among the many experimental therapies being tested around the world, there may be some that we do not now know of that may compete with our proprietary product platforms or product candidates. Our collaborative partners could choose a competing technology to use with their drugs instead of one of our product platforms and could develop products that compete with our products.

With respect to our proprietary injectable product platform, we are aware that there are other companies developing extended-release delivery systems for pharmaceutical products. In the treatment of schizophrenia, RISPERDAL CONSTA and INVEGA SUSTENNA compete with a number of other injectable products including ZYPREXA RELPREVV ((olanzapine) For Extended Release Injectable Suspension), which is marketed and sold by Lilly; ABILIFY MAINTENA, (aripiprazole for extended release injectable suspension), a once-monthly injectable formulation of ABILIFY (aripiprazole) developed by Otsuka Pharmaceutical Co., Ltd. (“Otsuka”); oral compounds currently on the market; and generic versions of branded oral and injectable products. In the treatment of bipolar disorder, RISPERDAL CONSTA competes with antipsychotics such as ABILIFY, LATUDA, risperidone, olanzapine, ziprasidone and clozapine.

In the treatment of alcohol dependence, VIVITROL competes with CAMPRAL (acamprosate calcium) sold by Forest Laboratories and ANTABUSE sold by Odyssey Pharmaceuticals ("Odyssey") as well as currently marketed drugs, including generic drugs, also formulated from naltrexone. Other pharmaceutical companies are developing product candidates that have shown some promise in treating alcohol dependence that, if approved by the FDA, would compete with VIVITROL.

In the treatment of opioid dependence, VIVITROL competes with methadone, oral naltrexone, SUBOXONE (buprenorphine HCl/naloxone HCl dehydrate sublingual tablets), SUBOXONE (buprenorphine/naloxone) Sublingual Film, and SUBUTEX (buprenorphine HCl sublingual tablets), each of which is marketed and sold by Reckitt Benckiser Pharmaceuticals, Inc., and BUNAVAIL buccal film (buprenorphine and naloxone) marketed by BioDelivery Sciences, and ZUBZOLV (buprenorphine and naloxone) marketed by Orexo US, Inc. It also competes with generic versions of SUBUTEX and SUBOXONE sublingual tablets. Other pharmaceutical companies are developing product candidates that have shown promise in treating opioid dependence that, if approved by the FDA, would compete with VIVITROL.

BYDUREON competes with established therapies for market share. Such competitive products include sulfonylureas, metformin, insulins, thiazolidinediones, glinides, dipeptidyl peptidase type IV inhibitors, insulin sensitizers, alpha-glucosidase inhibitors and sodium-glucose transporter-2 inhibitors. BYDUREON also competes with other glucagon-like peptide-1 ("GLP-1") agonists, including VICTOZA (liraglutide (rDNA origin) injection), which is marketed and sold by Novo Nordisk A/S. Other pharmaceutical companies are developing product candidates for the treatment of type 2 diabetes that, if approved by the FDA, would compete with BYDUREON.

While AMPYRA/FAMPYRA is the first product approved as a treatment to improve walking in patients with MS, there are a number of FDA-approved therapies for MS disease management that seek to reduce the frequency and severity of exacerbations or slow the accumulation of physical disability for people with certain types of MS. These products include AVONEX, TYSABRI, TECFIDERA, and PLEGRIDY from Biogen Idec; BETASERON from Bayer HealthCare Pharmaceuticals; COPAXONE from Teva Pharmaceutical Industries Ltd.; REBIF and NOVANTRONE from EMD Serono, Inc.; GILENYA and EXTAVIA from Novartis AG; AUBAGIO and LEMTRADA from Sanofi-Aventis and generic products.

With respect to our NanoCrystal technology, we are aware that other technology approaches similarly address poorly water-soluble drugs. These approaches include nanoparticles, cyclodextrins, lipid-based self-emulsifying drug delivery systems, dendrimers and micelles, among others, any of which could limit the potential success and growth prospects of products incorporating our NanoCrystal technology. In addition, there are many competing technologies to our OCR technology, some of which are owned by large pharmaceutical companies with drug delivery divisions and other, smaller drug-delivery-specific companies.

Patents and Proprietary Rights

Our success will be dependent, in part, on our ability to obtain and maintain patent protection for our products, including those marketed and sold by our collaborators, to maintain trade secret protection and to operate without infringing upon the proprietary rights of others. We have a proprietary portfolio of patent rights and exclusive licenses to patents and patent applications. In addition, our collaborative partners may own issued patents that cover certain of our products. We have filed numerous patent applications in the U.S. and in other countries directed to compositions of matter as well as processes of preparation and methods of use, including patent applications relating to each of our delivery technologies. We own more than 200 issued U.S. patents. In the future, we plan to file additional patent applications in the U.S. and in other countries directed to new or improved products and processes, and we intend to defend our patent positions aggressively.

Our OCR technology is protected by a patent estate including patents and patent applications filed worldwide. Some OCR patent families are product-specific (including some which are owned by our collaborative partners), whereas others cover generic delivery platforms (e.g. different release profiles, taste masking, etc.). The latest of the patents covering AMPYRA/FAMPYRA expires in 2027 in the U.S. and 2025 in Europe.

Our NanoCrystal technology patent portfolio contains a number of patents granted throughout the world, including the U.S. and countries outside of the U.S. We also have a number of pending patent applications covering our NanoCrystal technology. The latest of the patents covering INVEGA SUSTENNA expires in 2019 in the U.S. and 2022 in the EU. Additional pending applications may provide a longer period of patent coverage, if granted, and in certain countries, such as Australia and South Korea, patent coverage extends until 2023.

We have filed patent applications worldwide that cover our microsphere technology and have a significant number of patents and pending patent applications covering our microsphere technology. The latest of our patents covering VIVITROL, RISPERDAL CONSTA and BYDUREON expire in 2029, 2023 and 2025 in the U.S., respectively, and 2021, 2021 and 2024 in Europe, respectively.

We also have patent protection for our Key Development Programs. U.S. Patent No. 8,431,576 and U.S. Patent No. 8,796,276, which issued in April 2013 and August 2014, respectively, cover a class of compounds that includes aripiprazole lauroxil and expire no earlier than 2030. U.S. Patent No. 7,262,298, which covers a class of compounds that includes the opioid modulators in each of the ALKS 5461 and ALKS 3831 combination products, expires in 2025. U.S. Patent No. 8,822,488, which issued in September 2014, covers ALKS 5461 and will expire no earlier than 2032. U.S. Patent No. 8,680,112, which issued in March 2014, contains method of treatment claims that will cover ALKS 5461, ALKS 3831 and ALKS 7106 and will expire in 2029. U.S. Patent No. 8,778,960, which issued in July 2014, covers ALKS 3831 and will expire no earlier than 2032. U.S. Patent No. 8,802,655, which issued in August 2014, covers ALKS 7106 and will expire no earlier than 2025. U.S. Patent No. 8,669,281, which issued in March 2014, contains composition of matter claims that will cover ALKS 8700 and will expire in 2033.

We have exclusive rights through licensing agreements with third parties to issued U.S. patents, pending patent applications and corresponding patents or patent applications in countries outside the U.S, subject in certain instances to the rights of the U.S. government to use the technology covered by such patents and patent applications. Under certain licensing agreements, we are responsible for patent expenses, and we pay annual license fees and/or minimum annual royalties. In addition, under these licensing agreements, we are obligated to pay royalties on future sales of products, if any, covered by the licensed patents.

We know of several U.S. patents issued to other parties that may relate to our product candidates. The manufacture, use, offer for sale, sale or import of some of our product candidates might be found to infringe on the claims of these patents. A party might file an infringement action against us. The cost of defending such an action is likely to be high, and we might not receive a favorable ruling.

We also know of patent applications filed by other parties in the U.S. and various other countries that may relate to some of our product candidates if issued in their present form. The patent laws of the U.S. and other countries are distinct, and decisions as to patenting, validity of patents and infringement of patents may be resolved differently in different countries. If patents are issued to any of these applicants, we or our collaborators may not be able to manufacture, use, offer for sale, sell or import some of our product candidates without first getting a license from the patent holder. The patent holder may not grant us a license on reasonable terms, or it may refuse to grant us a license at all. This could delay or prevent us from developing, manufacturing, selling or importing those of our product candidates that would require the license.

We try to protect our proprietary position by filing patent applications in the U.S. and in other countries related to our proprietary technology, inventions and improvements that are important to the development of our business. Because the patent position of biotechnology and pharmaceutical companies involves complex legal and factual questions, enforceability of patents cannot be predicted with certainty. The ultimate degree of patent protection that will be afforded to products and processes, including ours, in the U.S. and in other important markets, remains uncertain and is dependent upon the scope of protection decided upon by the patent offices, courts and lawmakers in these countries. Patents, if issued, may be challenged, invalidated or circumvented. Thus, any patents that we own or license from others may not provide any protection against competitors. Our pending patent applications, those we may file in the future, or those we may license from third parties, may not result in patents being issued. If issued, they may not provide us with proprietary protection or competitive advantages against competitors with similar technology. Furthermore, others may independently develop similar technologies or duplicate any technology that we have developed outside the scope of our patents. The laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of the U.S.

We are currently involved in various Paragraph IV litigations in the U.S. and other proceedings outside of the U.S. involving our patents in respect of TRICOR, MEGACE ES, AMPYRA and ZOHYDRO ER.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties that have access to it, such as our corporate partners, collaborators, employees and consultants. Any of these parties may breach the agreements and disclose our confidential information or our competitors might learn of the information in some other way. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to, or independently developed by, a competitor, such event could materially adversely affect our business, results of operations, cash flows and financial condition. For more information, see "Item 1A—Risk Factors."

Our trademarks, including VIVITROL, are important to us and are generally covered by trademark applications or registrations in the U.S. Patent and Trademark Office and the patent or trademark offices of other countries. Our partnered products also use trademarks that are owned by our partners, such as the marks RISPERDAL CONSTA and INVEGA SUSTENNA, which are registered trademarks of Johnson & Johnson Corp., BYDUREON, which is a trademark of Amylin, and AMPYRA and FAMPYRA, which are registered trademarks of Acorda. Trademark protection varies in accordance with local law, and continues in some countries as long as the mark is used and in other countries as long as the mark is registered. Trademark registrations generally are for fixed but renewable terms.

Employees

As of February 12, 2015, we had approximately 1,300 full-time employees. A significant number of our management and professional employees have prior experience with pharmaceutical, biotechnology or medical product companies. We believe that we have been successful in attracting skilled and experienced scientific and senior management personnel; however, competition for such personnel is intense. None of our employees is covered by a collective bargaining agreement. We consider our relations with our employees to be good.

Review of the Performance of the Business

Overview

We develop medicines that address the unmet needs and challenges of people living with chronic diseases. A fully integrated global biopharmaceutical company, we apply proven scientific expertise,

proprietary technologies and global development capabilities to the creation of innovative treatments for major clinical conditions with a focus on CNS disorders, such as schizophrenia, addiction and depression. We create new, proprietary pharmaceutical products for our own account, and we collaborate with other pharmaceutical and biotechnology companies. We are increasingly focused on maintaining rights to commercialize our leading product candidates in certain markets.

We and our pharmaceutical and biotechnology partners have more than 20 commercialized products sold worldwide, including in the U.S. We earn manufacturing and/or royalty revenues on net sales of products commercialized by our partners and earn revenue on net sales of VIVITROL, which is a proprietary product that we manufacture, market and sell in the U.S. Our key marketed products are expected to generate significant revenues for us in the near- and medium-term, as they possess long remaining patent lives and we believe are singular or competitively advantaged products in their classes and are generally in the launch phases of their commercial lives. These key marketed products consist of our antipsychotic franchise, RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION; AMPYRA/FAMPYRA; BYDUREON; and VIVITROL. Revenues from these products accounted for 74% of our total revenues during the year ended December 31, 2014, as compared to 68% and 59% during the years ended December 31, 2013 and 2012, respectively.

During the year ended December 31, 2014, we incurred an operating loss of $87.1 million. Although revenues increased by $22.5 million from the year ended December 31, 2013, we made significant investments in R&D and SG&A during the year. R&D expense increased by $108.1 million from the year ended December 31, 2013, driven by our rapidly advancing development pipeline. In 2014, we initiated pivotal clinical development programs for ALKS 5461 and informative studies for ALKS 3831, ALKS 8700 and ALKS 7106. SG&A expense increased by $48.7 million, driven primarily by pre-launch activities for aripiprazole lauroxil, as the FDA accepted the NDA for aripiprazole lauroxil in October 2014 and assigned a PDUFA date of August 22, 2015.

During the year ended December 31, 2014, we recorded income of $86.8 million from certain non-recurring, non-operating transactions. In October 2014, Acorda acquired Civitas for approximately $525.0 million. In connection with the acquisition of Civitas by Acorda, we received $30.0 million for the sale of certain commercial-scale pulmonary manufacturing equipment used by Civitas. We also received $27.2 million and have the right to receive up to an additional $2.4 million, subject to the release of all amounts held in escrow, for our approximate 6% equity interest in Civitas. In the second quarter of 2014, we sold our investment in Acceleron, which consisted of equity securities, resulting in a realized gain of $15.3 million and sold certain of our land, buildings and equipment at our Athlone, Ireland facility resulting in a gain of $12.3 million at the time of the sale.

Results of Operations

Manufacturing and Royalty Revenues

Manufacturing revenues are earned from the sale of products under arrangements with our collaborators when product is shipped to them at an agreed upon price. Royalties are generally earned on our collaborators' sales of products that incorporate our technologies and are recognized in the

period the products are sold by our collaborators. The following table compares manufacturing and royalty revenues earned in the year ended December 31, 2014 and 2013:

(In millions)	Year Ended December 31, 2014	2013 (unaudited)	Change Favorable/ (Unfavorable)
Manufacturing and royalty revenues:			
INVEGA SUSTENNA/XEPLION	$127.8	$ 97.7	$ 30.1
RISPERDAL CONSTA	120.6	137.9	(17.3)
AMPYRA/FAMPYRA	80.9	75.7	5.2
RITALIN LA & FOCALIN XR	40.7	41.6	(0.9)
BYDUREON	36.6	24.8	11.8
Other	110.3	140.3	(30.0)
Manufacturing and royalty revenues	$516.9	$518.0	$ (1.1)

Our long-acting, antipsychotic franchise consists of RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION. Under our INVEGA SUSTENNA/XEPLION agreement with Janssen, we earn royalties on end-market sales of INVEGA SUSTENNA/XEPLION of 5% up to the first $250 million in calendar-year sales, 7% on calendar-year sales of between $250 million and $500 million, and 9% on calendar-year sales exceeding $500 million. The royalty rate resets at the beginning of each calendar-year to 5%. Under our RISPERDAL CONSTA supply and license agreements with Janssen, we earn manufacturing revenues at 7.5% of Janssen's unit net sales price of RISPERDAL CONSTA and royalty revenues at 2.5% of end-market sales.

The increase in INVEGA SUSTENNA/XEPLION royalty revenues was due to an increase in Janssen's end-market sales of INVEGA SUSTENNA/XEPLION. Janssen's end-market sales of INVEGA SUSTENNA/XEPLION were $1,588.0 million and $1,248.0 million, during the years ended December 31, 2014 and 2013, respectively.

The decrease in RISPERDAL CONSTA revenue was due to a 13% decrease in manufacturing revenues and a 10% decrease in royalty revenues. The decrease in manufacturing revenues was primarily due to a 39% decrease in units shipped to Janssen for resale in the U.S., partially offset by an 8% increase in price and a 5% increase in units shipped to Janssen for resale in countries other than the U.S., partially offset by a 4% decrease in price. Janssen's end-market sales of RISPERDAL CONSTA were $1,190.0 million and $1,318.0 million, during the years ended December 31, 2014 and 2013, respectively.

We expect revenues from our long-acting, atypical antipsychotic franchise to continue to grow as INVEGA SUSTENNA/XEPLION is launched around the world. A number of companies, including us, are working to develop products to treat schizophrenia and/or bipolar disorder that may compete with RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION. Increased competition may lead to reduced unit sales of RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION, as well as increasing pricing pressure. RISPERDAL CONSTA is covered by a patent until 2021 in the EU and 2023 in the U.S., and INVEGA SUSTENNA/XEPLION is covered by a patent until 2022 in the EU and 2019 in the U.S., and as such, we do not anticipate any generic versions in the near-term for either of these products.

Under our AMPYRA supply and license agreements with Acorda, we earn manufacturing and royalty revenues when AMPYRA is shipped to Acorda, either by us or a third-party manufacturer. Under our FAMPYRA supply and license agreements with Biogen, we earn manufacturing revenue when FAMPYRA is shipped to Biogen, and we earn royalties upon end-market sales of FAMPYRA by Biogen.

The increase in AMPYRA/FAMPYRA revenue was due to an 11% increase in royalty revenue and a 6% increase in manufacturing revenue. The increase in royalty revenue was primarily due to a 77% increase in the amount of royalty earned on third-party shipments of AMPYRA to Acorda. The increase in manufacturing revenue was primarily due to an 18% increase in the selling price of AMPYRA/FAMPYRA, partially offset by a 13% decrease in the amount of AMPYRA/FAMPYRA shipped to Acorda and Biogen.

We expect AMPYRA/FAMPYRA sales to continue to grow as Acorda continues to penetrate the U.S. market with AMPYRA and Biogen continues to launch FAMPYRA in the rest of the world. AMPYRA is covered by a patent until 2027 in the U.S. and FAMPYRA is covered by a patent until 2025 in the EU, and as such, we do not anticipate any generic versions of these products in the near-term. A number of companies are working to develop products to treat multiple sclerosis that may compete with AMPYRA/FAMPYRA, which may negatively impact future sales of the products.

The increase in BYDUREON revenues was due to an increase in end-market sales of BYDUREON. During the year ended December 31, 2014, AstraZeneca's end-market sales of BYDUREON was $457.3 million, as compared to $311.5 million sold under the Bristol-Myers and AstraZeneca diabetes collaboration in the year ended December 31, 2013. BYDUREON is covered by a patent until 2025 in the U.S. and until 2024 in the EU, and as such, we do not anticipate any generic versions of this product in the near-term.

Included in other manufacturing and royalty revenues during the year ended December 31, 2013 was $30.0 million of IP license revenue unrelated to key development programs.

We expect sales from RITALIN LA/FOCALIN XR and our other mature products to decline over the next few fiscal years due to competition from generic products.

Certain of our manufacturing and royalty revenues are earned in countries outside of the U.S. and are denominated in currencies in which the product is sold. See "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" for information on currency exchange rate risk related to our revenues.

Product Sales, Net

Our product sales, net consist of sales of VIVITROL in the U.S. to wholesalers, specialty distributors and specialty pharmacies. The following table presents the adjustments to arrive at VIVITROL product sales, net for sales of VIVITROL in the U.S. during the years ended December 31, 2014 and 2013:

	Year Ended December 31, 2014		Year Ended December 31, 2013 (unaudited)	
(In millions)	**Amount**	**% of Sales**	**Amount**	**% of Sales**
Product sales, gross	$137.1	100.0%	$ 99.4	100.0%
Adjustments to product sales, gross:				
Medicaid rebates	(11.1)	(8.1)%	(7.0)	(7.1)%
Chargebacks	(9.3)	(6.8)%	(6.5)	(6.5)%
Product discounts	(7.2)	(5.3)%	(4.5)	(4.5)%
Co-pay assistance	(6.1)	(4.4)%	(4.6)	(4.7)%
Product returns	(3.0)	(2.2)%	(1.1)	(1.1)%
Other	(6.2)	(4.5)%	(3.9)	(3.9)%
Total adjustments	(42.9)	(31.3)%	(27.6)	(27.8)%
Product sales, net	$ 94.2	68.7%	$ 71.8	72.2%

The increase in product sales, gross was due to a 32% increase in the number of units sold and a 5% increase in price. The increase in Medicaid rebates, chargebacks, product discounts and co-pay assistance were all primarily due to the increase in gross sales. The increase in product returns as a percentage of gross sales was due to the increase in the price of VIVITROL. Included in other adjustments is a $1.4 million charge in the first quarter of 2014 related to a limited recall for a needle clog issue.

We expect VIVITROL sales, net to continue to grow as we continue to penetrate the opioid dependence indication market in the U.S. A number of companies, including us, are working to develop products to treat addiction, including alcohol and opioid dependence that may compete with and negatively impact future sales of VIVITROL. Increased competition may lead to reduced unit sales of VIVITROL, as well as increasing pricing pressure. VIVITROL is covered by a patent that will expire in the U.S. in 2029 and in Europe in 2021 and, as such, we do not anticipate any generic versions of this product in the near-term.

Costs and Expenses

Cost of Goods Manufactured and Sold

	Year Ended December 31,		
(In millions)	**2014**	**2013 (unaudited)**	**Change Favorable/ (Unfavorable)**
Cost of goods manufactured and sold	$175.8	$182.3	$6.5

The decrease in cost of goods manufactured and sold was primarily due to an $8.5 million decrease in cost of goods manufactured for RISPERDAL CONSTA, which primarily due to a 5% decrease in the number of units shipped to Janssen. This decrease was partially offset by a $3.2 million increase in the cost of goods manufactured and sold for VIVITROL, which was primarily due to a 17% increase in the number of units sold in the U.S. and Russia and the CIS.

Research and Development Expenses

For each of our R&D programs, we incur both external and internal expenses. External R&D expenses include costs related to clinical and non-clinical activities performed by CROs, consulting fees, laboratory services, purchases of drug product materials and third-party manufacturing development costs. Internal R&D expenses include employee-related expenses, occupancy costs, depreciation and general overhead. We track external R&D expenses for each of our development programs, however, internal R&D expenses are not tracked by individual program as they benefit multiple programs or our technologies in general.

The following table sets forth our external R&D expenses relating to our individual Key Development Programs and all other development programs, and our internal R&D expenses by the nature of such expenses:

(In millions)	Year Ended December 31, 2014	2013 (unaudited)	Change Favorable/ (Unfavorable)
External R&D Expenses:			
Key development programs:			
ALKS 5461	$ 77.1	$ 8.4	$ (68.7)
Aripiprazole lauroxil	30.9	45.1	14.2
ALKS 3831	28.8	7.6	(21.2)
ALKS 8700	10.1	2.6	(7.5)
ALKS 7106	6.6	2.5	(4.1)
Other development programs	18.4	15.8	(2.6)
Total external expenses	171.9	82.0	(89.9)
Internal R&D expenses:			
Employee-related	75.7	57.9	(17.8)
Occupancy	6.9	11.1	4.2
Depreciation	8.2	7.6	(0.6)
Other	9.3	5.3	(4.0)
Total internal R&D expenses	100.1	81.9	(18.2)
Research and development expenses	$272.0	$163.9	$(108.1)

The decrease in R&D expenses related to the aripiprazole lauroxil program was primarily due to the completion of our phase 3 study in April 2014 and the submission of our NDA in August 2014. This decrease was partially offset by the continuation of an extension study which began in September 2013 to assess the long-term safety and durability effect of aripiprazole lauroxil in patients with stable schizophrenia. The increase in expenses related to the ALKS 5461 program was due to the timing of three core phase 3 efficacy studies, long-term safety studies and other supporting studies related to the program. The increase in expenses related to the ALKS 3831 program was due to the timing of studies related to the program. We completed a phase 2 study of ALKS 3831 to assess the safety, tolerability and impact of ALKS 3831 on weight gain and other metabolic factors in patients with schizophrenia and announced positive topline results in January 2015. ALKS 8700 and ALKS 7106 were added to our key development program portfolio in 2013 and we initiated phase 1 studies for these programs in July 2014 and August 2014, respectively. The increase in employee-related expenses is primarily due to an increase in headcount and share-based compensation expense. Expense incurred under the RDB 1419 program was not material in the years ended December 31, 2014 and 2013.

These amounts are not necessarily predictive of future R&D expenses. In an effort to allocate our spending most effectively, we continually evaluate the products under development, based on the performance of such products in pre-clinical and/or clinical trials, our expectations regarding the likelihood of their regulatory approval and our view of their commercial viability, among other factors.

Selling, General and Administrative Expenses

(In millions)	Year Ended December 31, 2014	2013 (unaudited)	Change Favorable/ (Unfavorable)
Selling, general and administrative	$199.9	$151.2	$(48.7)

The increase in SG&A expenses was primarily due to a $22.4 million increase in employee-related expenses, a $15.9 million increase in professional services and a $5.0 million increase in marketing expense. The increase in employee-related expense was primarily due to an increase in share-based compensation expense resulting from our increased stock price and an increase in headcount. The increase in professional services was primarily due to activities surrounding the anticipated launch of aripiprazole lauroxil in 2015. The increase in marketing expense was primarily due to activity around a label update for VIVITROL and aripiprazole lauroxil pre-launch activity.

