

FAQs for Customers, Partners & Suppliers

1. What did Mallinckrodt announce?

- In connection with our second quarter 2020 financial results, we provided an update on where we are in our efforts to address the legal and financial challenges impacting our business.
- Over the last two years, we have faced pressure from the opioid litigation claims and, more recently, the retrospective one-time Acthar Gel Medicaid rebate liability. We also have been working to address our debt.
- As you know, we received an adverse ruling in the Acthar Gel matter in March, which is currently pending appeal. As a result of this ruling – and with the prospect of having a \$640 million liability coming due this fall, the opioid litigation pressure and other risks, and our overall debt levels – we have been considering a range of options with our advisors.
- We are having discussions with a number of key stakeholders, including financial creditors and litigation plaintiffs and their advisors.
- While no decision has been made regarding how we will move forward, these discussions could potentially result in a near-term voluntary Chapter 11 filing by Mallinckrodt plc and the majority of its subsidiaries, including the Specialty Brands and Specialty Generics businesses. Our path forward will ultimately be a Board decision.
- Importantly, in all scenarios the Company is contemplating – including a voluntary Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected to continue operating as they have been.
- The goal of a Chapter 11 process by Mallinckrodt plc would be to resolve our litigation and other liabilities and strengthen our capital structure so we could move forward as a healthier and stronger company. Our expectation is that this would be a financial restructuring to address our financial position and legal liabilities, and would not be a reorganization of our internal business operations.
- As we move ahead, we remain committed to ensuring that patients have uninterrupted access to our medicines.

2. Why did Mallinckrodt make this announcement now?

- The various risks and other liabilities facing the Company require that we continue considering all available options to resolve all of these issues.
- Importantly, in all scenarios the Company is contemplating – including a voluntary Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected to continue operating as they have been.
- The goal of a Chapter 11 process by Mallinckrodt plc would be to resolve our litigation and other liabilities and strengthen our capital structure so we could move forward as a healthier and stronger company. Our expectation is that this would be a financial restructuring to address our financial position and legal liabilities, and would **not** be a reorganization of our internal business operations.
- We are considering what is in the best interest of all our stakeholders as we move forward.

3. Does this mean both Specialty Generics and Specialty Brands are going to file for Chapter 11?

- While we have not yet made a decision regarding how we will move forward, a Chapter 11 filing by Mallinckrodt plc is one of the options we are considering. As we work through the decision-making process, we are considering what is in the best interest of all our stakeholders.
- Importantly, in all scenarios the Company is contemplating – including a voluntary Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected continue operating as they have been.
- The goal of a Chapter 11 process by Mallinckrodt plc would be to resolve our litigation and other liabilities and strengthen our capital structure so we could move forward as a healthier and stronger company. Our expectation is that this would be a financial restructuring to address our financial position and legal liabilities, and would **not** be a reorganization of our internal business operations.
- Regardless of what decision is ultimately reached for Mallinckrodt plc and the Specialty Brands business, we continue to expect that Specialty Generics will need to be part of an eventual Chapter 11 filing to implement our proposed settlement with respect to the opioid litigation.

4. What does this mean for the Company’s plans to separate the Specialty Brands and Specialty Generics businesses?

- This continues to be one of our longstanding strategic priorities. As we have said recently, we cannot predict how long this will take.
- It remains our expectation that this will not occur until after Specialty Generics has emerged from the Chapter 