Amortization of Acquired Intangible Assets

(In millions)	Year Ended December 31, 2014	2013 (unaudited)	Change Favorable/ (Unfavorable)
Amortization of acquired intangible assets	$58.2	$48.8	$(9.4)

Our amortizable intangible assets consist of technology and collaborative arrangements acquired as part of the acquisition of EDT in September 2011 which are being amortized over 12 to 13 years. We amortize our amortizable intangible assets using the economic use method, which reflects the pattern that the economic benefits of the intangible assets are consumed as revenue is generated from the underlying patent or contract. Based on our most recent analysis, amortization of intangible assets included within our consolidated balance sheet at December 31, 2014 is expected to be approximately $65.0 million, $70.0 million, $70.0 million, $70.0 million and $60.0 million in the years ended December 31, 2015 through 2019, respectively.

Other Income (Expense), Net

(In millions)	Year Ended December 31, 2014	2013 (unaudited)	Change Favorable/ (Unfavorable)
Interest income	$ 2.0	$ 0.9	$ 1.1
Interest expense	(13.4)	(21.9)	8.5
Gain on sale of property, plant and equipment	41.9	—	41.9
Gain on sale of investment in Civitas Therapeutics, Inc.	29.6	—	29.6
Gain on sale of investment in Acceleron Pharma Inc.	15.3	—	15.3
Other (expense), net	(2.3)	(0.2)	(2.1)
Total other income (expense), net	$ 73.1	$(21.2)	$94.3

The decrease in interest expense in the year ended December 31, 2014, as compared to the year ended December 31, 2013, was primarily due to an amendment of our long-term debt in February 2013, which resulted in a $7.5 million charge to interest expense during the year ended December 31, 2013.

The increase in the gain on the sale of property, plant and equipment was primarily due to two transactions. In April 2014, we sold certain of our land, buildings and equipment at our Athlone, Ireland facility that had a carrying value of $2.2 million, in exchange for $17.5 million and recorded a gain of $12.3 million, as $3.0 million of the sale proceeds were placed in escrow pending the completion of certain additional services we are obligated to perform. In October 2014, we sold certain of our commercial-scale pulmonary manufacturing equipment to Acorda in exchange for $30.0 million.

In October 2014, in connection with the acquisition of Civitas by Acorda, we received $27.2 million and have the right to receive up to an additional $2.4 million, subject to the release of amounts held in escrow, for our approximate 6% equity interest in Civitas. During the second quarter of 2014, we sold our investment in Acceleron, which consisted of equity securities, for a gain of $15.3 million.

Provision (Benefit) for Income Taxes

(In millions)	Year Ended December 31, 2014	Year Ended December 31, 2013 (unaudited)	Change Favorable/ (Unfavorable)
Provision (benefit) for income taxes	$16.0	$(7.4)	$(23.4)

The income tax provision for the year ended December 31, 2014 was primarily due to U.S. federal and state taxes on income earned in the U.S. The income tax benefit in the year ended December 31, 2013 was primarily due to the release of the valuation allowance held against U.S. deferred tax assets, partially offset by federal and state taxes on income earned in the U.S.

At December 31, 2014, we maintained a valuation allowance of $1.7 million against certain U.S. federal and state deferred tax assets and $70.1 million against certain Irish deferred tax assets as we determined that it is more-likely-than-not that these net deferred tax assets will not be realized. If we demonstrate consistent profitability in the future, the evaluation of the recoverability of these deferred tax assets may change and the remaining valuation allowance may be released in part or in whole.

As of December 31, 2014, we had $574.4 million of Irish Net Operating Loss ("NOL") carryforwards, $23.9 million of U.S. federal NOL carryforwards and $8.3 million of U.S. state NOL carryforwards, $33.8 million of federal R&D credits, $8.6 million of alternative minimum tax credits and $4.3 million of U.S. state tax credits which either expire on various dates through 2034 or can be carried forward indefinitely. These loss carryforwards and credits are available to reduce certain future Irish and U.S. taxable income and tax, respectively, if any. These loss carryforwards are subject to review and possible adjustment by the appropriate taxing authorities. These loss carryforwards, which may be utilized in any future period, may be subject to limitations based upon changes in the ownership of our stock. We have performed a review of ownership changes in accordance with the U.S. Internal Revenue Code and have determined that it is more-likely-than-not that, as a result of the Business Combination, we experienced a change of ownership. As a consequence, our U.S. federal NOL carryforwards and tax credit carryforwards are subject to an annual limitation of $127.0 million.

Liquidity and Capital Resources

Our financial condition is summarized as follows:

(In millions)	December 31, 2014	December 31, 2013
Cash and cash equivalents	$224.0	$167.6
Investments—short-term	407.1	194.6
Investments—long-term	170.5	87.8
Total cash and investments	$801.6	$450.0
Outstanding borrowings—current and long-term	$358.0	$364.3

At December 31, 2014, our investments consisted of the following:

(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Investments—short-term	$407.1	$0.1	$(0.1)	$407.1
Investments—long-term available-for-sale	169.2	—	(0.3)	168.9
Investments—long-term held-to-maturity	1.6	—	—	1.6
Total	$577.9	$0.1	$(0.4)	$577.6

Sources and Uses of Cash

We have generated cash from operations of $11.1 million and $92.2 million during the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively. We expect that our existing cash and investments plus the amounts generated by our operating activities will be sufficient to finance our anticipated working capital and other cash requirements, such as capital expenditures and principal and interest payments on our long-term debt for the foreseeable future. In the event business conditions were to deteriorate, we could rely on borrowings under our long-term debt agreement, which has an incremental facility capacity in the amount of $140.0 million, plus additional amounts as long as we meet certain conditions, including a specified leverage ratio.

Our investment objectives are, first, to preserve liquidity and conserve capital and, second, to generate investment income. We mitigate credit risk in our cash reserves by maintaining a well-diversified portfolio that limits the amount of investment exposure as to institution, maturity and investment type. Our available-for-sale investments consist primarily of short- and long-term U.S. government and agency debt securities and corporate debt securities. We classify available-for-sale investments in an unrealized loss position, which do not mature within 12 months, as long-term investments. We have the intent and ability to hold these investments until recovery, which may be at maturity, and it is more-likely-than-not that we would not be required to sell these securities before recovery of their amortized cost. At December 31, 2014, we performed an analysis of our investments with unrealized losses for impairment and determined that they were temporarily impaired.

Information about our cash flows, by category, is presented in the accompanying consolidated statements of cash flows. The following table summarizes our cash flows for the year ended December 31, 2014 and the nine months ended December 31, 2013:

(In millions)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Cash and cash equivalents, beginning of period . .	$ 167.6	$ 97.0
Cash provided by operating activities	11.1	92.2
Cash used in investing activities	(263.4)	(65.4)
Cash provided by (used in) financing activities .	308.8	43.8
Cash and cash equivalents, end of period	$ 224.1	$167.6

Operating Activities

During the year ended December 31, 2014, we generated $11.1 million in cash from operating activities, of which $10.7 million came from working capital and $0.5 million from net (loss) income. Cash from net (loss) income is equal to net (loss) income plus adjustments to reconcile net (loss) income to cash flows from operating activities. During the nine months ended December 31, 2013, we generated $92.2 million in cash from operating activities, of which $2.9 million came from working capital and $89.3 million from net (loss) income. The decrease in cash provided by operating activities over the two periods was primarily due to the increase in spending on our R&D pipeline and sales and marketing activities as previously discussed, partially offset by an increase in revenues over each of these periods.

Investing Activities

During the year ended December 31, 2014, we used $263.4 million in cash for investing activities, $301.3 million of which was for purchases of available-for-sale securities, net of sales of available-for-sale securities. In October 2014, we received $57.2 million from Civitas, $30.0 million from the sale of certain commercial-scale pulmonary manufacturing equipment and $27.2 million for our approximate 6% equity interest in Civitas when they were acquired by Acorda. We have the right to receive up to an additional $2.4 million, subject to the release of all amounts held in escrow. We also sold certain of our land, buildings and equipment located at our Athlone, Ireland facility for $17.5 million in April 2014. $3.0 million of these sales proceeds will remain in escrow pending the completion of certain additional services we are obligated to perform.

During the year ended December 31, 2014, we spent $33.7 million in additions to our property, plant and equipment. We expect to spend approximately $53.0 million during the year ended December 31, 2015 for capital expenditures. The increase in capital spending from the year ended December 31, 2014 is primarily for the construction of facilities and equipment at our Wilmington, Ohio and Athlone, Ireland locations for the manufacture of products currently in development and existing proprietary products. Amounts included as construction in progress at December 31, 2014 primarily include capital expenditures at our manufacturing facility in Ohio. We continue to evaluate our manufacturing capacity based on expectations of demand for our products and will continue to record such amounts within construction in progress until such time as the underlying assets are placed into service, or we determine we have sufficient existing capacity and the assets are no longer required, at which time we would recognize an impairment charge. We continue to periodically evaluate whether facts and circumstances indicate that the carrying value of these long-lived assets to be held and used may not be recoverable.

During the nine months ended December 31, 2013, we had purchases of available-for-sale investments, net of sales of available for sale investments of $45.2 million and additions to property, plant and equipment of $19.1 million.

Financing Activities

Cash provided by financing activities in the year ended December 31, 2014 was primarily due to the sale of 5.9 million ordinary shares, through a registered direct offering to the Invesco Funds, for gross proceeds of $250.0 million in January 2014. We also received $47.6 million from our employees upon the exercise of stock options, net of $12.8 million in employee taxes paid related to the net share settlement of equity awards.

Cash provided by financing activities the nine months ended December 31, 2013 was primarily due to $49.1 million we received from our employees upon the exercise of stock options, net of $11.7 million in employee taxes paid related to the net share settlement of equity awards.

Borrowings

At December 31, 2014, our borrowings consisted of $359.8 million outstanding under our Term Loan Facility. Please refer to Note 9, *Long-Term Debt*, in the accompanying Notes to Consolidated Financial Statements for a discussion of our outstanding term loans.

Contractual Obligations

The following table summarizes our obligations to make future payments under our current contracts at December 31, 2014:

Contractual Obligations	Total	Less Than One Year (2015)	One to Three Years (2016 - 2018)	Three to Five Years (2019 - 2021)	More than Five Years (After 2021)
			(In thousands)		
Term Loan Facility—Principal	$359,813	$ 6,750	$ 68,813	$284,250	$ —
Term Loan Facility—Interest	50,925	12,148	21,504	17,273	—
Operating lease obligations	31,304	5,837	10,440	10,804	4,223
Purchase obligations	272,158	272,158	—	—	—
Total contractual cash obligations	$714,200	$296,893	$100,757	$312,327	$4,223

As interest on Term Loan B-1 is based on three-month LIBOR, we assumed LIBOR to be 0.75%, which is the LIBOR rate floor under the terms of Term Loan B-1. As there is no LIBOR rate floor under Term Loan B-2, we assumed one-month LIBOR to be 0.17%, which was the approximate one-month LIBOR rate at December 31, 2014. This table excludes any liabilities pertaining to uncertain tax positions as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities.

At December 31, 2014, we had $2.6 million of net liabilities associated with uncertain tax positions. We do not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months.

In September 2006, we entered into a license agreement with the Rensselaer Polytechnic Institute ("RPI"), which granted us exclusive rights to a family of opioid receptor compounds discovered at RPI. Under the terms of the agreement, RPI granted us an exclusive worldwide license to certain patents and patent applications relating to its compounds designed to modulate opioid receptors. We are responsible for the continued research and development of any resulting product candidates. We are obligated to pay annual fees of up to $0.2 million, and tiered royalty payments of between 1% and 4% of annual net sales in the event any products developed under the agreement are commercialized. In

addition, we are obligated to make milestone payments in the aggregate of up to $8.0 million upon certain agreed-upon development events. All amounts paid to RPI to date under this license agreement have been expensed and are included in R&D expenses.

Due to the contingent nature of the payments under the RPI arrangement, we cannot predict the amount or period in which royalty, milestone and other payments may be made and accordingly they are not included in the table of contractual obligations.

Off-Balance Sheet Arrangements

At December 31, 2014, we were not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Financial Risk Management

We hold securities in our investment portfolio that are sensitive to market risks. Our securities with fixed interest rates may have their market value adversely impacted by a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to a fall in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our investments in debt securities as available-for-sale, no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary. Should interest rates fluctuate by 10%, our interest income would change by an immaterial amount over an annual period. We do not believe that we have a material exposure to interest rate risk as our investment policies specify credit quality standards for our investments and limit the amount of credit exposure from any single issue, issuer or type of investment.

We do not believe that inflation and changing prices have had a material impact on our results of operations, and as approximately 57% of our investments are in debt securities issued by the U.S. government or its agencies, our exposure to liquidity and credit risk is not believed to be significant.

Term Loan B-1 bears interest at three-month LIBOR plus 2.75% with a LIBOR floor of 0.75%. As the three-month LIBOR rate was 0.26% at December 31, 2014, and the LIBOR floor under Term Loan B-1 is 0.75%, we do not expect changes in the three-month LIBOR to have a material effect on our financial statements through December 31, 2015. Term Loan B-2 bears interest at one-month LIBOR plus 2.75% with no LIBOR floor. At December 31, 2014, the one-month LIBOR rate was 0.17%. A 10% increase in the one-month LIBOR rate would have increased our interest expense in the year ended December 31, 2014 by an immaterial amount.

Currency Exchange Rate Risk

Manufacturing and royalty revenues we receive on certain of our products and services are a percentage of the net sales made by our collaborative partners and a portion of these sales are made in countries outside the U.S. and are denominated in currencies in which the product is sold, which is predominantly the Euro. The manufacturing and royalty payments on these non-U.S. sales are calculated initially in the currency in which the sale is made and are then converted into USD to determine the amount that our partners pay us for manufacturing and royalty revenues. Fluctuations in the exchange ratio of the USD and these non-U.S. currencies will have the effect of increasing or decreasing our revenues even if there is a constant amount of sales in non-U.S. currencies. For example, if the USD weakens against a non-U.S. currency, then our revenues will increase given a constant amount of sales in such non-U.S. currency. For the year ended December 31, 2014, an average 10% strengthening of the USD relative to the currencies in which these products are sold would have resulted in revenues being reduced by approximately $21.8 million.

We incur operating costs in Ireland and face exposure to changes in the exchange ratio of the USD and the Euro arising from expenses and payables at our Irish operations that are settled in Euro. The impact of changes in the exchange ratio of the USD and the Euro on our USD denominated revenues earned in countries other than the U.S. is partially offset by the opposite impact of changes in the exchange ratio of the USD and the Euro on operating expenses and payables incurred at our Irish operations that are settled in Euro. For the year ended December 31, 2014, an average 10% weakening in the USD relative to the Euro would have resulted in an increase to our expenses denominated in Euro of approximately $7.7 million.

Principal Risks

Investing in our company involves a high degree of risk. In deciding whether to invest in our ordinary shares, you should consider carefully the risks described below in addition to the financial and other information contained in this Annual Report, including the matters addressed under the caption "Cautionary Note Concerning Forward-Looking Statements" above. If any events described by the following risks actually occur, they could materially adversely affect our business, financial condition, cash flows or operating results. This could cause the market price of our ordinary shares to decline, and could cause you to lose all or a part of your investment.

We rely heavily on our collaborative partners in the commercialization and continued development of our products; and if they are not effective, our revenues could be materially adversely affected.

Our arrangements with collaborative partners are critical to bringing our products to the market and successfully commercializing them. We rely on these parties in various respects, including providing funding for development programs and conducting pre-clinical testing and clinical trials with respect to new formulations or other development activities for our marketed products; managing the regulatory approval process; and commercializing our products.

The revenues that we receive from manufacturing fees and royalties depend primarily upon the success of our collaborative partners, and particularly Janssen, Acorda, Biogen Idec, and AstraZeneca, in commercializing our partnered products. Janssen is responsible for the commercialization of RISPERDAL CONSTA, INVEGA SUSTENNA/XEPLION, and VIVITROL in Russia and the CIS. Acorda and Biogen Idec are responsible for commercializing AMPYRA/FAMPYRA. AstraZeneca is responsible for commercializing BYDUREON. We have no involvement in the commercialization efforts for such products. Our revenues may fall below our expectations, the expectations of our partners or those of investors, which could have a material adverse effect on our results of operations and the price of our ordinary shares. Such revenues will depend on numerous factors, many of which are outside our control.

Our collaborative partners may also choose to use their own or other technology to develop an alternative product and withdraw their support of our product, or to compete with our jointly developed product. Alternatively, proprietary products we may develop in the future could compete directly with products we developed with our collaborative partners. Disputes may also arise between us and a collaborative partner and may involve the ownership of technology developed during a collaboration or other issues arising out of collaborative agreements. Such a dispute could delay the related program or result in expensive arbitration or litigation, which may not be resolved in our favor.

In addition, most of our collaborative partners can terminate their agreements with us without cause, and we cannot guarantee that any of these relationships will continue. Failure to make or maintain these arrangements or a delay in, or failure of, a collaborative partner's performance, or factors that may affect a partner's sales, may materially adversely affect our business, financial condition, cash flows and results of operations.

We receive substantial revenues from certain of our products and collaborative partners.

We depend substantially upon continued sales of RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION by our partner, Janssen, and upon continued sales of AMPYRA/FAMPYRA by our partner Acorda and its sublicensee, Biogen Idec. Any significant negative developments relating to these products, or to our collaborative relationships, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our revenues may be lower than expected as a result of failure by the marketplace to accept our products or for other factors.

We cannot be assured that our products will be, or will continue to be, accepted in the U.S. or in any markets outside the U.S. or that sales of our products will not decline or cease in the future. A number of factors may cause revenues from sales of our products to grow at a slower than expected rate, or even to decrease or cease, including:

- perception of physicians and other members of the healthcare community as to our products' safety and efficacy relative to that of competing products;
- the cost-effectiveness of our products;
- patient and physician satisfaction with our products;
- the successful manufacture of our products on a timely basis;
- the cost and availability of raw materials necessary for the manufacture of our products;
- the size of the markets for our products;
- reimbursement policies of government and third-party payers;
- unfavorable publicity concerning our products, similar classes of drugs or the industry generally;
- the introduction, availability and acceptance of competing treatments, including treatments marketed and sold by our collaborators;
- the reaction of companies that market competitive products;
- adverse event information relating to our products or to similar classes of drugs;
- changes to the product labels of our products, or of products within the same drug classes, to add significant warnings or restrictions on use;
- our continued ability to access third parties to vial, package and distribute our products on acceptable terms;
- the unfavorable outcome of patent litigation, including so-called "Paragraph IV" litigation, related to any of our products;
- regulatory developments related to the manufacture or continued use of our products, including the issuance of a REMS by the FDA;
- the extent and effectiveness of the sales and marketing and distribution support our products receive, including from our collaborators;
- our collaborators' decisions as to the timing of product launches, pricing and discounting;
- disputes with our collaborators relating to the marketing and sale of partnered products;
- exchange rate valuations and fluctuations; and
- any other material adverse developments with respect to the commercialization of our products.

Our revenues will also fluctuate from quarter to quarter based on a number of other factors, including the acceptance of our products in the marketplace, our partners' orders, the timing of shipments, our ability to manufacture successfully, our yield and our production schedule. The unit costs to manufacture our products may be higher than anticipated if certain volume levels are not achieved. In addition, we may not be able to supply the products in a timely manner or at all.

We have limited experience in the commercialization of products.

We assumed responsibility for the marketing and sale of VIVITROL in the U.S. from Cephalon in December 2008. VIVITROL is the first commercial product for which we have had sole responsibility for commercialization, including sales, marketing, distribution and reimbursement-related activities. We are increasingly focused on maintaining rights to commercialize our leading product candidates in certain markets.

We have limited commercialization experience. We may not be able to attract and retain qualified personnel to serve in our sales and marketing organization, to develop an effective distribution network or to otherwise effectively support our commercialization activities. The cost of establishing and maintaining a sales and marketing organization may exceed its cost-effectiveness. If we fail to develop sales and marketing capabilities, if sales efforts are not effective or if the costs of developing sales and marketing capabilities exceed their cost-effectiveness, such events could materially adversely affect our business, financial condition, cash flows and results of operations.

We are subject to risks related to the manufacture of our products.

The manufacture of pharmaceutical products is a highly complex process in which a variety of difficulties may arise from time to time including, but not limited to, product loss due to material failure, equipment failure, vendor error, operator error, labor shortages, inability to obtain material, equipment or transportation, physical or electronic security breaches, natural disasters and many other factors. Problems with manufacturing processes could result in product defects or manufacturing failures, which could require us to delay shipment of products or recall products previously shipped, or could impair our ability to expand into new markets or supply products in existing markets. We may not be able to resolve any such problems in a timely fashion, if at all.

We rely solely on our manufacturing facility in Wilmington, Ohio for the manufacture of RISPERDAL CONSTA, VIVITROL, polymer for BYDUREON and some of our product candidates. We rely on our manufacturing facility in Athlone, Ireland for the manufacture of AMPYRA/FAMPYRA and some of our other products using our NanoCrystal and OCR technologies. We rely on our manufacturing facility in Gainesville, Georgia for the manufacture of RITALIN LA/FOCALIN XR and some of our other products using our OCR technologies.

Due to regulatory and technical requirements, we have limited ability to shift production among our facilities or to outsource any part of our manufacturing to third parties. If we cannot produce sufficient commercial quantities of our products to meet demand, there are currently very few, if any, third-party manufacturers capable of manufacturing our products as contract suppliers. We cannot be certain that we could reach agreement on reasonable terms, if at all, with those manufacturers. Even if we were to reach agreement, the transition of the manufacturing process to a third party to enable commercial supplies could take a significant amount of time and money, and may not be successful.

Our manufacturing facilities also require specialized personnel and are expensive to operate and maintain. Any delay in the regulatory approval or market launch of product candidates, or suspension of the sale of our products, to be manufactured in our facilities, may cause operating losses as we continue to operate these facilities and retain specialized personnel. In addition, any interruption in manufacturing could result in delays in meeting contractual obligations and could damage our relationships with our collaborative partners, including the loss of manufacturing and supply rights.

We rely on third parties to provide services in connection with the manufacture and distribution of our products.

We rely on third parties for the timely supply of specified raw materials, equipment, contract manufacturing, formulation or packaging services, product distribution services, customer service activities and product returns processing. Although we actively manage these third-party relationships to ensure continuity and quality, some events beyond our control could result in the complete or partial failure of these goods and services. Any such failure could materially adversely affect our business, financial condition, cash flows and results of operations.

The manufacture of products and product components, including the procurement of bulk drug product, packaging, storage and distribution of our products, requires successful coordination among us and multiple third-party providers. For example, we are responsible for the entire supply chain for VIVITROL, up to the sale of final product and including the sourcing of key raw materials and active pharmaceutical agents from third parties. We have limited experience in managing a complex product distribution network. Issues with our third-party providers, including our inability to coordinate these efforts, lack of capacity available at such third-party providers or any other problems with the operations of these third-party contractors, could require us to delay shipment of saleable products, recall products previously shipped or could impair our ability to supply products at all. This could increase our costs, cause us to lose revenue or market share and damage our reputation and have a material adverse effect on our business, financial condition, cash flows and results of operations.

Due to the unique nature of the production of our products, there are several single-source providers of our key raw materials. For example, certain solvents and kit components used in the manufacture of RISPERDAL CONSTA are single-sourced. We endeavor to qualify and register new vendors and to develop contingency plans so that production is not impacted by issues associated with single-source providers. Nonetheless, our business could be materially and adversely affected by issues associated with single-source providers.

We are also dependent in certain cases on third parties to manufacture products. Where the manufacturing rights to the products in which our technologies are applied are granted to, or retained by, our third-party licensee (for example, in the cases of INVEGA SUSTENNA/XEPLION and BYDUREON) or approved sub-licensee, we have no control over the manufacturing, supply or distribution of the product.

If we or our third-party providers fail to meet the stringent requirements of governmental regulation in the manufacture of our products, we could incur substantial remedial costs and a reduction in sales and/or revenues.

We and our third-party providers are generally required to comply with cGMP regulations and other applicable government and corresponding and foreign standards. In the U.S., the DEA and other state-level agencies heavily regulate the manufacturing, holding, processing, security, recordkeeping and distribution of controlled substances. Our marketed products and product candidates that are scheduled by the DEA as controlled substances make us subject to the DEA's regulations. We are subject to unannounced inspections by the FDA, the DEA or comparable state and foreign agencies in other jurisdictions to confirm such compliance. Any changes of suppliers or modifications of methods of manufacturing require amending our application to the FDA or other regulatory agencies, and ultimate amendment acceptance by such agencies, prior to release of product to the applicable marketplace. Our inability or the inability of our third-party service providers to demonstrate ongoing cGMP or other regulatory compliance could require us to withdraw or recall products and interrupt commercial supply of our products. Any delay, interruption or other issues that may arise in the manufacture, formulation, packaging or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability

to develop and commercialize our products. This could increase our costs, cause us to lose revenue or market share and damage our reputation.

The FDA and various regulatory agencies outside the U.S. have inspected and approved our commercial manufacturing facilities. We cannot guarantee that the FDA or any other regulatory agencies will approve any other facility we or our suppliers may operate or, once approved, that any of these facilities will remain in compliance with cGMP and other regulations. Any third party we use to manufacture bulk drug product, or package, store or distribute our products to be sold in the U.S., must be licensed by the FDA and, if the foregoing activities involve controlled substances, the DEA. Failure to gain or maintain regulatory compliance with the FDA or regulatory agencies could materially adversely affect our business, financial condition, cash flows and results of operations.

Revenues generated by sales of our products depend on the availability of reimbursement from third-party payers, and a reduction in payment rate or reimbursement or an increase in our financial obligation to governmental payers could result in decreased sales of our products and decreased revenues.

In both U.S. and non-U.S. markets, sales of our products depend, in part, on the availability of reimbursement from third-party payers such as state and federal governments, including Medicare and Medicaid in the U.S. and similar programs in other countries, managed care providers and private insurance plans. Deterioration in the timeliness, certainty and amount of reimbursement for our products, including the existence of barriers to coverage of our products (such as prior authorization, criteria for use or other requirements), limitations by healthcare providers on how much, or under what circumstances, they will prescribe or administer our products or unwillingness by patients to pay any required co-payments, could reduce the use of, and revenues generated from, our products and could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, when a new product is approved, the availability of government and private reimbursement for that product is uncertain, as is the amount for which that product will be reimbursed. We cannot predict the availability or amount of reimbursement for our product candidates.

In the U.S., federal and state legislatures, health agencies and third-party payers continue to focus on containing the cost of healthcare, including by comparing the effectiveness, benefits and costs of similar treatments. For example, the 2010 Patient Protection and Affordable Care Act encourages comparative effectiveness research. Any adverse findings for our products from such research may reduce the extent of reimbursement for our products. Economic pressure on state budgets may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for drugs. State Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Managed care organizations continue to seek price discounts and, in some cases, to impose restrictions on the coverage of particular drugs. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products.

The government-sponsored healthcare systems in Europe and many other countries are the primary payers for healthcare expenditures, including payment for drugs and biologics. We expect that countries may take actions to reduce expenditure on drugs and biologics, including mandatory price reductions, patient access restrictions, suspensions of price increases, increased mandatory discounts or rebates, preference for generic products, reduction in the amount of reimbursement and greater importation of drugs from lower-cost countries. These cost-control measures likely would reduce our revenues. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, the inability to secure adequate prices in a particular country may not only limit the marketing of products within that country, but may also adversely affect the ability to obtain acceptable prices in other markets.

Patent protection for our products is important and uncertain.

The following factors are important to our success:

- receiving and maintaining patent and/or trademark protection for our marketed products, product candidates, technologies and developing technologies, including those that are the subject of collaborations with our collaborative partners;
- maintaining our trade secrets;
- not infringing the proprietary rights of others; and
- preventing others from infringing our proprietary rights.

Patent protection only provides rights of exclusivity for the term of the patent. We are able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. In this regard, we try to protect our proprietary position by filing patent applications in the U.S. and elsewhere related to our proprietary product inventions and improvements that are important to the development of our business. Our pending patent applications, together with those we may file in the future, or those we may license from third parties, may not result in patents being issued. Even if issued, such patents may not provide us with sufficient proprietary protection or competitive advantages against competitors with similar technology. The development of new technologies or pharmaceutical products may take a number of years, and there can be no assurance that any patents which may be granted in respect of such technologies or products will not have expired or be due to expire by the time such products are commercialized.

Although we believe that we make reasonable efforts to protect our intellectual property rights and to ensure that our proprietary technology does not infringe the rights of other parties, we cannot ascertain the existence of all potentially conflicting claims. Therefore, there is a risk that third parties may make claims of infringement against our products or technologies. We know of several patents issued in the U.S. to third parties that may relate to our product candidates. We also know of patent applications filed by other parties in the U.S. and various countries outside the U.S. that may relate to some of our product candidates if such patents are issued in their present form. If patents are issued that cover our product candidates, we may not be able to manufacture, use, offer for sale, import or sell such product candidates without first getting a license from the patent holder. The patent holder may not grant us a license on reasonable terms, or it may refuse to grant us a license at all. This could delay or prevent us from developing, manufacturing or selling those of our product candidates that would require the license. A patent holder might also file an infringement action against us claiming that the manufacture, use, offer for sale, import or sale of our product candidates infringed one or more of its patents. Even if we believe that such claims are without merit, our cost of defending such an action is likely to be high and we might not receive a favorable ruling, and the action could be time-consuming and distract management's attention and resources. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology at all, license the technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be adversely impacted.

Because the patent positions of pharmaceutical and biotechnology companies involve complex legal and factual questions, enforceability of patents cannot be predicted with certainty. The ultimate degree of patent protection that will be afforded to products and processes, including ours, in the U.S. and in other important markets, remains uncertain and is dependent upon the scope of protection decided

upon by the patent offices, courts and lawmakers in these countries. The recently enacted America Invents Act, which reformed certain patent laws in the U.S., may create additional uncertainty. Patents, if issued, may be challenged, invalidated or circumvented. As more products are commercialized using our proprietary product platforms, or as any product achieves greater commercial success, our patents become more likely to be subject to challenge by potential competitors. The laws of certain countries may not protect our intellectual property rights to the same extent as do the laws of the U.S. Thus, any patents that we own or license from others may not provide any protection against competitors. Furthermore, others may independently develop similar technologies outside the scope of our patent coverage.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties that have access to it, such as our collaborative partners, licensees, employees and consultants. Any of these parties may breach the agreements and disclose our confidential information, or our competitors might learn of the information in some other way. To the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to, or independently developed by, a competitor, such event could materially adversely affect our business, financial condition, cash flows and results of operations.

Uncertainty over intellectual property in the pharmaceutical industry has been the source of litigation, which is inherently costly and unpredictable.

There is considerable uncertainty within the pharmaceutical industry about the validity, scope and enforceability of many issued patents in the U.S. and elsewhere in the world. We cannot currently determine the ultimate scope and validity of patents which may be granted to third parties in the future or which patents might be asserted to be infringed by the manufacture, use or sale of our products.

In part as a result of this uncertainty, there has been, and we expect that there may continue to be, significant litigation in the pharmaceutical industry regarding patents and other intellectual property rights. We may have to enforce our intellectual property rights against third parties who infringe our patents and other intellectual property or challenge our patent or trademark applications. For example, in the U.S., putative generics of innovator drug products (including products in which the innovation comprises a new drug delivery method for an existing product, such as the drug delivery market occupied by us) may file ANDAs and, in doing so, certify that their products either do not infringe the innovator's patents or that the innovator's patents are invalid. This often results in litigation between the innovator and the ANDA applicant. This type of litigation is commonly known as "Paragraph IV" litigation in the U.S. We and our collaborative partners are currently involved in various Paragraph IV litigations in the U.S. and other proceedings in Europe involving our patents in respect of TRICOR, MEGACE ES, AMPYRA and ZOHYDRO ER. These litigations could result in new or additional generic competition to our marketed products and a potential reduction in product revenue.

Litigation and administrative proceedings concerning patents and other intellectual property rights may be expensive, distracting to management and protracted with no certainty of success. Competitors may sue us as a way of delaying the introduction of our products. Any litigation, including any interference or derivation proceedings to determine priority of inventions, oppositions or other post-grant review proceedings to patents in the U.S. or in countries outside the U.S., or litigation against our partners may be costly and time-consuming and could harm our business. We expect that litigation may be necessary in some instances to determine the validity and scope of certain of our proprietary rights. Litigation may be necessary in other instances to determine the validity, scope and/or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use or sale of our products. Ultimately, the outcome of such litigation could adversely affect the validity

and scope of our patent or other proprietary rights or hinder our ability to manufacture and market our products.

Our level of indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business.

Pursuant to an amended and restated credit agreement, dated as of September 25, 2012, as amended (the "Term Loan Facility"), we have approximately $375.0 million in original principal term loans, consisting of a $300.0 million, seven-year term loan with an interest rate at LIBOR plus 2.75% with a LIBOR floor of 0.75% ("Term Loan B-1"), and a $75.0 million, four-year term loan with an interest rate at LIBOR plus 2.75% with no LIBOR floor ("Term Loan B-2").

Our existing indebtedness is secured by a first priority lien on substantially all of the combined company assets and properties of Alkermes plc and most of its subsidiaries, which serve as guarantors. The agreements governing the Term Loan Facility include a number of restrictive covenants that, among other things, subject to certain exceptions and baskets, impose operating and financial restrictions on us. Our level of indebtedness and the terms of these financing arrangements could adversely affect our business by, among other things:

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts, research and development and capital expenditures;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a competitive disadvantage compared to competitors with less debt;
- limiting our ability to take advantage of significant business opportunities, such as potential acquisition opportunities; and
- increasing our vulnerability to adverse economic and industry conditions.

Our failure to comply with these restrictions or to make these payments could lead to an event of default that could result in an acceleration of the indebtedness. Our future operating results may not be sufficient to ensure compliance with these covenants or to remedy any such default. In the event of an acceleration of this indebtedness, we may not have, or be able to obtain, sufficient funds to make any accelerated payments.

We rely on a limited number of pharmaceutical wholesalers to distribute our product.

As is typical in the pharmaceutical industry, we rely upon pharmaceutical wholesalers in connection with the distribution of the products that we market and sell. A significant amount of our product is sold to end-users through the three largest wholesalers in the U.S. market, Cardinal Health Inc., AmerisourceBergen Corp., and McKesson Corp. If we are unable to maintain our business relationships with these major pharmaceutical wholesalers on commercially acceptable terms, if the buying patterns of these wholesalers fluctuate due to seasonality or if wholesaler buying decisions or other factors outside of our control change, such events could materially adversely affect our business, financial condition, cash flows and results of operations.

Our product platforms or product development efforts may not produce safe, efficacious or commercially viable products and, if we are unable to develop new products, our business may suffer.

Our long-term viability and growth will depend upon the successful development of new products from our research and development activities. Product development is very expensive and involves a high degree of risk. Only a small number of research and development programs result in the

commercialization of a product. Success in pre-clinical work or early-stage clinical trials does not ensure that later-stage or larger-scale clinical trials will be successful. Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete our clinical trials in a timely fashion depends in large part on a number of key factors including protocol design, regulatory and institutional review board approval, the rate of patient enrollment in clinical trials and compliance with extensive current Good Clinical Practices. Refer to the risk factor herein entitled "—Clinical trials for our product candidates are expensive, and their outcome is uncertain."

In addition, since we fund the development of our proprietary product candidates, there is a risk that we may not be able to continue to fund all such development efforts to completion or to provide the support necessary to perform the clinical trials, obtain regulatory approvals, obtain a final DEA scheduling designation (to the extent our products are controlled substances) or market any approved products on a worldwide basis. We expect the development of products for our own account to consume substantial resources. If we are able to develop commercial products on our own, the risks associated with these programs may be greater than those associated with our programs with collaborative partners.

If our delivery technologies or product development efforts fail to result in the successful development and commercialization of product candidates, if our collaborative partners decide not to pursue development and/or commercialization of our product candidates or if new products do not perform as anticipated, such events could materially adversely affect our business, financial condition, cash flows and results of operations. For factors that may affect the market acceptance of our products approved for sale, see "—We face competition in the biotechnology and pharmaceutical industries."

The FDA or other regulatory agencies may not approve our product candidates or may impose limitations upon any product approval.

We must obtain government approvals before marketing or selling our product candidates in the U.S. and in jurisdictions outside the U.S. The FDA, DEA, to the extent a product candidate is a controlled substance, and comparable regulatory agencies in other countries, impose substantial and rigorous requirements for the development, production and commercial introduction of drug products. These include pre-clinical, laboratory and clinical testing procedures, sampling activities, clinical trials and other costly and time-consuming procedures. In addition, regulation is not static, and regulatory agencies, including the FDA, evolve in their staff, interpretations and practices and may impose more stringent requirements than currently in effect, which may adversely affect our planned drug development and/or our commercialization efforts. Satisfaction of the requirements of the FDA and of other regulatory agencies typically takes a significant number of years and can vary substantially based upon the type, complexity and novelty of the product candidate. The approval procedure and the time required to obtain approval also varies among countries. Regulatory agencies may have varying interpretations of the same data, and approval by one regulatory agency does not ensure approval by regulatory agencies in other jurisdictions. In addition, the FDA or regulatory agencies outside the U.S. may choose not to communicate with or update us during clinical testing and regulatory review periods. The ultimate decision by the FDA or other regulatory agencies regarding drug approval may not be consistent with prior communications. See "—Our revenues may be lower than expected as a result of failure by the marketplace to accept our products or for other factors."

This product development process can last many years, be very costly and still be unsuccessful. Regulatory approval by the FDA or regulatory agencies outside the U.S. can be delayed, limited or not granted at all for many reasons, including:

- a product candidate may not demonstrate safety and efficacy for each target indication in accordance with FDA standards or standards of other regulatory agencies;

- poor rate of patient enrollment, including limited availability of patients who meet the criteria for certain clinical trials;
- data from pre-clinical testing and clinical trials may be interpreted by the FDA or other regulatory agencies in different ways than we or our partners interpret it;
- the FDA or other regulatory agencies might not approve our or our partners' manufacturing processes or facilities;
- the FDA or other regulatory agencies may not approve accelerated development timelines for our product candidates;
- the failure of third-party CROs and other third-party service providers and independent clinical investigators to manage and conduct the trials, to perform their oversight of the trials or to meet expected deadlines;
- the failure of our clinical investigational sites and the records kept at such sites, including the clinical trial data, to be in compliance with the FDA's GCP, or EU legislation governing GCP, including the failure to pass FDA, EMA or EU Member State inspections of clinical trials;
- the FDA or other regulatory agencies may change their approval policies or adopt new regulations;
- adverse medical events during the trials could lead to requirements that trials be repeated or extended, or that a program be terminated or placed on clinical hold, even if other studies or trials relating to the program are successful; and
- the FDA or other regulatory agencies may not agree with our or our partners' regulatory approval strategies or components of our or our partners' filings, such as clinical trial designs.

In addition, our product development timelines may be impacted by third-party patent litigation. In summary, we cannot be sure that regulatory approval will be granted for product candidates that we submit for regulatory review. Our ability to generate revenues from the commercialization and sale of additional products will be limited by any failure to obtain these approvals. In addition, share prices have declined significantly in certain instances where companies have failed to obtain FDA approval of a product candidate or if the timing of FDA approval is delayed. If the FDA's or any other regulatory agency's response to any application for approval is delayed or not favorable for any of our product candidates, our share price could decline significantly.

Even if regulatory approval to market a drug product is granted, the approval may impose limitations on the indicated use for which the drug product may be marketed and additional post-approval requirements with which we would need to comply in order to maintain the approval of such products. Our business could be seriously harmed if we do not complete these studies and the FDA, as a result, requires us to change related sections of the marketing label for our products. In addition, adverse medical events that occur during clinical trials or during commercial marketing of our products could result in the temporary or permanent withdrawal by the FDA or other regulatory agencies of our products from commercial marketing, which could seriously harm our business and cause our share price to decline. Further, even if the FDA provides regulatory approval, controlled substances will not become commercially available until after the DEA provides its final schedule designation, which may take longer and may be more restrictive than we expect or change after its initial designation. We currently expect ALKS 5461 and ALKS 3831 to require such DEA final schedule designation prior to commercialization.

Clinical trials for our product candidates are expensive, and their outcome is uncertain.

Conducting clinical trials is a lengthy, time-consuming and expensive process. Before obtaining regulatory approvals for the commercial sale of any products, we or our partners must demonstrate, through preclinical testing and clinical trials, that our product candidates are safe and effective for use in humans. We have incurred, and we will continue to incur, substantial expense for pre-clinical testing and clinical trials.

Our pre-clinical and clinical development efforts may not be successfully completed. Completion of clinical trials may take several years or more. The length of time can vary substantially with the type, complexity, novelty and intended use of the product candidate. The commencement and rate of completion of clinical trials may be delayed by many factors, including:

- the potential delay by a collaborative partner in beginning a clinical trial;
- the inability to recruit clinical trial participants at the expected rate;
- the failure of clinical trials to demonstrate a product candidate's safety or efficacy;
- the inability to follow patients adequately after treatment;
- unforeseen safety issues;
- the inability to manufacture sufficient quantities of materials used for clinical trials; and
- unforeseen governmental or regulatory issues, including those by the FDA, DEA and other regulatory agencies.

In addition, we are currently conducting and enrolling patients in clinical studies in a number of countries where our experience is more limited. For example, the phase 3 extension study of ALKS 5461 is being conducted in many countries around the world, including in Eastern Europe and Asia. We depend on independent clinical investigators, CROs and other third-party service providers and our collaborators in the conduct of clinical trials for our product candidates and in the accurate reporting of results from such clinical trials. We rely heavily on these parties for successful execution of our clinical trials but do not control many aspects of their activities. For example, while the investigators are not our employees, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Third parties may not complete activities on schedule or may not conduct our clinical trials in accordance with regulatory requirements or our stated protocols.

The results from pre-clinical testing and early clinical trials often have not predicted results of later clinical trials. A number of product candidates have shown promising results in early clinical trials but subsequently failed to establish sufficient safety and efficacy data to obtain necessary regulatory approvals. Clinical trials conducted by us, by our collaborative partners or by third parties on our behalf may not demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals for our product candidates.

If a product candidate fails to demonstrate safety and efficacy in clinical trials, or if third parties fail to conduct clinical trials in accordance with their obligations, the development, approval and commercialization of our product candidates may be delayed or prevented, and such events could materially adversely affect our business, financial condition, cash flows and results of operations.

The commercial use of our products may cause unintended side effects or adverse reactions, or incidents of misuse may occur, which could adversely affect our business and share price.

We cannot predict whether the commercial use of our products will produce undesirable or unintended side effects that have not been evident in the use of, or in clinical trials conducted for, such

products to date. Additionally, incidents of product misuse may occur. These events, among others, could result in product recalls, product liability actions or withdrawals or additional regulatory controls (including additional regulatory scrutiny and requirements for additional labeling), all of which could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, the reporting of adverse safety events involving our products and public rumors about such events could cause our product sales or share price to decline or experience periods of volatility.

If we fail to comply with the extensive legal and regulatory requirements affecting the healthcare industry, we could face increased costs, penalties and a loss of business.

Our activities, and the activities of our collaborators and third-party providers, are subject to comprehensive government regulation. Government regulation by various national, state and local agencies, which includes detailed inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, marketing and promotion, adverse event reporting, sampling, distribution, recordkeeping, storage, and disposal practices, and achieving compliance with these regulations, substantially increases the time, difficulty and costs incurred in obtaining and maintaining the approval to market newly developed and existing products. Government regulatory actions can result in delay in the release of products, seizure or recall of products, suspension or revocation of the authority necessary for their production and sale, and other civil or criminal sanctions, including fines and penalties. Pharmaceutical and biotechnology companies also have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of healthcare business, submission of false claims for government reimbursement, antitrust violations or violations related to environmental matters.

Changes in laws affecting the healthcare industry could also adversely affect our revenues and profitability, including new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to patent protection and enforcement, healthcare availability, and product pricing and marketing. Changes in FDA regulations and regulations issued by other regulatory agencies inside and outside of the U.S., including new or different approval requirements, timelines and processes, may also delay or prevent the approval of product candidates, require additional safety monitoring, labeling changes, restrictions on product distribution or other measures that could increase our costs of doing business and adversely affect the market for our products. The enactment in the U.S. of healthcare reform, new legislation or implementation of existing statutory provisions on importation of lower-cost competing drugs from other jurisdictions and legislation on comparative effectiveness research are examples of previously enacted and possible future changes in laws that could adversely affect our business.

While we continually strive to comply with these complex requirements, we cannot guarantee that we, our employees, our collaborators, our consultants or our contractors are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws or all potentially applicable regulations and/or laws outside the U.S. and interpretations of the applicability of these laws to marketing practices. If we or our agents fail to comply with any of those regulations and/or laws, a range of actions could result, including the termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, withdrawal of our products from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Additionally, while we have implemented numerous risk mitigation measures, we cannot guarantee that we will be able to effectively mitigate all operational risks. Failure to effectively mitigate all operational risks may materially adversely affect our product supply, which could have a material adverse effect on our product sales and/or business, financial condition, cash flows and results of operations.

We face competition in the biotechnology and pharmaceutical industries.

We face intense competition in the development, manufacture, marketing and commercialization of our marketed products and product candidates from many and varied sources, such as academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies, including other companies with similar technologies. Some of these competitors are also our collaborative partners, who control the commercialization of products for which we receive manufacturing and royalty revenues. These competitors are working to develop and market other systems, products, and other methods of preventing or reducing disease, and new small-molecule and other classes of drugs that can be used with or without a drug delivery system.

The biotechnology and pharmaceutical industries are characterized by intensive research, development and commercialization efforts and rapid and significant technological change. Many of our competitors are larger and have significantly greater financial and other resources than we do. We expect our competitors to develop new technologies, products and processes that may be more effective than those we develop. The development of technologically improved or different products or technologies may make our product candidates or product platforms obsolete or noncompetitive before we recover expenses incurred in connection with their development or realize any revenues from any marketed product.

There are other companies developing extended-release product platforms. In many cases, there are products on the market or in development that may be in direct competition with our marketed products or product candidates. In addition, we know of new chemical entities that are being developed that, if successful, could compete against our product candidates. These chemical entities are being designed to work differently than our product candidates and may turn out to be safer or to be more effective than our product candidates. Among the many experimental therapies being tested around the world, there may be some that we do not now know of that may compete with our proprietary product platforms or product candidates. Our collaborative partners could choose a competing technology to use with their drugs instead of one of our product platforms and could develop products that compete with our products.

With respect to our proprietary injectable product platform, we are aware that there are other companies developing extended-release delivery systems for pharmaceutical products. In the treatment of schizophrenia, RISPERDAL CONSTA and INVEGA SUSTENNA compete with a number of other injectable products including ZYPREXA RELPREVV ((olanzapine) For Extended Release Injectable Suspension), which is marketed and sold by Lilly; ABILIFY MAINTENA, (aripiprazole for extended release injectable suspension), a once-monthly injectable formulation of ABILIFY (aripiprazole) developed by Otsuka Pharmaceutical Co., Ltd. (“Otsuka”); oral compounds currently on the market; and generic versions of branded oral and injectable products. In the treatment of bipolar disorder, RISPERDAL CONSTA competes with antipsychotics such as ABILIFY, LATUDA, risperidone, olanzapine, ziprasidone and clozapine.

In the treatment of alcohol dependence, VIVITROL competes with CAMPRAL (acamprosate calcium) sold by Forest Laboratories and ANTABUSE sold by Odyssey as well as currently marketed drugs, including generic drugs, also formulated from naltrexone. Other pharmaceutical companies are developing product candidates that have shown some promise in treating alcohol dependence that, if approved by the FDA, would compete with VIVITROL.

In the treatment of opioid dependence, VIVITROL competes with methadone, oral naltrexone,SUBOXONE (buprenorphine HCl/naloxone HCl dehydrate sublingual tablets), SUBOXONE (buprenorphine/naloxone) Sublingual Film, and SUBUTEX (buprenorphine HCl sublingual tablets), each of which is marketed and sold by Reckitt Benckiser Pharmaceuticals, Inc., and BUNAVAIL buccal film (buprenorphine and naloxone) marketed by BioDelivery Sciences, and ZUBZOLV (buprenorphine and naloxone) marketed by Orexo US, Inc. It also competes with generic versions of SUBUTEX and

SUBOXONE sublingual tablets. Other pharmaceutical companies are developing product candidates that have shown promise in treating opioid dependence that, if approved by the FDA, would compete with VIVITROL.

BYDUREON competes with established therapies for market share. Such competitive products include sulfonylureas, metformin, insulins, thiazolidinediones, glinides, dipeptidyl peptidase type IV inhibitors, insulin sensitizers, alpha-glucosidase inhibitors and sodium-glucose transporter-2 inhibitors. BYDUREON also competes with other glucagon-like peptide-1 ("GLP-1") agonists, including VICTOZA (liraglutide (rDNA origin) injection), which is marketed and sold by Novo Nordisk A/S. Other pharmaceutical companies are developing product candidates for the treatment of type 2 diabetes that, if approved by the FDA, would compete with BYDUREON.

While AMPYRA/FAMPYRA is the first product approved as a treatment to improve walking in patients with MS, there are a number of FDA-approved therapies for MS disease management that seek to reduce the frequency and severity of exacerbations or slow the accumulation of physical disability for people with certain types of MS. These products include AVONEX, TYSABRI, TECFIDERA, and PLEGRIDY from Biogen Idec; BETASERON from Bayer HealthCare Pharmaceuticals; COPAXONE from Teva Pharmaceutical Industries Ltd.; REBIF and NOVANTRONE from EMD Serono, Inc.; GILENYA and EXTAVIA from Novartis AG; AUBAGIO and LEMTRADA from Sanofi-Aventis, and generic products.

With respect to our NanoCrystal technology, we are aware that other technology approaches similarly address poorly water-soluble drugs. These approaches include nanoparticles, cyclodextrins, lipid-based self-emulsifying drug delivery systems, dendrimers and micelles, among others, any of which could limit the potential success and growth prospects of products incorporating our NanoCrystal technology. In addition, there are many competing technologies to our OCR technology, some of which are owned by large pharmaceutical companies with drug delivery divisions and other, smaller drug-delivery-specific companies.

If we are unable to compete successfully in the biotechnology and pharmaceutical industries, such events could materially adversely affect our business, results of operations, cash flows and financial condition.

We may not become profitable on a sustained basis.

At December 31, 2014, our accumulated deficit was $512.3 million, which was primarily the result of net losses incurred from 1987, the year Alkermes, Inc., was founded, through March 31, 2012, partially offset by net income over certain of our recent fiscal periods. There can be no assurance we will achieve sustained profitability.

A major component of our revenue is dependent on our partners' and our ability to commercialize, and our and our partners' ability to manufacture economically, our marketed products. In April 2013, we announced the two-year restructuring plan of our Athlone, Ireland manufacturing facility, pursuant to which we terminated manufacturing services for certain products that were no longer expected to be economically practicable to produce.

Our ability to achieve sustained profitability in the future depends, in part, on our ability to:

- obtain and maintain regulatory approval for our product candidates and marketed products, respectively, both in the U.S. and in other countries;
- efficiently manufacture our products;
- support the commercialization of our products by our collaborative partners;

- successfully market and sell VIVITROL and, if approved by the FDA, aripiprazole lauroxil in the U.S.;
- support the commercialization of VIVITROL in Russia and the countries of the CIS by our partner Cilag;
- enter into agreements to develop and commercialize our product candidates;
- develop, have manufactured or expand our capacity to manufacture and market our products and product candidates;
- obtain adequate reimbursement coverage for our products from insurance companies, government programs and other third-party payers;
- obtain additional research and development funding from collaborative partners or funding for our proprietary product candidates; and
- achieve certain product development milestones.

In addition, the amount we spend will impact our profitability. Our spending will depend, in part, on:

- the progress of our research and development programs for our product candidates, including clinical trials;
- the time and expense that will be required to pursue FDA and/or non-U.S. regulatory approvals for our product candidates and whether such approvals are obtained;
- the time that will be required for the DEA to provide its final scheduling designation for our product candidates that are controlled substances;
- the time and expense required to prosecute, enforce and/or challenge patent and other intellectual property rights;
- the cost of building, operating and maintaining manufacturing and research facilities;
- the cost of third-party manufacture;
- the number of product candidates we pursue, particularly proprietary product candidates;
- how competing technological and market developments affect our product candidates;
- the cost of possible acquisitions of technologies, compounds, product rights or companies;
- the cost of obtaining licenses to use technology owned by others for proprietary products and otherwise;
- the costs of potential litigation; and
- the costs associated with recruiting and compensating a highly skilled workforce in an environment where competition for such employees may be intense.

We may not achieve all or any of these goals and, thus, we cannot provide assurances that we will ever be profitable on a sustained basis or achieve significant revenues. Even if we do achieve some or all of these goals, we may not achieve significant or sustained commercial success.

We may require additional funds to execute on our business strategy, and such funding may not be available on commercially favorable terms or at all, and may cause dilution to our existing shareholders.

We may require additional funds in the future to execute on our business strategy, and we may seek funds through various sources, including debt and equity offerings, corporate collaborations, bank

borrowings, arrangements relating to assets, sale of royalty streams we receive on our products or other financing methods or structures. The source, timing and availability of any financings will depend on market conditions, interest rates and other factors. If we issue additional equity securities or securities convertible into equity securities to raise funds, our shareholders will suffer dilution of their investment, and it may adversely affect the market price of our ordinary shares. In addition, as a condition to providing additional funds to us, future investors or lenders may demand, and may be granted, rights superior to those of existing shareholders. If we issue additional debt securities in the future, our existing debt service obligations will increase further. If we are unable to generate sufficient cash to meet these obligations and need to use existing cash or liquidate investments in order to fund our debt service obligations or to repay our debt, we may be forced to delay or terminate clinical trials or curtail operations. We cannot be certain, however, that additional financing will be available from any of these sources when needed or, if available, will be on acceptable terms, if at all, particularly if the credit and financial markets are constrained at the time we require funding. If we fail to obtain additional capital when we need it, we may not be able to execute our business strategy successfully and may have to give up rights to our product platforms, product candidates or marketed products or grant licenses on terms that may not be favorable to us.

Litigation, including product liability litigation, and arbitration may result in financial losses, harm our reputation and may divert management resources.

We may be the subject of certain claims, including product liability claims and those asserting violations of securities and fraud and abuse laws and derivative actions. The administration of drugs in humans, whether in clinical studies or commercially, carries the inherent risk of product liability claims whether or not the drugs are actually the cause of an injury. Our marketed products or product candidates may cause, or may appear to have caused, injury or dangerous drug interactions, and we may not learn about or understand those effects until the product or product candidate has been administered to patients for a prolonged period of time. We are subject from time to time to lawsuits based on product liability and related claims. We currently carry product liability insurance coverage in such amounts as we believe are sufficient for our business. However, this coverage may not be sufficient to satisfy any liabilities that may arise. As our development activities progress and we continue to have commercial sales, this coverage may be inadequate, we may be unable to obtain adequate coverage at an acceptable cost or at all, or our insurer may disclaim coverage as to a future claim. This could prevent or limit our commercialization of our products.

We may not be successful in defending ourselves in litigation or arbitration and, as a result, our business could be materially harmed. This may result in large judgments or settlements against us, any of which could have a negative effect on our financial condition and business. Additionally, lawsuits can be expensive to defend, whether or not they have merit, and the defense of these actions may divert the attention of our management and other resources that would otherwise be engaged in managing our business.

Our business involves environmental, health and safety risks.

Our business involves the controlled use of hazardous materials and chemicals and is subject to numerous environmental, health and safety laws and regulations and to periodic inspections for possible violations of these laws and regulations. Under certain of those laws and regulations, we could be liable for any contamination at our current or former properties or third-party waste disposal sites. In addition to significant remediation costs, contamination can give rise to third-party claims for fines, penalties, natural resource damages, personal injury and damage (including property damage). The costs of compliance with environmental, health and safety laws and regulations are significant. Any violations, even if inadvertent or accidental, of current or future environmental, health or safety laws or regulations, the cost of compliance with any resulting order or fine and any liability imposed in

connection with any contamination for which we may be responsible could materially adversely affect our business, financial condition, cash flows and results of operations.

Adverse credit and financial market conditions may exacerbate certain risks affecting our business.

As a result of adverse credit and financial market conditions, organizations that reimburse for use of our products, such as government health administration authorities and private health insurers, may be unable to satisfy such obligations or may delay payment. In addition, federal and state health authorities may reduce reimbursements (including Medicare and Medicaid reimbursements in the U.S.) or payments, and private insurers may increase their scrutiny of claims. We are also dependent on the performance of our collaborative partners, and we sell our products to our collaborative partners through contracts that may not be secured by collateral or other security. Accordingly, we bear the risk if our partners are unable to pay amounts due to us thereunder. Due to volatility in the financial markets, there may be a disruption or delay in the performance of our third-party contractors, suppliers or collaborative partners. If such third parties are unable to pay amounts owed to us or satisfy their commitments to us, or if there are reductions in the availability or extent of reimbursement available to us, our business, financial condition, cash flows and results of operations would be adversely affected.

Currency exchange rates may affect revenues and expenses.

We conduct a large portion of our business in international markets. For example, we derive a majority of our RISPERDAL CONSTA revenues and all of our FAMPYRA and XEPLION revenues from sales in countries other than the U.S., and these sales are denominated in non-U.S. dollar ("USD") currencies. We also incur substantial operating costs in Ireland and face exposure to changes in the exchange ratio of the USD and the Euro arising from expenses and payables at our Irish operations that are settled in Euro. The impact of changes in the exchange ratio of the USD and the Euro on our USD-denominated revenues earned in countries other than the U.S. is partially offset by the opposite impact of changes in the exchange ratio of the USD and the Euro on operating expenses and payables incurred at our Irish operations that are settled in Euro. Refer to "Item 7A. Quantitative and Qualitative Disclosure about Market Risk" for additional information relating to our foreign currency exchange rate risk.

We may not be able to retain our key personnel.

Our success depends largely upon the continued service of our management and scientific staff and our ability to attract, retain and motivate highly skilled technical, scientific, manufacturing, management, regulatory compliance and selling and marketing personnel. The loss of key personnel or our inability to hire and retain personnel who have technical, scientific, manufacturing, management, regulatory compliance or commercial backgrounds could materially adversely affect our research and development efforts and our business.

Future transactions may harm our business or the market price of our ordinary shares.

We regularly review potential transactions related to technologies, products or product rights and businesses complementary to our business. These transactions could include:

- mergers;
- acquisitions;
- strategic alliances;
- licensing agreements; and
- co-promotion agreements.

We may choose to enter into one or more of these transactions at any time, which may cause substantial fluctuations in the market price of our ordinary shares. Moreover, depending upon the nature of any transaction, we may experience a charge to earnings, which could also materially adversely affect our results of operations and could harm the market price of our ordinary shares.

If we are unable to successfully integrate the companies, businesses or properties that we acquire, such events could materially adversely affect our business, financial condition, cash flows and results of operations. Merger and acquisition transactions involve various inherent risks, including:

- uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities of, the respective parties;
- the potential loss of key customers, management and employees of an acquired business;
- the consummation of financing transactions, acquisitions or dispositions and the related effects on our business;
- the ability to achieve identified operating and financial synergies from an acquisition in the amounts and within the timeframe predicted;
- problems that could arise from the integration of the respective businesses, including the application of internal control processes to the acquired business;
- difficulties that could be encountered in managing international operations; and
- unanticipated changes in business, industry, market or general economic conditions that differ from the assumptions underlying our rationale for pursuing the transaction.

Any one or more of these factors could cause us not to realize the benefits anticipated from a transaction.

Moreover, any acquisition opportunities we pursue could materially affect our liquidity and capital resources and may require us to incur additional indebtedness, seek equity capital or both. Future acquisitions could also result in our assuming more long-term liabilities relative to the value of the acquired assets than we have assumed in our previous acquisitions. Further, acquisition accounting rules require changes in certain assumptions made subsequent to the measurement period as defined in current accounting standards, to be recorded in current period earnings, which could affect our results of operations.

If goodwill or other intangible assets become impaired, we could have to take significant charges against earnings.

At December 31, 2014, we have $479.4 million of amortizable intangible assets and $94.2 million of goodwill. Under accounting principles generally accepted in the U.S. (“GAAP”), we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets have been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders’ equity in future periods.

Our investments are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by volatility in the U.S. credit markets.

As of December 31, 2014, a majority of our investments were invested in U.S. government treasury and agency securities. Our investment objectives are, first, to preserve liquidity and conserve capital and, second, to generate investment income. Should our investments cease paying, or reduce the amount of interest paid to us, our interest income would suffer. In addition, general credit, liquidity,

market and interest risks associated with our investment portfolio may have an adverse effect on our financial condition.

Our effective tax rate may increase.

As a global biopharmaceutical company, we are subject to taxation in a number of different jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of these places. Our effective tax rate may fluctuate depending on a number of factors, including, but not limited to, the distribution of our profits or losses between the jurisdictions where we operate and differences in interpretation of tax laws. In addition, the tax laws of any jurisdiction in which we operate may change in the future, which could impact our effective tax rate. Tax authorities in the jurisdictions in which we operate may audit us. If we are unsuccessful in defending any tax positions adopted in our submitted tax returns, we may be required to pay taxes for prior periods, interest, fines or penalties, and may be obligated to pay increased taxes in the future, any of which could have a material adverse effect on our business, financial condition, cash flows, results of operations and growth prospects.

The Business Combination of Alkermes, Inc. and EDT may limit our ability to use our tax attributes to offset taxable income, if any, generated from such Business Combination.

For U.S. federal income tax purposes, a corporation is generally considered tax resident in the place of its incorporation. Because we are incorporated in Ireland, we should be deemed an Irish corporation under these general rules. However, Section 7874 of the Internal Revenue Code of 1986, as amended (the "Code") generally provides that a corporation organized outside the U.S. that acquires substantially all of the assets of a corporation organized in the U.S. will be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes if shareholders of the acquired U.S. corporation own at least 80% (of either the voting power or the value) of the stock of the acquiring foreign corporation after the acquisition by reason of holding stock in the domestic corporation, and the "expanded affiliated group" (as defined in Section 7874) that includes the acquiring corporation does not have substantial business activities in the country in which it is organized.

In addition, Section 7874 provides that if a corporation organized outside the U.S. acquires substantially all of the assets of a corporation organized in the U.S., the taxable income of the U.S. corporation during the period beginning on the date the first assets are acquired as part of the acquisition, through the date which is ten years after the last date assets are acquired as part of the acquisition, shall be no less than the income or gain recognized by reason of the transfer during such period or by reason of a license of property by the expatriated entity after such acquisition to a foreign affiliate during such period, which is referred to as the "inversion gain," if shareholders of the acquired U.S. corporation own at least 60% (of either the voting power or the value) of the stock of the acquiring foreign corporation after the acquisition by reason of holding stock in the domestic corporation, and the "expanded affiliated group" of the acquiring corporation does not have substantial business activities in the country in which it is organized. In connection with the Business Combination, Alkermes, Inc. transferred certain intellectual property to one of our Irish subsidiaries, and Alkermes, Inc. had sufficient net operating loss carryforwards available to substantially offset any taxable income generated from this transfer. If this rule was to apply to the Business Combination, among other things, Alkermes, Inc. would not have been able to use any of the approximately $274 million of U.S. Federal net operating loss ("NOL") and $38 million of U.S. state NOL carryforwards that it had as of March 31, 2011 to offset any taxable income generated as part of the Business Combination or as a result of the transfer of intellectual property. We do not believe that either of these limitations should apply as a result of the Business Combination. However, the U.S.

Internal Revenue Service (the "IRS") could assert a contrary position, in which case we could become involved in tax controversy with the IRS regarding possible additional U.S. tax liability. If we were to be unsuccessful in resolving any such tax controversy in our favor, we could be liable for significantly greater U.S. federal and state income tax than we anticipate being liable for through the Business Combination, including as a result of the transfer of intellectual property, which would place further demands on our cash needs.

Our business could be negatively affected as a result of the actions of activist shareholders.

Proxy contests have been waged against many companies in the biopharmaceutical industry over the last few years. If faced with a proxy contest, we may not be able to respond successfully to the contest, which would be disruptive to our business. Even if we are successful, our business could be adversely affected by a proxy contest involving us because:

- responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, disrupting operations and diverting the attention of management and employees, and can lead to uncertainty;
- perceived uncertainties as to future direction may result in the loss of potential acquisitions, collaborations or in-licensing opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and
- if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our strategic plan in a timely manner and create additional value for our shareholders.

These actions could cause the market price of our ordinary shares to experience periods of volatility.

If any of our partners undergoes a change in control or in management, this may adversely affect our collaborative relationships or revenues from our products.

RISPERDAL CONSTA is commercialized by Janssen. AMPYRA/FAMPYRA is commercialized by Acorda in the U.S. and by Biogen Idec outside the U.S. BYDUREON and INVEGA SUSTENNA are developed, manufactured and commercialized by AstraZeneca and Janssen, respectively. We have established relationships with members of the management teams of Janssen, Acorda and AstraZeneca in relevant functional areas in respect of our partnered products.

If any of our partners undergoes a change of control or a change of management, we will need to re-establish many of these relationships, and we may need to gain alignment on certain issues related to our products. Given the inherent uncertainty and disruption that arises in a change of control, we cannot be sure that we would be able to successfully execute these courses of action. Finally, any change of control or in management may result in a reprioritization of our product within such partner's portfolio, or such partner may fail to maintain the financial or other resources necessary to continue supporting its role in the collaborative arrangement.

If any of our partners undergoes a change of control and the acquirer either is unable to perform such partner's obligations under its agreements with us or has a product that competes with ours that such acquirer does not divest, it could materially adversely affect our business, financial condition, cash flows and results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers and partners, as well as personally identifiable information of patients, clinical trial participants and employees. Similarly, our partners and third-party providers possess certain of our sensitive data. The secure maintenance of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Certain types of information technology or infrastructure attacks or breaches may go undetected for a prolonged period of time. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information, including our data being breached at our partners or third-party providers, could result in legal claims or proceedings and liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation which could adversely affect our business.

If we identify a material weakness in our internal control over financial reporting, our ability to meet our reporting obligations and the trading price of our ordinary shares could be negatively affected.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under the Sarbanes-Oxley Act of 2002 to report annually on our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we, or our independent registered public accounting firm, determine that our internal controls over financial reporting are not effective, or we discover areas that need improvement in the future, these shortcomings could have an adverse effect on our business and financial results, and the price of our ordinary shares could be negatively affected.

If we cannot conclude that we have effective internal control over our financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified opinion regarding the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in the trading price of our ordinary shares. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the SEC, the NASDAQ Stock Market or other regulatory authorities.

Because we do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future, capital appreciation, if any, will be the source of gain for our shareholders.

We have never declared or paid cash dividends on our ordinary shares. We currently intend to retain all of our current and future earnings to finance the growth and development of our business. As a result, capital appreciation, if any, of our ordinary shares will be the sole source of gain for our shareholders for the foreseeable future.

Likely Future Developments

We expect to invest in research and development expenditures associated with internal initiatives in conjunction with external acquisitive investments and to focus these investments on products that we

believe will offer the greatest potential for near and long-term growth. We plan to invest in areas in which we can benefit from our core competencies and global infrastructure. We plan to allocate resources to support the product lines that are faster-growing, higher-margin businesses in which we have or can develop a global competitive advantage. In fiscal year 2015, we plan to continue to analyze our business portfolio, which may lead to the acquisition or divestiture of businesses.

Company Books of Account

The directors are responsible for ensuring that the Company keeps proper books of accounting records and appropriate accounting systems. To achieve this, the directors have appointed a Chief Financial Officer who makes regular reports to the Board of Directors and ensures compliance with the requirements of Section 202 of the Companies Act, 1990. The Chief Financial Officer makes regular reports to the Audit and Risk Committee of the Board of Directors. The Audit and Risk Committee, in turn, briefs the full Board of Directors on significant financial matters arising from reports of the Chief Financial Officer and the external auditor.

The measures taken by the directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Connaught House, 1 Burlington Road, Dublin 4, Republic of Ireland.

Significant Events Since Year End.

In March 2015, the Company entered into an agreement with Recro Pharma, Inc. ("Recro"), a specialty pharmaceutical company, to sell our manufacturing facility in Gainesville, GA, the manufacturing and royalty revenue associated with products manufactured at the facility and global rights to Meloxicam IV/IM. The Company will receive an initial cash payment of $50.0 million, development and commercialization milestone payments of up to $120.0 million related to Meloxicam IV/IM and low double-digit royalties on net sales of Meloxicam IV/IM. This transaction is anticipated to close in the second quarter of 2015.

Assets being sold as part of the transaction include the Good Manufacturing Practices ("GMP") facility in Gainesville, which we acquired in 2011 as part of the Company's business combination with Elan Drug Technologies ("EDT"); the Company's rights to RITALIN LA®, FOCALIN XR®, VERELAN® , ZOHYDRO® ER, and BIDILTM; and the late-stage, parenteral formulation of Meloxicam IV/IM, a nonsteroidal anti-inflammatory drug, which has completed multiple phase 2 trials for the management of moderate-to-severe acute pain, as well as related technology.

Directors and Secretary

The names of the persons who were directors or secretary at any time during the year ended December 31, 2014 or since December 31, 2014 are set out below.

Directors	*Date of Service as a Director or Secretary*
David W. Anstice	(Reappointed 1 August 2013)
Floyd E. Bloom	(Reappointed 1 August 2012)
Robert A. Breyer	(Reappointed 1 August 2013)
Wendy L. Dixon	(Reappointed 1 August 2013)
Geraldine Henwood	(Reappointed 1 August 2012)
Paul J. Mitchell	(Reappointed 28 May 2014)
Richard F. Pops	(Reappointed 28 May 2014)
Nancy J. Wysenski	(Appointed 16 May 2013)
Secretary	
Kathryn L. Biberstein	(Appointed 16 September 2011)

Directors' and Secretary's Interests in Shares

No director, the secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 23 of the consolidated financial statements. The interests of the directors and secretary in office at December 31, 2014 and 2013 in the ordinary share capital of Alkermes plc are shown in the table below.

	Ordinary Shares[1] At 31 December 2013			Ordinary Shares[1] At 31 December 2014		
Directors	**Shares**	**Options**	**Restricted Share Units**	**Shares**	**Options**	**Restricted Share Units**
David W. Anstice	10,000	155,000	—	10,000	180,000	—
Floyd E. Bloom	110,281	195,000	—	110,281	200,000	—
Robert A. Breyer	53,756	135,400	—	53,156	115,400	—
Wendy L. Dixon	—	110,000	—	1,600	135,000	—
Geraldine Henwood	—	155,000	—	—	140,000	—
Paul J. Mitchell	8,000	206,000	—	8,000	200,000	—
Richard F. Pops	499,915	3,416,250	103,750	520,063	3,146,250	157,625
Nancy J. Wysenski	—	66,250	—	—	91,250	—
Company Secretary						
Kathryn L. Biberstein	59,583	709,433	39,125	79,662	691,929	48,000

(1) All interests declared are in the ordinary shares of $0.01 par value of Alkermes plc.

Political Donations

No political contributions that require disclosure under Irish law were made during the year.

Subsidiary Companies and Branches

Information regarding our subsidiaries is provided in Note 25 to the consolidated financial statements.

Going Concern

The board has formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the board has taken account of current and anticipated trading performance, together with the current and anticipated levels of net debt and the availability of the committed borrowing facilities. For this reason, the going concern basis continues to be adopted in the preparation of the Company financial statements.

AGM

The Annual General Meeting of the Company will take place at Connaught House, 1 Burlington Road, Dublin 4, Republic of Ireland on May 27, 2015. The notice of meeting and a description of the business to be transacted is available on the Company's website at www.alkermes.com.

Auditors

The auditors, PricewaterhouseCoopers (PwC) will be re-appointed in accordance with Section 160 (2) of the Companies Act, 1963.

On behalf of the Directors

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

April 10, 2015

ALKERMES PLC
STATEMENT OF DIRECTORS' REPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of the Group's and parent Company's affairs at the end of the financial year and of the Group's profit or loss for the financial year. Under that law, the directors have prepared the Group financial statements in accordance with applicable Irish law and accounting principles generally accepted in the United States of America ("U.S. GAAP"), as defined in Section 1(1) of the Companies (Miscellaneous Provisions) Act 2009, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder. The directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland ("Irish GAAP"), comprising the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland ("ICAI") together with the Companies Acts, 1963 - 2013.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the Group financial statements comply with U.S. GAAP to the extent that it does not contravene Irish Company Law and that the Company financial statements comply with the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Irish Companies Acts, 1963 - 2013. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the website (www.alkermes.com). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CAMERA-READY PLACEHOLDER

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Consolidated Opinion

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
		(In thousands, except per share amounts)	(In thousands, except per share amounts)
Manufacturing and royalty turnover		$516,876	$371,039
Product sales, net		94,160	57,215
Research and development turnover		7,753	4,657
Total revenues		618,789	432,911
Cost of sales		175,832	134,306
Gross profit		442,957	298,605
Research and development expense		272,043	128,125
Selling, general and administrative expense		199,905	116,558
Amortization of acquired intangible assets	7	58,153	38,428
Operating (loss) income		(87,144)	15,494
Interest income		1,972	711
Interest expense		(13,430)	(10,379)
Gain on sale of property, plant and equipment		41,933	—
Gain on sale of investment in Civitas Therapeutics, Inc.		29,564	—
Gain on sale of investment in Acceleron Pharma, Inc.		15,296	—
Other (expense) income, net		(2,220)	(429)
Total other expense, net		73,115	(10,097)
Income on ordinary activities, before income taxes		(14,029)	5,397
Income tax provision (benefit)	15	16,032	(12,252)
(Loss) income on ordinary activities, after tax		$(30,061)	$ 17,649
EARNINGS PER ORDINARY SHARE:			
Basic	11	$ (0.21)	$ 0.13
Diluted	11	$ (0.21)	$ 0.12
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING:			
Basic	11	145,274	135,960
Diluted	11	145,274	144,961

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
	(In thousands, except per share amounts)	
NET (LOSS) INCOME	$(30,061)	$17,649
Unrealized (losses) gains on marketable secruities:		
Holding gains, net of tax	1,586	13,092
Less: Reclassification adjustment for gains included in net (loss) income	(15,296)	—
Unrealized (losses) gains on marketable secruities:	(13,710)	13,092
COMPREHENSIVE (LOSS) INCOME	$(43,771)	$30,741

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	Note	December 31, 2014	December 31, 2013
		(In thousands)	
ASSETS			
Fixed Assets			
Intangible assets—Goodwill	7	$ 94,212	$ 92,740
Intangible assets—Other	7	479,412	537,565
Tangible fixed assets	6	265,740	274,490
Current Assets			
Stock	5	51,357	46,218
Debtors	18	228,905	176,580
Investments	3	577,582	282,433
Cash at bank and in-hand		224,064	167,562
TOTAL ASSETS		$1,921,272	$1,577,588
LIABILITIES			
Equity Shareholders' Funds			
Share capital, $0.01 par value		$ 1,482	$ 1,382
Share premium		459,229	161,967
Profit and loss account		814,596	812,290
Treasury shares		(32,052)	(17,833)
Other reserves		153,582	107,380
Total equity shareholders' funds		1,396,837	1,065,186
Creditors			
Debt	9	357,970	364,293
Creditors	19	165,137	137,531
Restructuring	8	1,328	10,578
Total for creditors		524,435	512,402
TOTAL LIABILITIES		$1,921,272	$1,577,588

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
	(In thousands, except per share amounts)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (30,061)	$ 17,649
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	98,087	70,765
Share-based compensation expense	59,579	33,409
Gain (loss) on sale of property, plant and equipment	(40,099)	129
Excess tax benefit from share-based compensation	(32,367)	(11,394)
Gain on sale of investment in Civitas Therapeutics, Inc.	(29,564)	—
Deferred income taxes	(19,192)	(15,393)
Gain on sale of investment in Acceleron Pharmaceuticals, Inc.	(15,296)	—
Other non-cash charges	9,192	(5,860)
Changes in assets and liabilities, excluding the effect of acquisitions:		
Receivables	(17,397)	(9,534)
Inventory, prepaid expenses and other assets	(31,237)	(6,345)
Accounts payable and accrued expenses	56,896	16,126
Deferred revenue	(996)	4,051
Other long-term liabilities	3,594	(1,382)
Cash flows provided by operating activities	11,139	92,221
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(33,651)	(19,054)
Proceeds from the sale of equipment	44,365	52
Investment in Civitas Therapeutics, Inc.	27,190	(1,191)
Purchases of investments	(642,455)	(135,643)
Sales and maturities of investments	341,154	90,470
Cash flows used in investing activities	(263,397)	(65,366)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of ordinary shares, net	248,406	—
Proceeds from the issuance of ordinary shares for share-based compensation arrangements	47,577	49,077
Excess tax benefit from share-based compensation	32,367	11,394
Employee taxes paid related to net share settlement of equity awards	(12,840)	(11,665)
Principal payments of long-term debt	(6,750)	(5,060)
Cash flows provided by (used in) financing activities	308,760	43,746
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,502	70,601
CASH AND CASH EQUIVALENTS—Beginning of period	167,562	96,961
CASH AND CASH EQUIVALENTS—End of period	$ 224,064	$ 167,562
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 12,489	$ 9,596
Cash paid for taxes	$ 2,799	$ 704
Non-cash investing and financing activities:		
Purchased capital expenditures included in accounts payable and accrued expenses	$ 3,483	$ 1,969
Investment in Civitas Therapeutics, Inc.	$ —	$ 1,160

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share Capital	Share Premium	Profit and Loss Account	Treasury Shares	Other Reserves	Total
			(In thousands)			
BALANCE—April 1, 2013	$1,338	$112,146	$783,247	$ (5,380)	$ 61,023	$ 952,374
Net income	—	—	17,649	—	—	17,649
Other comprehensive income	—	—	—	—	13,092	13,092
Share-based payment reserve	—	—	—	—	33,265	33,265
Shares issued under employee stock plans	44	49,033	—	—	—	49,077
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share based awards	—	788	—	(12,453)	—	(11,665)
Excess tax benefit from share-based compensation	—	—	11,394	—	—	11,394
BALANCE—December 31, 2013	$1,382	$161,967	$812,290	$(17,833)	$107,380	$1,065,186
Net loss	—	—	(30,061)	—	—	(30,061)
Other comprehensive loss	—	—	—	—	(13,710)	(13,710)
Share-based payment reserve	—	—	—	—	59,912	59,912
Shares issued under registered direct offering	59	248,347	—	—	—	248,406
Shares issued under employee stock plans	41	47,536	—	—	—	47,577
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share based awards	—	1,379	—	(14,219)	—	(12,840)
Excess tax benefit from share-based compensation	—	—	32,367	—	—	32,367
BALANCE—December 31, 2014	$1,482	$459,229	$814,596	$(32,052)	$153,582	$1,396,837

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Alkermes plc (the "Company") is a fully integrated, global biopharmaceutical company that applies its scientific expertise and proprietary technologies to research, develop and commercialize, both with partners and on its own, pharmaceutical products that are designed to address unmet medical needs of patients in major therapeutic areas. The Company has a diversified portfolio of more than 20 commercial drug products and a clinical pipeline of product candidates that address central nervous system ("CNS") disorders such as addiction, schizophrenia and depression. Headquartered in Dublin, Ireland, the Company has a research and development ("R&D") center in Waltham, Massachusetts; R&D and manufacturing facilities in Athlone, Ireland; and manufacturing facilities in Gainesville, Georgia and Wilmington, Ohio.

The directors have elected to prepare the consolidated financial statements in accordance with section 1 of the Companies (Miscellaneous Provisions) Act, 2009, which provides that a true and fair view of the state of affairs and profit and loss may be given by preparing the financial statements in accordance with U.S. GAAP, as defined in section 1(1) of the Companies (Miscellaneous Provisions) Act, 2009, to the extent that the use of these principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder.

These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of the company and file with the Companies Registration Office in Ireland. Accordingly, these financial statements include disclosures required by the Republic of Ireland's Companies Acts, 1963 - 2013 (the "Companies Acts") in addition to those required under accounting principles generally accepted in the U.S. ("U.S. GAAP"). The consolidated financial statements include the accounts of subsidiaries, after elimination of intercompany accounts and transactions. The consolidated financial information presented herein reflects all financial information that, in the opinion of Management, is necessary for a fair statement of financial position, profit and loss and cash flows for the periods presented.

Change in Fiscal Year

On May 21, 2013, the Company's Audit and Risk Committee, with such authority delegated to it by the Company's Board of Directors, approved a change to its fiscal year-end from March 31 to December 31. This Annual Report reflects the Company's financial results for the twelve month period from January 1, 2014 through December 31, 2014. The period ended December 31, 2013 reflects the Company's financial results for the nine month period from April 1, 2013 through December 31, 2013 (the "Transition Period"). The period ended March 31, 2013 reflects the Company's financial results for the twelve month period from April 1, 2012 to March 31, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Alkermes plc and its wholly-owned subsidiaries: Alkermes Ireland Holdings Limited; Daravita Limited; Daravita Pharma Ireland Limited; Alkermes Science Four Limited; Alkermes Science Five Limited; Alkermes Pharma Ireland Limited; Alkermes U.S. Holdings, Inc.; Alkermes, Inc.; Eagle Holdings USA, Inc.; Alkermes Controlled Therapeutics, Inc.; Alkermes Europe, Ltd.; Alkermes Gainesville LLC; Alkermes Science Six Limited; Alkermes Finance Ireland Limited; Alkermes Finance S.à r.l.; Alkermes Finance Ireland (No. 2)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Limited; and Alkermes Finance Ireland (No. 3) Limited. Intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States ("U.S.") ("GAAP") requires management to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates and judgments and methodologies, including those related to revenue recognition and related allowances, its collaborative relationships, clinical trial expenses, the valuation of inventory, impairment and amortization of intangibles and long-lived assets, share-based compensation, income taxes including the valuation allowance for deferred tax assets, valuation of investments, litigation and restructuring charges. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Cash at Bank and In-Hand

The Company values its cash and cash equivalents at cost plus accrued interest, which the Company believes approximates their market value. The Company considers only those investments which are highly liquid, readily convertible into cash and so near their maturity, generally three months from the date of purchase, that they present insignificant risk of change in value because of interest rate changes to be cash equivalents.

Investments

The Company has investments in various types of securities, including U.S. government and agency obligations, debt securities issued by foreign agencies and backed by foreign governments and corporate debt securities. The Company generally holds its interest-bearing investments with major financial institutions and in accordance with documented investment policies. The Company limits the amount of credit exposure to any one financial institution or corporate issuer. At December 31, 2014, substantially all these investments are classified as available-for-sale and are recorded at fair value.

Holding gains and losses on available-for-sale investments are considered "unrealized" and are reported within "Accumulated other comprehensive (loss) income," a component of shareholders' equity. The Company uses the specific identification method for reclassifying unrealized gains and losses into earnings when investments are sold. The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required by GAAP. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded in "Accumulated other comprehensive (loss) income."

For available-for-sale debt securities with unrealized losses, the Company performs an analysis to assess whether it intends to sell or whether it would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. If the Company intends to sell a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

security, or may be required to do so, the security's decline in fair value is deemed to be other-than-temporary and the full amount of the unrealized loss is recorded within earnings as an impairment loss. Regardless of the Company's intent to sell a security, the Company performs additional analysis on all securities with unrealized losses to evaluate losses associated with the creditworthiness of the security. Credit losses are identified where the Company does not expect to receive cash flows sufficient to recover the amortized cost basis of a security.

Certain of the Company's money market funds and held-to-maturity investments are restricted investments held as collateral under letters of credit related to certain of the Company's service provider agreements and lease agreements, respectively, and are included in "Investments—long-term", in the accompanying consolidated balance sheets.

Fair Value of Financial Instruments

The Company's financial assets and liabilities are recorded at fair value and are classified as Level 1, 2 or 3 within the fair value hierarchy, as described in the accounting standards for fair value measurement. The Company's financial assets and liabilities consist of cash equivalents and investments and are classified within the fair value hierarchy as follows:

Level 1—these valuations are based on a market approach using quoted prices in active markets for identical assets. Valuations of these products do not require a significant degree of judgment. Assets utilizing Level 1 inputs at December 31, 2014 include U.S. treasury securities. At December 31, 2013, the Company had investments in money market funds, U.S. treasury securities and the common stock of a publicly-traded company that utilized Level 1 inputs;

Level 2—these valuations are based on a market approach using quoted prices obtained from brokers or dealers for similar securities or for securities for which the Company has limited visibility into their trading volumes. Valuations of these financial instruments do not require a significant degree of judgment. Assets and liabilities utilizing Level 2 inputs include U.S. government agency debt securities, debt securities issued by foreign agencies and backed by foreign governments and investments in corporate debt securities that are trading in the credit markets. At December 31, 2013, the Company had an interest rate swap contract that utilized Level 2 inputs; and

Level 3—these valuations are based on an income approach using certain inputs that are unobservable and are significant to the overall fair value measurement. Valuations of these products require a significant degree of judgment. During the nine months ended December 31, 2013, the Company's Level 3 investment consisted of warrants to purchase the common stock of a publicly-traded company.

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses approximate fair value due to their short-term nature.

Stock

Stock is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. Included in stock are raw materials used in production of pre-clinical and clinical products,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

which have alternative future use and are charged to R&D expense when consumed. The cost elements included within stock include three primary categories for commercial products: cost of raw materials; direct labor; and overhead. Overhead is based on the normal capacity of the Company's production facilities and does not include costs from abnormally low production or idle capacity, which are expensed directly to the consolidated statement of operations.

Tangible Fixed Assets

Tangible fixed assets are recorded at cost, subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and improvements are capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Asset group	Term
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Leasehold improvements	Shorter of useful life or lease term

Goodwill and Intangible Assets

Goodwill represents the excess cost of the Company's investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the date of acquisition. The Company's goodwill consists solely of goodwill created as a result of the Company's acquisition of Elan Drug Technologies ("EDT") from Elan Corporation, plc in September 2011 and has been assigned to one reporting unit. A reporting unit is an operating segment or sub-segment to which goodwill is assigned when initially recorded.

As goodwill does not decline in value, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. Therefore, in order to present a true and fair view of the economic reality, under U.S. GAAP, the Company's goodwill is considered indefinite-lived and is not subject to amortization. The Company has the option to first assess qualitative factors to determine whether it is necessary to perform the two-step impairment test. If the Company elects this option and believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of its reporting unit is less than its carrying amount, the quantitative two-step impairment test is required; otherwise, no further testing is required. Alternatively, the Company may elect to not first assess qualitative factors and immediately perform the quantitative two-step impairment test. In the first step, the Company compares the fair value of its reporting unit to its carrying value. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of its reporting unit, then the second step of the impairment test is performed in order to determine the implied fair value of the Company's reporting unit's goodwill. If the carrying value of the Company's reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

The Company performed its annual goodwill impairment test as of October 31, 2014. The Company elected to assess qualitative factors to determine whether it was necessary to perform the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

two-step impairment test. Based on the weight of all available evidence, the Company determined that the fair value of the reporting unit more-likely-than-not exceeded its carrying value.

The Company's finite-lived intangible assets consist of core developed technology and collaboration agreements acquired as part of the acquisition of EDT, were recorded at fair value at the time of their acquisition and are stated within the Company's consolidated balance sheets net of accumulated amortization and impairments. The finite-lived intangible assets are amortized over their estimated useful lives using the economic use method, which reflects the pattern that the economic benefits of the intangible assets are consumed as revenue is generated from the underlying patent or contract. The useful lives of the Company's intangible assets are primarily based on the legal or contractual life of the underlying patent or contract, which does not include additional years for the potential extension or renewal of the contract or patent.

Impairment of Long-Lived Assets

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. In the event that such cash flows are not expected to be sufficient to recover the carrying amount of the assets, the assets are written-down to their estimated fair values. Long-lived assets to be disposed of are carried at fair value less costs to sell them.

Asset Retirement Obligations

The Company recognized an asset retirement obligation for an obligation to remove leasehold improvements and other related activities at the conclusion of the Company's lease for its manufacturing facility located in Chelsea, Massachusetts, which it presently subleases. The carrying amount of the asset retirement obligation at December 31, 2014 and 2013 was $2.4 million and $2.2 million, respectively, and is included within "Other long-term liabilities" in the accompanying consolidated balance sheets.

The following table shows changes in the carrying amount of the Company's asset retirement obligation at December 31, 2014 and 2013:

(In thousands)	Carrying Amount
Balance, April 1, 2013	$2,049
Accretion expense	151
Balance, December 31, 2013	$2,200
Accretion expense	220
Balance, December 31, 2014	$2,420

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Collaborative Arrangements

The Company has entered into a number of collaboration agreements with pharmaceutical companies including Ortho-McNeil-Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica International, a division of Cilag International AG ("Janssen") for RISPERDAL® CONSTA® and INVEGA® SUSTENNA®/XEPLION®, Acorda Therapeutics, Inc. ("Acorda") for AMPYRA®/FAMPYRA® and AstraZeneca for BYDUREON®. Substantially all of the products developed under the Company's collaborative arrangements are currently being marketed as approved products. The Company receives payments for manufacturing services and/or royalties on product sales.

Manufacturing revenues—The Company recognizes manufacturing revenues from the sale of products it manufactures for resale by its collaborative partners. Manufacturing revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred and title to the product and associated risk of loss has passed to the customer, the sales price is fixed or determinable and collectability is reasonably assured. The sales price for certain of the Company's manufacturing revenues is based on the end-market sales price earned by its collaborative partners. As the end-market sale occurs after the Company has shipped its product and the risk of loss has passed to its collaborative partner, the Company estimates the sales price for its product based on information supplied to it by the Company's collaborative partners, its historical transaction experience and other third-party data. Differences between the actual manufacturing revenues and estimated manufacturing revenues are reconciled and adjusted for in the period in which they become known, which is generally the following quarter. The difference between actual and estimated manufacturing revenues has not been material.

Royalty revenues—The Company recognizes royalty revenues related to the sale of products by its collaborative partners that incorporates the Company's technologies. Royalties, with the exception of those from AMPYRA, are earned under the terms of a license agreement in the period the products are sold by the Company's collaborative partner and collectability is reasonably assured. Royalties on AMPYRA are earned in the period the product is shipped to Acorda. Certain of the Company's royalty revenues are recognized by the Company based on information supplied to the Company by its collaborative partners and require estimates to be made. Differences between the actual royalty revenues and estimated royalty revenues are reconciled and adjusted for in the period in which they become known, which is generally the following quarter. The difference between actual and estimated royalty revenues has not been material.

Research and development revenue—R&D revenue consists of funding that compensates the Company for formulation, pre-clinical and clinical testing under R&D arrangements with its collaborative partners. The Company generally bills its collaborative partners under R&D arrangements using a full-time equivalent ("FTE") or hourly rate, plus direct external costs, if any.

Certain of the Company's collaboration agreements entitle it to additional payments upon the achievement of performance-based milestones. If the achievement of a milestone is considered probable at the inception of the collaboration, the related milestone payment is included with other collaboration consideration, such as upfront payments and research funding, in the Company's revenue model. Milestones that involve substantial effort on the Company's part and the achievement of which are not considered probable at the inception of the collaboration are considered "substantive milestones," and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are recognized in their entirety in the period in which the milestone is achieved. Consideration received from the achievement of milestones that are not considered to be "substantive milestones" are recognized under the proportional performance method whereby revenue is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned.

Product Sales, Net

The Company's product sales consist of sales of VIVITROL® in the U.S. to wholesalers, specialty distributors and specialty pharmacies. Product sales are recognized from the sale of VIVITROL when persuasive evidence of an arrangement exists, title to the product and associated risk of loss has passed to the customer, which is considered to occur when the product has been received by the customer, the sales price is fixed or determinable and collectability is reasonably assured.

The Company records its product sales net of the following significant categories of sales discounts and allowances as a reduction of product sales at the time VIVITROL is shipped:

- *Medicaid Rebates*—the Company records accruals for rebates to states under the Medicaid Drug Rebate Program as a reduction of sales when the product is shipped into the distribution channel. The Company rebates individual states for all eligible units purchased under the Medicaid program based on a rebate per unit calculation, which is based on its Average Manufacturer Price. The Company estimates expected unit sales and rebates per unit under the Medicaid program and adjusts its rebate estimates based on actual unit sales and rebates per unit;
- *Chargebacks*—wholesaler and specialty pharmacy chargebacks are discounts that occur when contracted customers purchase directly from an intermediary wholesale purchaser. Contracted customers, which consist primarily of federal government agencies purchasing under the federal supply schedule, generally purchase the product at its contracted price, plus a mark-up from the wholesaler. The wholesaler, in-turn, charges back to the Company the difference between the price initially paid by the wholesaler and the contracted price paid to the wholesaler by the customer. The allowance for chargebacks is based on actual and expected utilization of these programs. Chargebacks could exceed historical experience and the Company's estimates of future participation in these programs. To date, actual chargebacks have not differed materially from the Company's estimates;
- *Product Discounts*—cash consideration, including sales incentives, given by us under distribution service agreements with a number of wholesaler, distributor and specialty pharmacy customers that provide them with the opportunity to earn discounts in exchange for the performance of certain services. To date, actual product discounts have not differed materially from the Company's estimates;
- *Co-pay Assistance*—the Company has a program whereby a patient can receive up to $500 per month toward their co-payment, co-insurance or deductible, provided the patient meets certain eligibility criteria. Reserves are recorded upon the sale of VIVITROL. To date, actual co-pay assistance has not differed materially from the Company's estimates; and
- *Product Returns*—in August 2012, the Company changed the way in which revenue is recognized on VIVITROL product sales. Prior to August 1, 2012, the Company did not have sufficient history to reasonably estimate returns related to VIVITROL shipments and, therefore, the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company deferred the recognition of revenue on shipments of VIVITROL until the product left the distribution channel. In August 2012, it was determined there was sufficient history to reliably estimate returns, and revenue on the sales of VIVITROL is now recognized upon delivery to wholesalers, distributors and pharmacies, which is the point in time the customer assumes the risks and rewards of ownership. This change in the method of revenue recognition resulted in a one-time $1.7 million increase to "Product sales, net" in the accompanying consolidated statements of operations and comprehensive (loss) income, which was recognized during the year ended March 31, 2013.

Based on this revised revenue recognition policy, a reserve is now estimated for future product returns on VIVITROL gross product sales. This estimate is based on historical return rates as well as specifically identified anticipated returns due to known business conditions and product expiry dates. Return amounts are recorded as a deduction to arrive at VIVITROL product sales, net. Once VIVITROL is returned, it is destroyed. At December 31, 2014, the product return reserve was estimated to be approximately 2% of product sales and amounted to $5.5 million.

Other

The Company recognizes revenues from the license and the sale of intellectual property, deemed to have standalone value, when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. The Company considers delivery to have occurred when the buyer has use of, and is able to benefit from, the intellectual property and the Company has no remaining obligations under the arrangement.

Risk-Management Instruments

The Company's derivative activities are initiated within the guidelines of documented corporate risk management policies and do not create additional risk because gains and losses on derivative contracts offset losses and gains on the liabilities being hedged. At December 31, 2013, the Company's risk management instruments consisted of an interest rate swap agreement which expired during the year ended December 31, 2014. The objective of the interest rate swap agreement was to limit the impact of fluctuations in interest rates in earnings related to the Company's long-term debt. Refer to Note 10, *Derivative Instruments*, for additional information related to the Company's risk management instruments.

Foreign Currency

The Company's functional and reporting currency is the U.S. dollar. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. The resulting monetary assets and liabilities are translated into U.S. dollars at exchange rates prevailing on the subsequent balance sheet date. Gains and losses as a result of translation adjustments are recorded within "Other income (expense), net" in the accompanying consolidated statements of operations and comprehensive (loss) income. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company recorded a gain on foreign currency translation of $0.6 million and $0.2 million, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and marketable securities. Billings to large pharmaceutical and biotechnology companies account for the majority of the Company's accounts receivable, and collateral is generally not required from these customers. To mitigate credit risk, the Company monitors the financial performance and credit worthiness of its customers. The following represents revenue and receivables from the Company's customers exceeding 10% of the total in each category as of December 31, 2014 and 2013 and for the year ended December 31, 2014 and the nine months ended December 31, 2013:

	Year Ended December 31, 2014		Nine Months Ended December 31, 2013	
Customer	Receivables	Revenue	Receivables	Revenue
Janssen	44%	41%	46%	44%
Acorda	17%	13%	12%	12%

The Company generally holds its interest-bearing investments with major financial institutions, and in accordance with documented investment policies, the Company limits the amount of credit exposure to any one financial institution or corporate issuer. The Company's investment objectives are, first, to assure liquidity and conservation of capital and, second, to obtain investment income.

Geographic Information

Company revenues by geographic location, as determined by the location of the customer, and the location of its assets, are as follows:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Revenue by region:		
U.S.	$398,189	$269,005
Ireland	7,691	5,722
Rest of world	212,909	158,184
Assets by region:		
Current assets:		
U.S.	$385,715	$382,571
Ireland	490,577	187,023
Rest of world	501	544
Long-term assets:		
U.S.:		
Intangible assets	$ —	$ —
Goodwill	3,677	3,677
Other	228,693	225,559
Ireland:		
Intangible assets	$479,412	$537,565
Goodwill	90,535	89,063
Other	242,162	151,586

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and Development Expenses

For each of its R&D programs, the Company incurs both external and internal expenses. External R&D expenses include costs related to clinical and non-clinical activities performed by contract research organizations, consulting fees, laboratory services, purchases of drug product materials and third-party manufacturing development costs. Internal R&D expenses include employee-related expenses, occupancy costs, depreciation and general overhead. The Company tracks external R&D expenses for each of its development programs, however, internal R&D expenses are not tracked by individual program as they benefit multiple programs or its technologies in general.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are primarily comprised of compensation and benefits associated with sales and marketing, finance, human resources, legal, information technology and other administrative personnel, outside marketing, advertising and legal expenses and other general and administrative costs.

Advertising costs are expensed as incurred. During the year ended December 31, 2014 and the nine months ended December 31, 2013, advertising costs totaled $8.6 million and $5.3 million, respectively.

Share-Based Compensation

The Company's share-based compensation programs grant awards which include stock options and restricted stock units ("RSUs"), which vest with the passage of time and, to a limited extent, vest based on the achievement of certain performance or market criteria. The Company issues new shares upon stock option exercise or the vesting of RSUs. Certain of the Company's employees are retirement eligible under the terms of the Company's stock option plans (the "Plans"), and stock option awards to these employees generally vest in full upon retirement. Since there are no effective future service requirements for these employees, the fair value of these awards is expensed in full on the grant date or upon meeting the retirement eligibility criteria, whichever is later.

Stock Options

Stock option grants to employees generally expire ten years from the grant date and generally vest one-fourth per year over four years from the anniversary of the date of grant, provided the employee remains continuously employed with the Company, except as otherwise provided in the plan. Stock option grants to directors are for ten-year terms and generally vest over a one-year period provided the director continues to serve on the Company's board of directors through the vesting date, except as otherwise provided in the plan. The estimated fair value of options is recognized over the requisite service period, which is generally the vesting period. Share-based compensation expense is based on awards ultimately expected to vest. Forfeitures are estimated based on historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates.

The fair value of stock option grants is based on estimates as of the date of grant using a Black-Scholes option valuation model. The Company uses historical data as the basis for estimating option terms and forfeitures. Separate groups of employees that have similar historical stock option exercise and forfeiture behavior are considered separately for valuation purposes. The ranges of expected terms

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

disclosed below reflect different expected behavior among certain groups of employees. Expected stock volatility factors are based on a weighted average of implied volatilities from traded options on the Company's ordinary shares and historical share price volatility of the Company's ordinary shares, which is determined based on a review of the weighted average of historical daily price changes of the Company's ordinary shares. The risk-free interest rate for periods commensurate with the expected term of the share option is based on the U.S. treasury yield curve in effect at the time of grants. The dividend yield on the Company's ordinary shares is estimated to be zero as the Company has not paid and does not expect to pay dividends. The exercise price of options granted is equal to the closing price of the Company's ordinary shares traded on the NASDAQ Global Select Stock Market on the date of grant.

The fair value of each stock option grant was estimated on the grant date with the following weighted-average assumptions:

	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Expected option term	5 - 7 years	5 - 7 years
Expected stock volatility	39% - 46%	45% - 48%
Risk-free interest rate	1.46% - 2.24%	0.75% - 2.15%
Expected annual dividend yield	—	—

Time-Vested Restricted Stock Units

Time-vested RSUs awarded to employees generally vest one-fourth per year over four years from the anniversary of the date of grant, provided the employee remains continuously employed with the Company. Shares of the Company's ordinary shares are delivered to the employee upon vesting, subject to payment of applicable withholding taxes. The fair value of time-vested RSUs is equal to the closing price of the Company's ordinary shares traded on the NASDAQ Global Select Stock Market on the date of grant. Compensation expense, including the effect of forfeitures, is recognized over the applicable service period.

Performance-Based Restricted Stock Units

The Company has RSUs that vest upon the achievement of certain performance criteria. The estimated fair value of these RSUs is based on the market value of the Company's stock on the date of grant. Compensation expense for RSUs that vest upon the achievement of performance criteria is recognized from the moment the Company determines the performance criteria will be met to the date the Company deems the event is likely to occur. Cumulative adjustments are recorded quarterly to reflect subsequent changes in the estimate outcome of performance-related conditions until the date results are determined.

Income Taxes

The Company recognizes income taxes under the asset and liability method. Deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

enactment date. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative income in the most recent fiscal years, changes in the business in which the Company operates and its forecast of future taxable income. In determining future taxable income, the Company is responsible for assumptions utilized including the amount of Irish, U.S. and other foreign pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that the Company is using to manage the underlying businesses.

The Company accounts for uncertain tax positions using a more-likely-than-not threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. The Company evaluates this tax position on a quarterly basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

Comprehensive (Loss) Income

Comprehensive (loss) income consists of net (loss) income and other comprehensive (loss) income. Other comprehensive (loss) income includes changes in equity that are excluded from net (loss) income, such as unrealized holding gains and losses on available-for-sale marketable securities and unrealized gains and losses on cash flow hedges.

(Loss) Earnings Per Share

Basic (loss) earnings per share is calculated based upon net (loss) income available to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding. For the calculation of diluted earnings per share, the Company uses the weighted average number of ordinary shares outstanding, as adjusted for the effect of potential dilutive securities, including stock options and RSUs.

Segment Information

The Company operates as one business segment, which is the business of developing, manufacturing and commercializing medicines designed to yield better therapeutic outcomes and improve the lives of patients with serious diseases. The Company's chief decision maker, the Chairman and Chief Executive Officer, reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating unit.

Employee Benefit Plans

401(K) Plan

The Company maintains a 401(k) retirement savings plan (the "401(k) Plan"), which covers substantially all of its U.S.-based employees. Eligible employees may contribute up to 100% of their eligible compensation, subject to certain Internal Revenue Service ("IRS") limitations. The Company

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

matches 100% of employee contributions up to the first 5% of employee pay, up to IRS limits. Employee and Company contributions are fully vested when made. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company contributed $4.7 million and $3.1 million, respectively, to match employee deferrals under the 401(k) Plan.

Defined Contribution Plan

The Company maintains a defined contribution plan for its Ireland-based employees (the "defined contribution plan"). The defined contribution plan provides for eligible employees to contribute up to the maximum of 40%, depending upon their age, of their total taxable earnings subject to an earnings cap of €115,000. The Company provides a match of up to 18% of taxable earnings depending upon an individual's contribution level. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company contributed $3.7 million and $2.9 million, respectively, in contributions to the defined contribution plan.

Reclassifications

At December 31, 2014, the Company elected to display "Deferred tax assets—current" separately rather than include it as a component of "Prepaid expenses and other current assets." Accordingly, the balance of $12.8 million that was previously classified within "Prepaid expenses and other current assets" at December 31, 2013 has been reclassified to "Deferred tax assets—current" in the accompanying consolidated balance sheets.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard-setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In July 2013, the FASB adopted clarifying guidance on the presentation of unrecognized tax benefits when various qualifying tax credits exist. The amendment requires that unrecognized tax benefits be presented on the consolidated balance sheet as a reduction to deferred tax assets created by net operating losses ("NOLs") or other tax credits from prior periods that occur in the same taxing jurisdiction. To the extent that the unrecognized tax benefit exceeds these NOLs or other tax credits, it shall be presented as a liability. This update, required to be adopted for all annual periods and interim reporting periods beginning after December 15, 2013, was adopted by the Company on January 1, 2014. The adoption of this standard did not have a material impact on the presentation of the Company's financial position.

In April 2014, the FASB adopted guidance that amends the requirements for reporting discontinued operations. Under the amendment, only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. Currently, many disposals, some of which may be routine in nature and not a change in an entity's strategy, are reported in discontinued operations. The guidance also requires expanded disclosures for discontinued operations. This guidance became effective for the Company on January 1, 2015 and is not expected to have a material impact on the Company's results of operations, cash flows or financial condition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2014, the FASB issued guidance that clarifies the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. Existing GAAP does not contain explicit guidance on how to account for these share-based payments. The new guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Entities have the option of prospectively applying the guidance to awards granted or modified after the effective date or retrospectively applying the guidance to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements. The guidance becomes effective for the Company in its year ending December 31, 2016, and early adoption is permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In May 2014, the FASB issued guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The guidance becomes effective for the Company in its year ending December 31, 2017, and early adoption is not permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

3. INVESTMENTS

Investments consist of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses: Less than One Year	Gross Unrealized Losses: Greater than One Year	Estimated Fair Value
			(In thousands)		
December 31, 2014					
Short-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	$226,387	$ 88	$ (15)	$ —	$226,460
Corporate debt securities	140,900	26	(66)	—	140,860
International government agency debt securities	39,774	13	(5)	—	39,782
Total short-term investments	407,061	127	(86)	—	407,102
Long-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	100,429	—	(196)	(40)	100,193
Corporate debt securities	61,187	—	(84)	—	61,103
International government agency debt securities	7,568	—	(2)	(1)	7,565
	169,184	—	(282)	(41)	168,861
Held-to-maturity securities:					
Certificates of deposit	1,619	—	—	—	1,619
Total long-term investments	170,803	—	(282)	(41)	170,480
Total investments	$577,864	$ 127	$(368)	$(41)	$577,582
December 31, 2013					
Short-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	$130,669	$ 80	$ (1)	$ —	$130,748
Corporate debt securities	38,614	64	(30)	—	38,648
International government agency debt securities	24,097	8	(33)	—	24,072
	193,380	152	(64)	—	193,468
Money market funds	1,201	—	—	—	1,201
Total short-term investments	194,581	152	(64)	—	194,669
Long-term investments:					
Available-for-sale securities:					
Equity securities	8,732	21,253	—	—	29,985
U.S. government and agency debt securities	28,503	—	(61)	(3)	28,439
Corporate debt securities	20,266	—	(30)	(75)	20,161
International government agency debt securities	7,691	—	(5)	—	7,686
	65,192	21,253	(96)	(78)	86,271
Held-to-maturity securities:					
Certificates of deposit	1,493	—	—	—	1,493
Total long-term investments	66,685	21,253	(96)	(78)	87,764
Total investments	$261,266	$21,405	$(160)	$(78)	$282,433

3. INVESTMENTS (Continued)

The proceeds from the sales and maturities of marketable securities, which were primarily reinvested and resulted in realized gains and losses, were as follows:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Proceeds from the sales and maturities of marketable securities	$341,154	$90,470
Realized gains	$ 15,364	$ 16
Realized losses	$ (31)	$ —

During the year ended December 31, 2014, the Company sold its investment in Acceleron Pharma Inc. ("Acceleron"), which consisted of common stock and warrants to purchase the common stock of Acceleron. The Company received net proceeds of $24.0 million and realized a gain of $15.3 million from the sale of this investment. The Company reclassified the gain from accumulated other comprehensive (loss) income to gain on sale of investment in Acceleron in its consolidated statements of operations and comprehensive (loss) income.

The Company's available-for-sale and held-to-maturity securities at December 31, 2014 had contractual maturities in the following periods:

	Available-for-sale		Held-to-maturity	
(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$323,500	$323,475	$1,619	$1,619
After 1 year through 5 years	252,745	252,488	—	—
Total	$576,245	$575,963	$1,619	$1,619

At December 31, 2014, the Company believed that the unrealized losses on its available-for-sale investments were temporary. The investments with unrealized losses consisted primarily of corporate debt securities and U.S. Government and agency debt securities. In making the determination that the decline in fair value of these securities was temporary, the Company considered various factors, including but not limited to: the length of time each security was in an unrealized loss position; the extent to which fair value was less than cost; financial condition and near-term prospects of the issuers; the Company's intent not to sell these securities, and the assessment that it is more-likely-than-not that the Company would not be required to sell these securities before the recovery of their amortized cost basis.

The Company's investment in Civitas Therapeutics, Inc. ("Civitas") was zero and $2.0 million at December 31, 2014 and December 31, 2013, respectively, which was recorded within "Other Assets" in the accompanying consolidated balance sheets. In October 2014, Civitas was acquired by Acorda for $525.0 million. As a result of this transaction, the Company received $27.2 million and has the right to receive up to an additional $2.4 million, subject to release of all amounts held in escrow, for its approximate 6% equity interest in Civitas. Prior to its acquisition by Acorda, the Company's investment in Civitas consisted of various issues of preferred stock, certain of which were accounted for under the cost method or equity method, depending upon if the preferred stock was considered to be "in-substance" common stock and the Company's belief that it may have been able to exercise significant influence over the operating and financial policies of Civitas. During the year ended

3. INVESTMENTS (Continued)

December 31, 2014 and the nine months ended December 31, 2013, the Company recorded a reduction in its investment in Civitas of $6.8 million and $1.2 million, respectively, which represented the Company's proportionate share of Civitas' net losses for these periods.

In May 2014, the Company entered into an agreement whereby it is committed to provide up to €7.4 million to a partnership, Fountain Healthcare Partners II, L.P. of Ireland ("Fountain"), which was created to carry on the business of investing exclusively in companies and businesses engaged in healthcare, pharmaceutical and life sciences sectors. The Company's commitment represents approximately 10% of the partnership's total funding, and the Company is accounting for its investment in Fountain under the equity method. At December 31, 2014, the Company had made payments of, and its investment is equal to, $1.2 million (€0.9 million), which is included within "Other assets" in the accompanying consolidated balance sheets. During the year ended December 31, 2014, the Company recorded a reduction in its investment in Fountain of $0.1 million, which represented the Company's proportionate share of Fountain's net loss for this period.

4. FAIR VALUE

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy and the valuation techniques the Company utilized to determine such fair value:

(In thousands)	December 31, 2014	Level 1	Level 2	Level 3
Assets:				
U.S. government and agency debt securities	$326,653	$189,030	$137,623	$—
Corporate debt securities	201,963	—	201,963	—
International government agency debt securities	47,347	—	47,347	—
Total	$575,963	$189,030	$386,933	$—

	December 31, 2013	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 1,201	$ 1,201	$ —	$ —
U.S. government and agency debt securities	159,187	63,213	95,974	—
Corporate debt securities	58,809	—	58,809	—
International government agency debt securities	31,758	—	31,758	—
Equity securities	29,985	28,459	—	1,526
Total	$280,940	$92,873	$186,541	$1,526
Liabilities:				
Interest rate swap contract	$ (275)	$ —	$ (275)	$ —
Total	$ (275)	$ —	$ (275)	$ —

4. FAIR VALUE (Continued)

The Company transfers its financial assets and liabilities, measured at fair value on a recurring basis, between the fair value hierarchies at the end of each reporting period.

There were no transfers of any securities from Level 1 to Level 2 or from Level 2 to Level 1 during the year ended December 31, 2014. The following table is a rollforward of the fair value of the Company's investments whose fair value was determined using Level 3 inputs at December 31, 2014:

(In thousands)	Fair Value
Balance, January 1, 2014	$ 1,526
Total unrealized losses included in other comprehensive (loss) income	(383)
Sale of equity securities	(1,143)
Balance, December 31, 2014	$ —

During the year ended December 31, 2014, the Company sold its Level 3 investment, which consisted of warrants to purchase the common stock of Acceleron.

The Company's investments in U.S. government and agency debt securities, international government agency debt securities and corporate debt securities classified as Level 2 within the fair value hierarchy were initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing market-observable data. The market-observable data included reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. The Company validated the prices developed using the market-observable data by obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active.

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses approximate fair value due to their short-term nature. The fair value of the remaining financial instruments not currently recognized at fair value on the Company's consolidated balance sheets consisted of the $300.0 million, seven-year term loan bearing interest at LIBOR plus 2.75% with a LIBOR floor of 0.75% ("Term Loan B-1") and the $75.0 million, four-year term loan bearing interest at LIBOR plus 2.75%, with no LIBOR floor ("Term Loan B-2" and together with Term Loan B-1, the "Term Loan Facility"). The estimated fair value of these term loans, which was based on quoted market price indications (Level 2 in the fair value hierarchy) and may not be representative of actual values that could have been or will be realized in the future, was as follows at December 31, 2014:

(In thousands)	Carrying Value	Estimated Fair Value
Term Loan B-1	$291,476	$289,218
Term Loan B-2	$ 66,494	$ 65,897

5. STOCK

Stock consists of the following:

(In thousands)	December 31, 2014	December 31, 2013
Raw materials	$21,101	$18,410
Work in process	14,824	15,581
Finished goods[1]	15,432	12,227
Total stock	$51,357	$46,218

(1) At December 31, 2014 and December 31, 2013, the Company had $4.4 million and $1.1 million, respectively, of finished goods stock located at its third-party warehouse and shipping service provider.

6. TANGIBLE FIXED ASSETS

Tangible fixed assets consists of the following:

	Land and Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Construction in Progress	Total
			(In thousands)		
Cost:					
At January 1, 2014	$156,484	$ 220,984	$ 23,980	$26,688	$ 428,136
Additions at cost	1,422	18,224	309	14,675	34,630
Transfers	—	199	—	(199)	—
Disposals	(585)	(13,573)	(11,318)	(1,390)	(26,866)
At December 31, 2014	$157,321	$ 225,834	$ 12,971	$39,774	$ 435,900
Accumulated Depreciation:					
At January 1, 2014	$(32,151)	$(105,675)	$(15,820)	$ —	$(153,646)
Charged during the year	(13,920)	(24,810)	(1,205)	—	(39,935)
Disposals	64	12,039	11,318	—	23,421
At December 31, 2014	$(46,007)	$(118,446)	$ (5,707)	$ —	$(170,160)
Net Book Amount:					
At December 31, 2014	$111,314	$ 107,388	$ 7,264	$39,774	$ 265,740
At December 31, 2013	$124,333	$ 115,309	$ 8,160	$26,688	$ 274,490

In April 2014, the Company sold certain of its land, buildings and equipment at its Athlone, Ireland facility that had a carrying value of $2.2 million, in exchange for $17.5 million. $3.0 million of the sale proceeds will remain in escrow pending the completion of certain additional services the Company is obligated to perform, and will be recognized as "Gain on sale of property, plant and equipment" as the services are provided. In October 2014, the Company sold certain commercial-scale pulmonary manufacturing equipment located at its Chelsea, Massachusetts manufacturing facility, which had a carrying value of $0.4 million in exchange for $30.0 million. The gain of $29.6 million resulting from this transaction is included in "Gain on sale of property, plant and equipment" in the accompanying statements of operations and comprehensive (loss) income.

6. TANGIBLE FIXED ASSETS (Continued)

Depreciation expense was $39.9 million and $32.3 million for the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively. Also, during the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company wrote off furniture, fixtures and equipment that had a carrying value of $1.4 million and less than $0.1 million, respectively.

Amounts included as construction in progress in the consolidated balance sheets primarily include capital expenditures at the Company's manufacturing facility in Ohio. The Company continues to evaluate its manufacturing capacity based on expectations of demand for its products and will continue to record such amounts within construction in progress until such time as the underlying assets are placed into service. The Company continues to periodically evaluate whether facts and circumstances indicate that the carrying value of its long-lived assets to be held and used may not be recoverable.

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(In thousands)	Goodwill	Collaboration Agreements	NanoCrystal Technology	OCR Technology	Total
Cost:					
At January 1, 2014	$92,740	$ 499,700	$ 74,600	$ 66,300	$ 733,340
Additions during the year	1,472	—	—	—	1,472
At December 31, 2014	$94,212	$ 499,700	$ 74,600	$ 66,300	$ 734,812
Accumulated Depreciation:					
At January 1, 2014	$ —	$ (80,655)	$ (8,506)	$(13,874)	$(103,035)
Expensed during the year		(46,738)	(4,737)	(6,678)	(58,153)
At December 31, 2014	$ —	$(127,393)	$(13,243)	$(20,552)	$(161,188)
Net Book Amount:					
At December 31, 2014	$94,212	$ 372,307	$ 61,357	$ 45,748	$ 573,624
At December 31, 2013	$92,740	$ 419,045	$ 66,094	$ 52,426	$ 630,305

The Company's finite-lived intangible assets consist of collaborative agreements and the NanoCrystal and OCR technologies acquired as part of the EDT acquisition. The Company recorded $58.2 million and $38.4 million of amortization expense related to its finite-lived intangible assets during the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively. Based on the Company's most recent analysis, amortization of intangible assets included within its consolidated balance sheets at December 31, 2014 is expected to be approximately $65.0 million, $70.0 million, $70.0 million, $70.0 million and $60.0 million in the years ending December 31, 2015 through 2019, respectively. Although the Company believes such available information and assumptions are reasonable, given the inherent risks and uncertainties underlying its expectations regarding such future revenues, there is the potential for the Company's actual results to vary significantly from such expectations. If revenues are projected to change, the related amortization of the intangible assets will change in proportion to the change in revenues.

8. RESTRUCTURING

On April 4, 2013, the Company approved a restructuring plan at its Athlone, Ireland manufacturing facility consistent with the evolution of the Company's product portfolio and designed to improve operational performance for the future. The restructuring plan calls for the Company to terminate manufacturing services for certain older products that are expected to no longer be economically practicable to produce due to decreasing demand from its customers resulting from generic competition. The Company expects to continue to generate revenues from the manufacturing of these products into the year ending December 31, 2015.

As a result of the termination of these services, it was contemplated that the Company would also implement a corresponding reduction in headcount of up to 130 employees. In connection with this restructuring plan, during the year ended March 31, 2013, the Company recorded a restructuring charge of $12.3 million, which consisted of severance and outplacement services. The Company has paid in cash $11.1 million and recorded an adjustment of $0.1 million due to changes in foreign currency since inception of this restructuring plan. Restructuring activity during the year ended December 31, 2014 was as follows:

(In thousands)	Severance and Outplacement Services
Balance, January 1, 2014	$10,578
Payments	(8,772)
Adjustments	(478)
Balance, December 31, 2014	$ 1,328

At December 31, 2014 and 2013, $1.3 million and $6.8 million, respectively, of this restructuring accrual were included within "Accounts payable and accrued expenses," and none and $3.8 million, respectively, were included within "Other long-term liabilities" in the accompanying consolidated balance sheets.

9. LONG-TERM DEBT

Long-term debt consists of the following:

(In thousands)	December 31, 2014	December 31, 2013
Term Loan B-1, due September 25, 2019	$291,476	$294,091
Term Loan B-2, due September 25, 2016	66,494	70,202
Total	357,970	364,293
Less: current portion	(6,750)	(6,750)
Long-term debt	$351,220	$357,543

Term Loans

Term Loan B-1 was issued with a principal balance of $300.0 million, interest payable of LIBOR plus 2.75% with a LIBOR floor of 0.75%, and an original issue discount of $3.0 million. Term Loan B-1 amortizes in equal quarterly amounts of 0.25% of the original principal amount of the loan, with the balance payable at maturity, which is September 25, 2019. Term Loan B-2 was issued with a

9. LONG-TERM DEBT (Continued)

principal balance of $75.0 million, interest payable of LIBOR plus 2.75% with no LIBOR floor, and an original issue discount of $0.4 million. Term Loan B-2 amortizes in equal quarterly amounts of 1.25% of the original principal amount of the loan, with the balance payable at maturity, which is September 25, 2016. The Term Loan Facility is guaranteed by certain subsidiaries of the Company (the "Guarantors") and is secured by a first priority lien on substantially all of the assets and properties of the Company and the Guarantors (subject to certain exceptions and limitations).

Scheduled maturities with respect to the Term Loan Facility are as follows (in thousands):

Year Ended:	
2015	$ 6,750
2016	65,813
2017	3,000
2018	3,000
Thereafter	281,250
Total	$359,813

Required quarterly principal payments of $0.8 million on Term Loan B-1 and $0.9 million on Term Loan B-2 began on December 31, 2012. Beginning on January 1, 2014, the Company became subject to mandatory prepayments of principal if certain excess cash flow thresholds, as defined in the Term Loan Facility, were met. During the year ended December 31, 2014, the Company was not subject to mandatory prepayments of principal. The Company may make prepayments of principal without premium or penalty.

The Term Loan Facility has an incremental facility capacity in an amount of $140.0 million, plus additional amounts as long as the Company meets certain conditions, including a specified leverage ratio. The Term Loan Facility includes a number of restrictive covenants that, among other things and subject to certain exceptions and baskets, impose operating and financial restrictions on the Company and certain of its subsidiaries. The Term Loan Facility also contains customary affirmative covenants and events of default. The Company was in compliance with its debt covenants at December 31, 2014.

At December 31, 2014, the Company's balance of unamortized deferred financing costs and unamortized original issue discount costs were $2.2 million and $1.8 million, respectively. These costs are being amortized to interest expense over the estimated repayment period of the Term Loan Facility using the effective interest method. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company had amortization expense of $1.0 million and $0.8 million, respectively, related to deferred financing costs and original issue discount.

10. DERIVATIVE INSTRUMENTS

In September 2011, the Company entered into an interest rate swap agreement with Morgan Stanley Capital Services LLC ("MSCS") to mitigate the impact of fluctuations in the three-month LIBOR rate at which the Company's long-term debt bears interest. The interest rate swap agreement became effective in December 2012, expired in September 2014 and had a notional value of $65.0 million. This contract was initially designated as a cash flow hedge, however, in connection with the Refinancing, the cash flow hedge was deemed to no longer be effective for accounting purposes. The Company recorded an immaterial loss and a gain of $0.3 million within "Other income (expense),

10. DERIVATIVE INSTRUMENTS (Continued)

net" due to the fluctuations in fair value of this contract during the year ended December 31, 2014 and the nine months ended December 31, 2013.

In December 2011, the Company entered into an interest rate cap agreement at a cost of $0.1 million to mitigate the impact of fluctuations in the three-month LIBOR rate at which the Company's long-term debt bears interest. The interest rate cap agreement expired in December 2013, had a notional value of $160.0 million and was not designated as a hedging instrument. The Company recorded an immaterial amount of loss as "Other income (expense), net" in the accompanying consolidated statements of operations and comprehensive (loss) income due to the decline in value of this contract during the nine months ended December 31, 2013.

The following table summarizes the fair value and presentation in the consolidated balance sheets for the Company's hedging instruments (in thousands):

		Fair Value	
(In thousands)	Balance Sheet Location	December 31, 2014	December 31, 2013
Interest rate swap:			
Liability derivative not designated as a cash flow hedge	Other long-term liabilities	$—	$(275)

11. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per ordinary share is calculated based upon net (loss) income available to holders of ordinary shares divided by the weighted average number of shares outstanding. For the calculation of diluted (loss) earnings per ordinary share, the Company uses the weighted average number of ordinary shares outstanding, as adjusted for the effect of potential outstanding shares, including stock options and restricted stock units.

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Numerator:		
Net (loss) income	$(30,061)	$ 17,649
Denominator:		
Weighted average number of ordinary shares outstanding	145,274	135,960
Effect of dilutive securities:		
Stock options	—	7,653
Restricted stock units	—	1,348
Dilutive ordinary share equivalents	—	9,001
Shares used in calculating diluted earnings (loss) per share	145,274	144,961

11. (LOSS) EARNINGS PER SHARE (Continued)

The following potential ordinary equivalent shares have not been included in the net (loss) income per ordinary share calculations because the effect would have been anti-dilutive:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Stock options	9,260	1,404
Restricted stock units	1,834	—
Total	11,094	1,404

12. SHAREHOLDERS' EQUITY

Share Repurchase Program

On September 16, 2011, the board of directors authorized the continuation of the Alkermes, Inc. share repurchase program to repurchase up to $215.0 million of the Company's ordinary shares at the discretion of management from time to time in the open market or through privately negotiated transactions. At December 31, 2014, approximately $101.0 million was available to repurchase ordinary shares pursuant to the repurchase program. All shares repurchased are recorded as treasury stock. The repurchase program has no set expiration date and may be suspended or discontinued at any time. During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company did not acquire any ordinary shares under the repurchase program.

13. SHARE-BASED COMPENSATION

Share-based Compensation Expense

The following table presents share-based compensation expense included in the Company's consolidated statements of operations and comprehensive (loss) income:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Cost of goods manufactured and sold	$ 6,940	$ 3,308
Research and development	14,422	7,799
Selling, general and administrative	38,217	22,302
Total share-based compensation expense	$59,579	$33,409

At December 31, 2014 and 2013, $0.8 million and $0.4 million, respectively, of share-based compensation expense was capitalized and recorded as "Inventory" in the accompanying consolidated balance sheets.

Share-based Compensation Plans

The Company has two compensation plans pursuant to which awards are currently being made: (i) the 2011 Stock Option and Incentive Plan (the "2011 Plan"); and (ii) the 2008 Stock Option and Incentive Plan (the "2008 Plan"). The Company has three share-based compensation plans pursuant to which outstanding awards have been made, but from which no further awards can or will be made: (i) the 1996 Stock Option Plan for Non-Employee Directors (the "1996 Plan"); (ii) the 1999 Stock

13. SHARE-BASED COMPENSATION (Continued)

Option Plan (the "1999 Plan"); and (iii) the 2006 Stock Option Plan for Non-Employee Directors (the "2006 Plan"). The 2011 Plan and the 2008 Plan provide for the issuance of non-qualified and incentive stock options, restricted stock, restricted stock units, cash-based awards and performance shares to employees, officers and directors of, and consultants to, the Company in such amounts and with such terms and conditions as may be determined by the compensation committee of the Company's board of directors, subject to provisions of the 2011 Plan and the 2008 Plan.

At December 31, 2014, there were 10.0 million shares of ordinary shares authorized for issuance under the Company's stock plans. The 2011 Plan provides that awards other than stock options will be counted against the total number of shares available under the plan in a 1.8-to-1 ratio and the 2008 Plan provides that awards other than stock options will be counted against the total number of shares available under the plan in a 2-to-1 ratio.

Stock Options

A summary of stock option activity is presented in the following table:

	Number of Shares	Weighted Average Exercise Price
Outstanding, January 1, 2014	14,688,160	$17.18
Granted	2,036,300	$46.83
Exercised	(3,375,084)	$14.51
Forfeited	(176,750)	$26.59
Outstanding, December 31, 2014	13,172,626	$22.32
Exercisable, December 31, 2014	8,391,987	$16.36

The weighted average grant date fair value of stock options granted during the year ended December 31, 2014 and the nine months ended December 31, 2013 was $21.44 and $16.27, respectively. The aggregate intrinsic value of stock options exercised during the year ended December 31, 2014 and the nine months ended December 31, 2013 was $114.5 million, $65.6 million, respectively.

At December 31, 2014, there were 4.6 million stock options expected to vest with a weighted average exercise price of $32.50 per share, a weighted average contractual remaining life of 8.3 years and an aggregate intrinsic value of $121.0 million. At December 31, 2014, the aggregate intrinsic value of stock options exercisable was $354.1 million with a weighted average remaining contractual term of 5.2 years. The number of stock options expected to vest is determined by applying the pre-vesting forfeiture rate to the total outstanding options. The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the stock option.

At December 31, 2014, there was $38.3 million of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of approximately 2.0 years. Cash received from option exercises under the Company's award plans during the year ended December 31, 2014 and the nine months ended December 31, 2013 was $47.6 million and $49.1 million, respectively.

13. SHARE-BASED COMPENSATION (Continued)

Time-Vested Restricted Stock Units

A summary of time-vested RSU activity is presented in the following table:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, January 1, 2014	1,987,887	$22.83
Granted	676,475	$47.16
Vested	(770,335)	$19.95
Forfeited	(133,113)	$29.22
Unvested, December 31, 2014	1,760,914	$32.96

The weighted average grant date fair value of time-vested RSUs granted during the year ended December 31, 2014 and the nine months ended December 31, 2013 was $47.16 and $33.72, respectively. The total fair value of time-vested RSUs that vested during the year ended December 31, 2014 and the nine months ended December 31, 2013, was $15.4 million, and $12.5 million, respectively.

At December 31, 2014, there was $27.6 million of total unrecognized compensation cost related to unvested time-vested RSUs, which will be recognized over a weighted average remaining contractual term of 1.9 years.

Performance-Vesting Restricted Stock Units

In March 2014, the board of directors awarded RSUs to all employees of the Company as of the date of the award, fifty percent of which vest upon the occurrence of the earlier of: (i) FDA approval for aripiprazole lauroxil; or (ii) the achievement of the pre-specified primary endpoint in two phase 3 clinical studies of ALKS 5461; provided that, if such vesting event occurs during the first year after grant, the vesting of the initial 50% of the performance-based restricted stock unit award will not occur until the one-year anniversary of the grant date. In order to build an added retentive component to the grant, the remaining fifty percent of the award will vest on the one-year anniversary of the vesting date of the initial portion. The award will expire if neither of the performance conditions has been met on or before December 31, 2016.

A summary of performance-vesting RSU activity is presented in the following table:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, January 1, 2014	—	$ —
Granted	701,600	$47.17
Vested	—	$ —
Forfeited	(44,875)	$47.16
Unvested, December 31, 2014	656,725	$47.17

13. SHARE-BASED COMPENSATION (Continued)

The grant date fair value of the performance-vesting RSUs was equal to the market value of the Company's stock on the date of grant. At December 31, 2014, the Company does not consider it probable that the performance criteria will be met and has not recognized any share-based compensation expense related to these performance-vesting RSUs. At December 31, 2014, there was $31.0 million of unrecognized compensation cost related to these performance-vesting RSUs, which would be recognized in accordance with the terms of the award when the Company deems it probable that the performance criteria will be met.

14. COLLABORATIVE ARRANGEMENTS

The Company's business strategy includes forming collaborations to develop and commercialize its products, and to access technological, financial, marketing, manufacturing and other resources. The following table is the aggregate for all of the Company's collaborative arrangements:

	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
	(in thousands)	
MANUFACTURING AND ROYALTY REVENUE:		
Significant collaborative arrangements	$365,904	$261,192
All other collaborative arrangements	150,972	109,847
Total manufacturing and royalty revenue[1]	$516,876	$371,039
RESEARCH AND DEVELOPMENT REVENUE:		
Significant collaborative arrangements	$ 501	$ 921
All other collaborative arrangements	7,252	3,736
Total research and development revenue	$ 7,753	$ 4,657
COST OF GOODS MANUFACTURED AND SOLD:		
Significant collaborative arrangements	$ 34,148	$ 33,454
All other collaborative arrangements	127,028	92,534
Total cost of goods manufactured and sold[1]	$161,176	$125,988

(1) Includes only manufacturing and royalty revenue earned and cost of goods manufactured and sold incurred under collaborative arrangements.

The Company's significant collaborative arrangements are described below:

Janssen

RISPERDAL CONSTA

Under a product development agreement, the Company collaborated with Janssen on the development of RISPERDAL CONSTA. Under the development agreement, Janssen provided funding to the Company for the development of RISPERDAL CONSTA and Janssen is responsible for securing all necessary regulatory approvals for the product.

Under license agreements, the Company granted Janssen and an affiliate of Janssen exclusive worldwide licenses to use and sell RISPERDAL CONSTA. Under its license agreements with Janssen,

14. COLLABORATIVE ARRANGEMENTS (Continued)

the Company receives royalty payments equal to 2.5% of Janssen's net sales of RISPERDAL CONSTA in each country where the license is in effect based on the quarter when the product is sold by Janssen. This royalty may be reduced in any country based on lack of patent coverage and significant competition from generic versions of the product. Janssen can terminate the license agreements upon 30 days' prior written notice to the Company. Either party may terminate the license agreements by written notice following a breach which continues for 90 days after the delivery of written notice thereof or the other party's insolvency. The licenses granted to Janssen expire on a country-by-country basis upon the later of: (i) the expiration of the last patent claiming the product in such country; or (ii) 15 years after the date of the first commercial sale of the product in such country, provided that in no event will the license granted to Janssen expire later than the twentieth anniversary of the first commercial sale of the product in such country, with the exception of certain countries where the fifteen-year limitation shall pertain regardless. After expiration, Janssen retains a non-exclusive, royalty-free license to manufacture, use and sell RISPERDAL CONSTA. The Company exclusively manufactures RISPERDAL CONSTA for commercial sale. Under its manufacturing and supply agreement with Janssen, the Company records manufacturing revenues when product is shipped to Janssen, based on 7.5% of Janssen's net unit sales price for RISPERDAL CONSTA for the calendar year.

The manufacturing and supply agreement terminates on expiration of the license agreements. In addition, either party may terminate the manufacturing and supply agreement upon a material breach by the other party, which is not resolved within 60 days after receipt of a written notice specifying the material breach or upon written notice in the event of the other party's insolvency or bankruptcy. Janssen may terminate the agreement upon six months' written notice to the Company. In the event that Janssen terminates the manufacturing and supply agreement without terminating the license agreements, the royalty rate payable to the Company on Janssen's net sales of RISPERDAL CONSTA would increase from 2.5% to 5.0%.

Under its agreements with Janssen, the Company recognized manufacturing revenues related to RISPERDAL CONSTA of $91.0 million and $82.5 million during the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively. Under its agreements with Janssen, the Company recognized royalty revenues related to RISPERDAL CONSTA of $29.6 million and $24.7 million during the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively.

INVEGA SUSTENNA/XEPLION

Under its license agreement with Janssen Pharmaceutica N.V., the Company granted Janssen a worldwide exclusive license under its NanoCrystal technology to develop, commercialize and manufacture INVEGA SUSTENNA/XEPLION and related products.

Under its license agreement, the Company received milestone payments upon the achievement of certain development goals from Janssen; there are no further milestones to be earned under this agreement. The Company receives tiered royalty payments between 5% and 9% of INVEGA SUSTENNA net sales in each country where the license is in effect, with the exact royalty percentage determined based on worldwide net sales. The tiered royalty payments consist of a patent royalty and a know-how royalty, both of which are determined on a county-by-country basis. The patent royalty, which equals 1.5% of net sales, is payable until the expiration of the last of the patents claiming the

14. COLLABORATIVE ARRANGEMENTS (Continued)

product in such country. The know-how royalty is a tiered royalty of 3.5%, 5.5% and 7.5% on aggregate worldwide net sales of below $250 million, between $250 million and $500 million, and greater than $500 million, respectively. The know-how royalty is payable for the later of 15 years from first commercial sale of a product in each individual country or March 31, 2019, subject in each case to the expiry of the license agreement. These royalty payments may be reduced in any country based on patent litigation or on competing products achieving certain minimum sales thresholds. The license agreement expires upon the later of: (i) March 31, 2019; or (ii) the expiration of the last of the patents subject to the agreement. After expiration, Janssen retains a non-exclusive, royalty-free license to develop, manufacture and commercialize the products.

Janssen may terminate the license agreement in whole or in part upon three months' notice to the Company. The Company and Janssen have the right to terminate the agreement upon a material breach of the other party, which is not cured within a certain time period, or upon the other party's bankruptcy or insolvency.

Under its agreements with Janssen, the Company recognized royalty revenues from the sale of INVEGA SUSTENNA/XEPLION of $127.8 million and $82.9 million during the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively.

Acorda

Under an amended and restated license agreement, the Company granted Acorda an exclusive worldwide license to use and sell and, solely in accordance with its supply agreement, to make or have made AMPYRA/FAMPYRA. Under its license agreement with Acorda, the Company receives certain commercial and development milestone payments, license revenues and a royalty of approximately 10% based on net sales of AMPYRA/FAMPYRA by Acorda or its sub-licensee, Biogen Idec. This royalty payment may be reduced in any country based on lack of patent coverage, competing products achieving certain minimum sales thresholds and whether Alkermes manufactures the product.

In June 2009, the Company entered into an amendment of the amended and restated license agreement and the supply agreement with Acorda and, pursuant to such amendment, consented to the sublicense by Acorda to Biogen Idec of Acorda's rights to use and sell FAMPYRA in certain territories outside of the U.S. (to the extent that such rights were to be sublicensed to Biogen Idec) pursuant to its separate collaboration and license agreement with Acorda. Under this amendment, the Company agreed to modify certain terms and conditions of the amended and restated license agreement and the supply agreement with Acorda to reflect the sublicense by Acorda to Biogen Idec.

Acorda has the right to terminate the amended and restated license agreement upon 90 days' written notice. The Company has the right to terminate the amended and restated license agreement for countries in which Acorda fails to launch a product within a specified time after obtaining the necessary regulatory approval or fails to file regulatory approvals within a commercially reasonable time after completion of and receipt of positive data from all preclinical and clinical studies required for filing a marketing authorization application. Either party has the right to terminate the amended and restated license agreement by written notice following a breach of the other party, which is not cured within a certain time-period, or upon the other party's entry into bankruptcy or dissolution proceedings. If the Company terminates Acorda's license in any country, the Company is entitled to a license from Acorda of its patent rights and know-how relating to the product as well as the related data, information and regulatory files, and to market the product in the applicable country, subject to an

14. COLLABORATIVE ARRANGEMENTS (Continued)

initial payment equal to Acorda's cost of developing such data, information and regulatory files and to ongoing royalty payments to Acorda. Subject to the termination of the amended and restated license agreement, licenses granted under the amended and restated license agreement terminate on a country-by-country basis on the later of: (i) September 2018; or (ii) the expiration of the last to expire of our patents or the existence of a threshold level of competition in the marketplace.

Under its commercial manufacturing supply agreement with Acorda, the Company manufactures and supplies AMPYRA/FAMPYRA for Acorda (and its sub-licensees). Under the terms of the agreement, Acorda may obtain up to 25% of its total annual requirements of product from a second-source manufacturer. The Company receives royalties equal to 8% of net selling price for all product manufactured by it and a compensating payment for product manufactured and supplied by a third party. The Company may terminate the commercial manufacturing supply agreement upon 12 months' prior written notice to Acorda and either party may terminate the commercial manufacturing supply agreement following a material and uncured breach of the commercial manufacturing supply or license agreement or the entry into bankruptcy or dissolution proceedings by the other party. In addition, subject to early termination of the commercial manufacturing supply agreement noted above, the commercial manufacturing supply agreement terminates upon the expiry or termination of the license agreement.

The Company is entitled to receive the following milestone payments under its amended and restated license agreement with Acorda for each of the third and fourth new indications of the product developed thereunder upon the:

- initiation of a phase 3 clinical trial: $1.0 million;
- acceptance of an NDA by the FDA: $1.0 million;
- approval of the NDA by the FDA: $1.5 million; and
- the first commercial sale: $1.5 million.

In January 2011, the Company entered into a development and supplemental agreement to its amended and restated license agreement and commercial manufacturing supply agreement with Acorda. Under the terms of this agreement, the Company granted Acorda the right, either with the Company or with a third party, in each case in accordance with certain terms and conditions, to develop new formulations of dalfampridine or other aminopyridines. Under the terms of the agreement, Acorda has the right to select either a formulation developed by the Company or by a third party for commercialization.

The Company is entitled to development fees it incurs in developing formulations under the development and supplemental agreement and, if Acorda selects and commercializes any such formulation, to milestone payments (for new indications if not previously paid), license revenues and royalties in accordance with its amended and restated license agreement for the product, and either manufacturing fees as a percentage of net selling price for product manufactured by the Company or compensating fees for product manufactured by third parties.

If, under the development and supplemental agreement, Acorda selects a formulation not developed by the Company, then the Company will be entitled to various compensation payments and has the first option to manufacture such third-party formulation. The development and supplemental agreement expires upon the expiry or termination of the amended and restated license agreement and may be earlier terminated by either party following an uncured breach of the agreement by the other party.

14. COLLABORATIVE ARRANGEMENTS (Continued)

Acorda's financial obligations under this development and supplemental agreement continue for a minimum of ten years from the first commercial sale of such new formulation, and may extend for a longer period of time, depending on the intellectual property rights protecting the formulation, regulatory exclusivity and/or the absence of significant market competition. These financial obligations survive termination.

During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company recognized $81.3 million and $51.6 million, respectively, of revenues from its arrangements with Acorda.

AstraZeneca

In May 2000, the Company entered into a development and license agreement with Amylin for the development of exendin products falling within the scope of its patents, including the once-weekly formulation of exenatide marketed as BYDUREON. In August 2012, Bristol-Myers Squibb Company ("Bristol-Myers") acquired Amylin. From August 2012 through January 2014, Bristol-Myers and AstraZeneca jointly developed and commercialized Amylin's exendin products, including BYDUREON, through their diabetes collaboration. In April 2013, Bristol-Myers completed its assumption of all global commercialization responsibility related to the marketing of BYDUREON from Amylin's former collaborative partner, Eli Lilly & Company. In February 2014, AstraZeneca acquired sole ownership of the intellectual property and global rights related to BYDUREON and Amylin's other exendin products, including Amylin's rights and obligations under the Company's development and license agreement.

Pursuant to the development and license agreement, AstraZeneca has an exclusive, worldwide license to the Company's polymer-based microsphere technology for the development and commercialization of injectable extended-release formulations of exendins and other related compounds. The Company receives funding for research and development and will also receive royalty payments based on future product sales. Upon the achievement of certain development and commercialization goals, the Company received milestone payments consisting of cash and warrants for Amylin common stock and there are no further milestones to be earned under the agreement. In October 2005 and in July 2006, the Company amended the development and license agreement. Under the amended agreement: (i) the Company is responsible for formulation and is principally responsible for non-clinical development of any products that may be developed pursuant to the agreement and for manufacturing these products for use in early-phase clinical trials; and (ii) the Company transferred certain of its technology related to the manufacture of BYDUREON to Amylin and agreed to the manufacture of BYDUREON by Amylin.

Under the Company's amended agreement, AstraZeneca is responsible for conducting clinical trials, securing regulatory approvals, and commercializing exenatide products including BYDUREON on a worldwide basis.

Until December 31, 2021, the Company will receive royalties equal to 8% of net sales from the first 40 million units of BYDUREON sold in any particular calendar year and 5.5% of net sales from units sold beyond the first 40 million units for that calendar year. Thereafter, during the term of the development and license agreement, the Company will receive royalties equal to 5.5% of net sales of products sold. The Company was entitled to, and received milestone payments related to the first commercial sale of BYDUREON in the EU the first commercial sale of BYDUREON in the U.S.

14. COLLABORATIVE ARRANGEMENTS (Continued)

The development and license agreement expires on the later of: (i) 10 years from the first commercial sale of the last of the products covered by the development and license agreement; or (ii) the expiration or invalidation of all of the Company's patents covering such product. Upon expiration, all licenses become non-exclusive and royalty-free. AstraZeneca may terminate the development and license agreement for any reason upon 180 days' written notice to the Company. In addition, either party may terminate the development and license agreement upon a material default or breach by the other party that is not cured within 60 days after receipt of written notice specifying the default or breach. Alkermes may terminate the development and license agreement upon AstraZeneca's insolvency or bankruptcy.

During the year ended December 31, 2014 and the nine months ended December 31, 2013, the Company recognized $36.6 million and $20.0 million, respectively, of revenues from its arrangements with respect to BYDUREON.

15. INCOME TAXES

The Company's provision (benefit) for income taxes is comprised of the following:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Current income tax provision (benefit):		
U.S. federal	$ 35,147	$ 9,224
U.S. state	880	2,119
Rest of world	915	89
Deferred income tax (benefit) provision:		
Ireland	(17,691)	(3,426)
U.S. federal	(2,654)	(18,317)
U.S. state	(565)	(1,941)
Total tax (benefit) provision	$ 16,032	$(12,252)

The current income tax provision for the year ended December 31, 2014 and the nine months ended December 31, 2013, was primarily due to U.S. federal and state taxes on income earned by the Company in the U.S. A $32.4 million and $11.4 million benefit were recorded to additional paid-in capital in the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively, primarily due to the utilization of current year tax benefits and NOL carryforwards derived from the exercise of employee stock options and vesting of restricted stock units.

The deferred income tax benefit for the year ended December 31, 2014 was primarily due to the creation of a deferred tax asset in Ireland for current year operating losses. The deferred income tax benefit in the nine months ended December 31, 2013 was primarily due to the reversal of a valuation allowance on certain of the Company's U.S. federal and state deferred tax assets.

No provision for income tax has been provided on undistributed earnings of the Company's foreign subsidiaries because such earnings may be repatriated to Ireland without incurring any tax liability. Cumulative unremitted earnings of overseas subsidiaries totaled approximately $80.4 million at December 31, 2014.

15. INCOME TAXES (Continued)

The distribution of the Company's (loss) income before the provision for income taxes by geographical area consisted of the following:

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Ireland	$(159,538)	$(63,975)
U.S.	118,754	49,338
Rest of world	26,755	20,034
(Loss) income before provision for income taxes	$ (14,029)	$ 5,397

The components of the Company's net deferred tax assets (liabilities) were as follows:

(In thousands)	December 31, 2014	December 31, 2013
Deferred tax assets:		
Irish NOL carryforwards	$ 83,278	$ 68,459
Share-based compensation	30,655	24,353
Bonus accrual	6,835	4,585
Tax credit carryforwards	1,655	6,247
Tax benefit from the exercise of stock options	—	9,122
Property, plant and equipment	—	1,912
Other	9,116	10,538
Less: valuation allowance	(71,796)	(69,659)
Total deferred tax assets	59,743	55,557
Deferred tax liabilities:		
Intangible assets	(31,169)	(38,238)
Property, plant and equipment	(21,919)	(21,571)
Unrealized gains on investments	—	(7,719)
Other	(3,849)	(4,421)
Total deferred tax liabilities	(56,937)	(71,949)
Net deferred tax assets (liabilities)	$ 2,806	$(16,392)

The following table presents the breakdown between current and non-current deferred tax assets (liabilities):

(In thousands)	December 31, 2014	December 31, 2013
Current deferred tax assets	$ 13,430	$ 12,777
Non-current deferred tax assets	8,294	—
Non-current deferred tax liabilities	(18,918)	(29,169)
Net deferred tax assets (liabilities)	$ 2,806	$(16,392)

15. INCOME TAXES (Continued)

In addition to deferred tax assets and liabilities, the Company recorded deferred charges related to intercompany transfers of intellectual property, which will be amortized as income tax expense over the economic life of the intangible assets. Deferred charges are included in the following accounts:

(In thousands)	December 31, 2014	December 31, 2013
Prepaid expenses and other current assets	$ 1,296	$ 166
Other assets—long-term	8,836	1,431
Total deferred charges	$10,132	$1,597

At December 31, 2014, the Company maintained a valuation allowance of $1.7 million against certain U.S. state deferred tax assets and $70.1 million against certain Irish deferred tax assets as the Company has determined that it is more-likely-than-not that these net deferred tax assets will not be realized. If the Company demonstrates consistent profitability in the future, the evaluation of the recoverability of these deferred tax assets could change and the remaining valuation allowances could be released in part or in whole. During the last quarter of the nine months ended December 31, 2013, the Company recognized a benefit of $26.5 million relating to a reversal of a valuation allowance against substantially all of its U.S. federal and state deferred tax assets. The decision to release this valuation allowance was made as the Company determined it was more-likely-than-not that these deferred tax assets would be realized. This decision was based on an assessment of the relative impact of all positive and negative evidence that existed at December 31, 2013, including an evaluation of cumulative income in recent years, a significant positive factor that overcame substantive prior negative evidence. In addition, the Company considered forecasts of future sources of taxable income and significant risks and uncertainties in the business.

The tax benefit from the exercise of stock options at December 31, 2013 included in the table above represents benefits accumulated prior to the adoption of Accounting Standards Codification ("ASC") Topic 718 ("ASC 718") that have not been realized. During the year ended December 31, 2014 the Company released the $9.1 million valuation allowance held against these assets and recorded a $9.1 million benefit to additional paid-in capital. Subsequent to the adoption of ASC 718 on April 1, 2006, an additional $52.3 million of tax benefits from stock option exercises and the vesting of restricted stock units, in the form of NOL carryforwards and tax credit carryforwards, have not been recognized in the financial statements and will be accounted for as a credit to additional paid-in capital rather than a reduction of income tax expense once they are realized.

As of December 31, 2014, the Company had $574.4 million of Irish NOL carryforwards, $23.9 million of U.S. federal NOL carryforwards, $8.3 million of state NOL carryforwards, $33.8 million of federal R&D credits, $8.6 million of alternative minimum tax ("AMT") credits and $4.3 million of state tax credits which will either expire on various dates through 2034 or can be carried forward indefinitely. These loss carryforwards and credits are available to reduce certain future Irish and foreign taxable income, and tax, respectively, if any. These loss carryforwards and credits are subject to review and possible adjustment by the appropriate taxing authorities. These loss carryforwards and credits, which may be utilized in any future period, may be subject to limitations based upon changes in the ownership of the company's stock. The Company has performed a review of ownership changes in accordance with the U.S. Internal Revenue Code and the Company has determined that it is more-likely-than-not that, as a result of the Business Combination, the Company experienced a change

15. INCOME TAXES (Continued)

of ownership. As a consequence, the Company's U.S. federal NOL carryforwards and tax credit carryforwards are subject to an annual limitation of $127.0 million.

A reconciliation of the Company's statutory tax rate to its effective tax rate is as follows:

	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Statutory tax rate	12.5%	12.5%
U.S. state income taxes, net of U.S. federal benefit	(5.2)%	40.8%
Foreign rate differential[1]	(203.9)%	209.0%
R&D credit	99.9%	(29.6)%
Change in valuation allowance	(79.5)%	(321.4)%
Intercompany accounts[2]	53.2%	(30.0)%
Irish rate differential[3]	34.0%	(81.4)%
Uncertain tax positions[4]	(10.3)%	(58.7)%
Share-based compensation	(12.8)%	13.6%
Other permanent items[5]	(1.8)%	5.1%
Non-refundable withholding tax	(0.3)%	0.4%
State tax law change	—%	12.7%
Effective tax rate	(114.2)%	(227.0)%

(1) Represents income or losses of non-Irish subsidiaries subject to tax at a rate other than the Irish statutory rate.

(2) Intercompany amounts include cross-territory eliminations, the pre-tax effect of which has been eliminated in arriving at the Company's consolidated (loss) income before taxes.

(3) Represents income or losses of Irish companies subject to tax at a rate other than the Irish statutory rate.

(4) Relates to uncertain tax positions adopted by the Company. In June 2013, the Company filed a change in accounting method with the Internal Revenue Service relating to accrued compensation. The method change was automatic and removed the uncertainty around the timing of the deduction for accrued compensation. The effective date of the method change was April 1, 2012. As a result, the Company released the uncertain tax position and accounted for the application of the method change in the fiscal year ended March 31, 2013.

(5) Other permanent items include, but are not limited to, non-deductible meals and entertainment expenses, non-deductible lobbying expenses and non-deductible compensation of senior officers of the Company.

The U.S. federal research and development credit has not yet been enacted for 2015 and, unless retroactively reinstated, will cause an increase to the Company's 2015 effective tax rate.

15. INCOME TAXES (Continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(In thousands)	Unrecognized Tax Benefits
Balance, April 1, 2013	7,258
Additions based on tax positions related to prior periods	881
Additions based on tax positions related to the current period	244
Decreases due to lapse of statute of limitations and settlement of prior period uncertain tax positions	(7,258)
Balance, December 31, 2013	$1,125
Additions based on tax positions related to prior periods	363
Additions based on tax positions related to the current period	1,077
Decreases due to lapse of statute of limitations and settlement of prior period uncertain tax positions	—
Balance, December 31, 2014	$2,565

The unrecognized tax benefits at December 31, 2014, if recognized, would affect the Company's effective tax rate. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Company has elected to include interest and penalties related to uncertain tax positions as a component of its provision for taxes. For the year ended December 31, 2014, the nine months ended December 31, 2013 and the year ended March 31, 2013, the Company's accrued interest and penalties related to uncertain tax positions were not material.

The Company's major taxing jurisdictions include Ireland and the U.S. (federal and state). These jurisdictions have varying statutes of limitations. In the U.S., the 2012 through 2014 fiscal years remain subject to examination by the respective tax authorities. In Ireland, fiscal years 2010 to 2014 remain subject to examination by the Irish tax authorities. Additionally, because of the Company's Irish and U.S. loss carryforwards and credit carryforwards, certain tax returns from fiscal years 1999 onward may also be examined. These years generally remain open for three to four years after the loss carryforwards and credit carryforwards have been utilized. During the three months ended June 30, 2013, the IRS completed its review of fiscal years 2007, 2008 and 2010 for Alkermes, Inc., the results of which have been reflected in the financial statements. Fiscal year 2012 for Alkermes, Inc. is currently under examination by the Commonwealth of Massachusetts and fiscal years 2011 through 2013 are currently under examination by the New York State Department of Taxation.

16. TRANSITION PERIOD COMPARATIVE DATA

The unaudited information for the year ended December 31, 2013 (which reflects the Company's combined results for the quarter ended March 31, 2013 and the nine-month transition period from

16. TRANSITION PERIOD COMPARATIVE DATA (Continued)

April 1, 2013 through December 31, 2013) and the nine months ended December 31, 2012 is presented below for comparative purposes:

(In thousands, except per share amounts)	Year Ended December 31, 2014	Year Ended December 31, 2013 (unaudited)	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2012 (unaudited)
Statement of Operations Data:				
Revenues	$ 618,789	$ 596,333	$432,911	$412,126
Operating expenses	705,933	561,855	417,417	349,297
Operating (loss)/income	(87,144)	34,478	15,494	62,829
Other expense (net)	73,115	(21,215)	(10,097)	(35,254)
(Loss)/income before income taxes	(14,029)	13,263	5,397	27,575
Income tax provision/(benefit)	16,032	(7,385)	(12,252)	5,591
Net (loss)/income	$ (30,061)	$ 20,648	$ 17,649	$ 21,984
Earnings per ordinary share—basic	$ (0.21)	$ 0.15	$ 0.13	$ 0.17
Earnings per ordinary share—diluted	$ (0.21)	$ 0.14	$ 0.12	$ 0.16
Weighted average ordinary shares outstanding—basic	145,274	135,297	135,960	131,202
Weighted average ordinary shares outstanding—diluted	145,274	144,012	144,961	136,216
Statement of Cash Flows Data:				
Cash flows provided by operations	$ 11,139	$ 147,525	$ 92,221	$ 71,247
Cash flows (used in) provided by investing activities	(263,397)	(177,194)	(65,366)	43,680
Cash flows provided by (used in) financing activities	308,760	61,339	43,746	(62,636)
Increase in cash and cash equivalents	$ 56,502	$ 31,670	$ 70,601	$ 52,291

17. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases certain of its offices, research laboratories and manufacturing facilities under operating leases that expire through the year 2022. Certain of the leases contain provisions for extensions of up to ten years. These lease commitments are primarily related to the Company's corporate headquarters in Ireland and its corporate offices, R&D and manufacturing facilities in Massachusetts. As of December 31, 2014, the total future annual minimum lease payments under the Company's non-cancelable operating leases are as follows:

17. COMMITMENTS AND CONTINGENCIES (Continued)

(In thousands)	Payment Amount
Year Ended:	
2015	$ 5,837
2016	5,139
2017	5,301
2018	5,385
2019	5,420
Thereafter	4,222
	31,304
Less: estimated sublease income	(722)
Total future minimum lease payments	$30,582

Rent expense related to operating leases charged to operations was $5.9 million and $3.7 million for the year ended December 31, 2014 and the nine months ended December 31, 2013, respectively. These amounts were net of sublease income of $0.7 million and $0.7 million, respectively. In addition to its lease commitments, the Company had open purchase orders totaling $272.2 million at December 31, 2014.

Litigation

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of business. For example, there are currently Paragraph IV litigations in the U.S. and other proceedings in Europe involving the Company's patents in respect of TRICOR, MEGACE ES, AMPYRA and ZOHYDRO ER. The Company is not aware of any such proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

18. DEBTORS

	December 31, 2014	December 31, 2013
	(In thousands)	
Amounts falling due within one year		
Trade receivables	$151,551	$134,154
Deferred income taxes	13,430	12,777
Prepaid expenses and other current assets	29,289	14,758
	194,270	161,689
Amounts falling due after more than one year		
Other debtors	34,635	14,891
Total	$228,905	$176,580

19. CREDITORS

	December 31, 2014	December 31, 2013
	(In thousands)	
Amounts falling due within one year		
Accounts payable and accrued expenses	$119,183	$ 83,214
Deferred revenue	2,390	2,974
Value added tax	528	770
Corporate tax	268	210
Other taxes	134	229
	122,503	87,397
Amounts falling due after more than one year		
Deferred income taxes	18,918	29,169
Deferred revenue	11,801	12,213
Other long-term liabilities	11,915	8,752
Total	$165,137	$137,531

20. CAPITAL EXPENDITURE COMMITMENTS

The directors have authorized the Company to spend $53.0 million for capital expenditures in the year ended December 31, 2015.

21. RELATED PARTY DISCLOSURES

The principal related party relationships requiring disclosure in the consolidated financial statements pertain to the existence of subsidiaries and associates and transactions with these entities entered into by the Group and the identification of key management personnel as addressed in greater detail below.

Subsidiaries and Associates

The consolidated financial statements include the results of operations, financial positions and cash flows of the Company and its subsidiaries and associates over which the Company has control. A listing of principal subsidiaries and associates is provided in Note 25, *Subsidiaries.*

Trading Transactions

There were no transactions requiring disclosure under Section 36B of the Irish Companies Act, 1986.

Compensation of Key Management Personnel of the Group

Key management personnel are the Company's executive and non-executive directors and their compensation is disclosed in Note 23, *Directors' Remuneration.*

22. EMPLOYEES

The average number of persons employed by the Company during the year and nine months ended December 31, 2014 and 2013, respectively, was as follows:

	December 31, 2014	December 31, 2013
Manufacturing	667	678
Research and development	297	296
Selling, general and administrative	289	251
Total	1,253	1,225

Employee costs during the year and nine months ended December 31, 2014 and 2013, respectively, consisted of the following:

	December 31, 2014	December 31, 2013
	(In thousands)	
Wages and salaries	$161,436	$ 94,624
Social security[1]	36,871	22,973
Share-based compensation	59,579	33,409
Total	$257,886	$151,006

(1) Social security costs include social security costs, employer paid payroll taxes and other employee benefits paid by the Company.

23. DIRECTORS' REMUNERATION

Directors' remuneration is set forth in the table below. Mr. Pops, the Company's Chairman and Chief Executive Officer, is not compensated for his services as a director. Accordingly, the amounts below include compensation for Mr. Pops' service as Chief Executive Officer (referred to as "Managerial Services") as well as compensation for all non-employee directors in their capacities as such (referred to as "Director Services").

	December 31, 2014	December 31, 2013
	(In thousands)	
Managerial Services[1]	$10,448	$8,697
Director Services[2]	3,925	3,910

(1) Includes salary, the non-equity incentive plan compensation and contributions to the Company's 401(k) plan earned during the year and nine months ended December 31, 2014 and 2013, respectively, as well as the grant date fair value for options and stock awards during the year and nine months ended December 31, 2014 and 2013, respectively.

(2) Includes cash payments and the grant date fair value of option awards granted during the year and nine months ended December 31, 2014 and 2013, respectively.

24. AUDITORS' REMUNERATION

Total auditors' remuneration accrued and paid to PwC and its affiliated firms for the year and nine months ended December 31, 2014 and 2013, respectively, are as follows:

	December 31, 2014	December 31, 2013
	(In thousands)	
Audit and review of financial statements[1]	$1,450	$1,371
Audit-related fees[2]	1,433	158
Tax fees[3]	640	467
All other fees[4]	2	2
Total	$3,525	$1,998

(1) In the year and nine months ended December 31, 2014 and 2013, consists of fees for services related to the audit of the Company's annual consolidated financial statements, statutory audits and the review of the Company's quarterly consolidated financial statements, including the review of the Company's internal controls over financial reporting, and other engagements related to the fiscal year.

(2) In the year ended December 31, 2014, consists of fees for a royalty audit of one of our collaboration agreements and fees for the stand-alone audit of our manufacturing facility in Gainesville, Georgia. In the nine months ended December 31, 2013, consists of fees for a royalty audit of one of the Company's collaboration agreements.

(3) In the year and nine months ended December 31, 2014 and 2013, consists of fees for tax advisory services, other than those related to the audit of our annual consolidated financial statements and review of our quarterly consolidated financial statements. Includes fees paid to PwC Dublin in respect of tax advisory services of $0.1 million during the year and nine months ended December 31, 2014 and 2013.

(4) In the year and nine months ended December 31, 2014 and 2013, consists of fees for access to the PwC on-line accounting research database.

Total fees paid to PwC Ireland in respect of the audit of the group accounts were $0.4 million during the year and nine months ended December 31, 2014 and 2013. In addition, PwC Ireland received $0.1 million for tax advisory services during the year and nine months ended December 31, 2014 and 2013.

25. SUBSIDIARIES

The subsidiaries of Alkermes plc are wholly-owned by Alkermes plc or one of its subsidiaries.

Name	Nature of Business	Registered Office and Country of Incorporation	Percent of Ownership
Alkermes Ireland Holdings Limited	Holding Company	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Pharma Ireland Limited	Manufacturing and R&D	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Finance Ireland Limited	Finance Company	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Daravita Pharma Ireland Limited	Holding Company	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Finance Ireland (No.2) Limited	Finance Company	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Finance Ireland (No.3) Limited	Finance Company	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Daravita Limited	Manufacturing and R&D	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Science Four Limited	Non-Operating	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Science Five Limited	Non-Operating	Connaught House, 1 Burlington Road Dublin 4, Ireland	100%
Alkermes Science Six Limited	Non-Operating	c/o H.P. House, 21 Laffan Street, Hamilton HM 09, Bermuda	100%
Alkermes Finance S.à r.l.	Finance Company	5, rue Guillaume Kroll L-1882 Luxembourg, R.C.S. Luxembourg	100%
Alkermes U.S. Holdings, Inc.	Holding Company	852 Winter Street, Waltham, MA 02451 United States	100%
Alkermes, Inc.	Manufacturing and R&D	852 Winter Street, Waltham, MA 02451 United States	100%
Eagle Holdings USA, Inc.	Holding Company	852 Winter Street, Waltham, MA 02451 United States	100%
Alkermes Gainesville LLC	Manufacturing and R&D	1300 Gould Drive, Gainesville, GA 30504 United States	100%
Alkermes Controlled Therapeutics, Inc.	Non-Operating	852 Winter Street, Waltham, MA 02451 United States	100%
Alkermes Europe, Ltd.	Non-Operating	c/o Mitre house, 160 Aldersgate Street London EC1A 4DD, United Kingdom	100%

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Company Opinion

ALKERMES PLC
COMPANY BALANCE SHEET

	Note	December 31, 2014	December 31, 2013
		(In thousands)	
ASSETS			
Financial Fixed Assets			
Investment in subsidiaries	3	$1,959,842	$2,018,566
Current Assets			
Amounts due from subsidiaries		485,097	167,389
Prepayments and other debtors		1,890	687
Cash at bank and in-hand		63,553	29,289
TOTAL ASSETS		$2,510,382	$2,215,931
LIABILITIES			
Equity Shareholders' Funds			
Share capital, $0.01 par value	4	$ 1,482	$ 1,382
Share premium	5	455,571	158,301
Profit and loss account	5	1,921,696	1,964,549
Treasury shares	5	(32,052)	(17,833)
Other reserves	5	141,172	81,281
Total equity shareholders' funds		2,487,869	2,187,680
Creditors			
Intercompany loan payable—non-current		—	15,000
Intercompany loan payable—current		22,063	12,826
Accruals and other creditors		450	425
Total for creditors		22,513	28,251
TOTAL LIABILITIES		$2,510,382	$2,215,931

The accompanying notes are an integral part of these consolidated financial statements.

The Consolidated Financial Statements were approved by the Board of Directors on April 10, 2015 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC
NOTES TO COMPANY BALANCE SHEET

1. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Acts, 1963 - 2013 and Generally Accepted Accounting Practice in the Republic of Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland). The accompanying balance sheet of Alkermes plc (the "Company") is presented on a stand-alone basis, including related party transactions. The financial statements are presented in the United States ("U.S.") dollars, which is the Company's functional and presentation currency.

On May 21, 2013, the Company's Audit and Risk Committee, with such authority delegated to it by the Company's Board of Directors, approved a change to its fiscal year-end from March 31 to December 31. These financial statements reflect the Company's financial results for the twelve month period from January 1, 2014 through December 31, 2014. The period ended December 31, 2013 reflects the Company's financial results for the nine month period from April 1, 2013 through December 31, 2013 (the "Transition Period").

Investment in Subsidiaries

Alkermes plc's investment in Alkermes Ireland Holdings Limited of $1.6 billion was recorded at cost, which equaled fair value, on September 16, 2011, the date of the Company's incorporation, based on the Company's market capitalization at that time. The investment in Alkermes Pharma Ireland Limited of $315.0 million was recorded at cost, which equaled fair value, on December 6, 2011, the date of Company's reorganization. See Note 3, *Investments in Subsidiaries*, below for further information. The investment is tested for impairment if circumstances or indicators suggest that impairment may exist.

Share Based Payments

Alkermes plc and its subsidiaries operate a number of share based payment plans the details of which are presented in Note 13 to the Consolidated Financial Statements. The share based payment expense associated with the share plans is recognized as an expense by the entity which receives services in exchange for the share based compensation. In these Company only accounts, the profit and loss account is charged with the expense related to the services received by the Company. The cost for options granted to the Company's subsidiaries' employees represents additional capital contributions by the Company to its subsidiaries. An additional investment in subsidiaries has been recorded in respect of those options granted to the Company's subsidiaries' employees, with a corresponding increase in the Company's shareholder equity. The additional capital contribution is based on the fair value at the grant date of the options issued, allocated over the life of the underlying grant's vesting period.

Beginning in the year ended December 31, 2014, an additional capital contribution is being made by the Company's subsidiaries to the Company equal to the fair value of the Company's ordinary shares on the date options are exercised or RSU's vest, less the proceeds received.

Share Premium

The difference between the proceeds received on issue of shares and the nominal value of the shares is credits to the share premium account.

1. Summary of Significant Accounting Policies (Continued)

Profit and loss account

In accordance with Section 3(2) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting the individual profit and loss account. Alkermes plc's loss for the year and nine months ended December 31, 2014 and 2013 was $42.9 million and $39.2 million, respectively.

Cash flow statement

The Company is availing of the exemption afforded by FRS 1 Cash Flow Statements not to provide statement of cash flows. The cash flows of the Company are included in the consolidated financial statements.

Treasury Shares

Ordinary Shares acquired by the Company are deducted from profit and loss account reserves. No gain or loss is recognized in the purchase, sale, issue or cancellation of the Company's ordinary shares.

Foreign Currency

The Company's functional and reporting currency is the U.S. dollar. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. The resulting monetary assets and liabilities are translated into U.S. dollars at exchange rates prevailing on the subsequent balance sheet date. Gains and losses as a result of translation adjustments are recorded within "Other income (expense), net" in the statement of operations.

Taxation

The Company recognizes income taxes under the asset and liability method. Deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The Company accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. The Company evaluates this tax position on a quarterly basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

2. History and Description of the Company

On May 9, 2011, Alkermes plc, Alkermes, Inc., Elan and certain of their respective subsidiaries entered into the Business Combination Agreement and Plan of Merger (the "Business Combination Agreement") pursuant to which Alkermes, Inc., and EDT agreed to combine their businesses under the Company in a cash and share transaction (the "Business Combination"). EDT, which operated as a business unit of Elan with its principal assets predominantly located in Ireland, developed and manufactured pharmaceutical products using its proprietary drug technologies in collaboration with

2. History and Description of the Company (Continued)

pharmaceutical companies worldwide. On May 4, 2011, the Company was incorporated by Elan as Antler Science Two plc in connection with the negotiation and execution of the Business Combination Agreement solely to effect the Business Combination. Following the execution of the Business Combination Agreement, Elan contributed the assets and legal entities that comprised the EDT business to the Company through a combination of asset transfers, share transfers and other intercompany transactions, following which the EDT business was contained in several subsidiaries under the Company. On September 14, 2011, the Company changed its name to Alkermes plc.

On September 16, 2011, the business of Alkermes, Inc., and EDT were combined under the Company. As part of the Business Combination, a wholly owned subsidiary of the Company merge with and into Alkermes, Inc., with Alkermes, Inc., surviving as a wholly owned subsidiary of the Company.

At the effective time of the Business Combination, (i) each share of Alkermes, Inc., common shares then issued and outstanding and all associated rights were canceled and automatically converted into and became the right to receive one ordinary share of Alkermes and (ii) all issued and outstanding options and share awards to purchase Alkermes, Inc., common shares granted under any equity compensation plan were converted into options and share awards to purchase on substantially the same terms and conditions the same number of Alkermes ordinary shares at the same exercise price.

Alkermes plc develops medicines that address the unmet needs and challenges of people living with serious chronic disease. A fully integrated global biopharmaceutical company, Alkermes applies proven scientific expertise, proprietary technologies and global development capabilities to create innovative treatments for major clinical conditions with a focus on central nervous system ("CNS") disorders, such as schizophrenia, addiction and depression.

We create new, proprietary pharmaceutical products for our own account, and we collaborate with other pharmaceutical and biotechnology companies. We are increasingly focused on maintaining rights to commercialize our leading product candidates in certain markets.

We are an Irish public limited company incorporated in Dublin, Ireland, with a research and development ("R&D") center in Waltham, Massachusetts and manufacturing facilities in Athlone, Ireland; Gainesville, Georgia; and Wilmington, Ohio. Our corporate headquarters are located at Connaught House, 1 Burlington Road, Dublin 4, Republic of Ireland.

3. Investments in Subsidiaries

	(In thousands)
Balance—April 1, 2013, at cost	$1,992,879
Capital contribution in respect of share-based payment plans	29,287
Reduction—corporate reorganization	(3,600)
Balance—December 31, 2013, at cost	$2,018,566
Capital contribution in respect of share-based payment plans	56,606
Reduction—equity recharge from subsidiaries	(115,330)
Balance—December 31, 2014, at cost	$1,959,842

4. Share Capital

(In thousands, except per share amounts)	December 31, 2014	December 31, 2013
Authorized:		
40,000 ordinary shares of €1 par value	$ —	$ —
50,000,000 preferred shares of $0.01 par value	500,000	500,000
450,000,000 ordinary shares of $0.01 par value	4,500,000	4,500,000
Share Capital	$5,000,000	$5,000,000

	(In thousands)
Allotted, called-up and fully paid equity:	
At April 1, 2013	$1,338
4,417,464 ordinary shares of $0.01 par value issued in respect of share based payment plans	44
At December 31, 2013	$1,382
5,917,160 ordinary shares of $0.01 par value sold under registered direct offering	59
4,145,419 ordinary shares of $0.01 par value issued in respect of share based payment plans	41
At December 31, 2014	$1,482

See Note 12 to the Consolidated Financial Statements for additional information regarding equity shareholder's funds.

5. Reserves

	Share Premium	Profit and Loss Account	Treasury Shares	Other Reserves	Total
		(In thousands)			
BALANCE—April 1, 2013	$108,480	$2,003,727	(5,380)	$ 48,005	$2,154,832
Net loss	—	(39,178)	—	—	(39,178)
Share-based payment reserve	—	—	—	33,276	33,276
Shares issued under employee share plans	49,033	—	—	—	49,033
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share-based payment awards	788	—	(12,453)	—	(11,665)
BALANCE—December 31, 2013	$158,301	$1,964,549	$(17,833)	$ 81,281	$2,186,298
Net loss	—	(42,853)	—	—	(42,853)
Share-based payment reserve	—	—	—	59,891	59,891
Shares issued under registered direct offering	248,347	—	—	—	248,347
Shares issued under employee share plans	47,544	—	—	—	47,544
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share-based payment awards	1,379	—	(14,219)	—	(12,840)
BALANCE—December 31, 2014	$455,571	$1,921,696	$(32,052)	$141,172	$2,486,387

6. Related Party Transactions

Alkermes plc has not disclosed any related party transactions as it has availed of the exemption available under FRS 8 "Related Party Transactions" 3(c) which exempts disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

7. Contingencies

From time to time, the Company may be subject to other legal proceedings and claims in the ordinary course of business. For example, the Company is currently involved in various sets of Paragraph IV litigations in the U.S. and a similar suit in France in respect of certain of its products. The Company is not aware of any such proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition, cash flows and results of operations.

8. Auditors' Remuneration

(In thousands)	Year Ended December 31, 2014	Nine Months Ended December 31, 2013
Audit of the Company's individual accounts	$10	$10
Other assurance services	—	—
Tax advisory services	—	—
Other non-audit services	—	—
Total	$10	$10

See Note 24 to the Consolidated Financial Statements for additional information regarding fees paid to PwC and its affiliated firms by the Company.

9. Subsequent Events

In March 2015, the Company entered into an agreement with Recro Pharma, Inc. ("Recro"), a specialty pharmaceutical company, to sell our manufacturing facility in Gainesville, GA, the manufacturing and royalty revenue associated with products manufactured at the facility and global rights to Meloxicam IV/IM. The Company will receive an initial cash payment of $50.0 million, development and commercialization milestone payments of up to $120.0 million related to Meloxicam IV/IM and low double-digit royalties on net sales of Meloxicam IV/IM. This transaction is anticipated to close in the second quarter of 2015.

Assets being sold as part of the transaction include the Good Manufacturing Practices ("GMP") facility in Gainesville, which we acquired in 2011 as part of the Company's business combination with Elan Drug Technologies ("EDT"); the Company's rights to RITALIN LA®, FOCALIN XR®, VERELAN® , ZOHYDRO® ER, and BIDILTM; and the late-stage, parenteral formulation of Meloxicam IV/IM, a nonsteroidal anti-inflammatory drug, which has completed multiple phase 2 trials for the management of moderate-to-severe acute pain, as well as related technology.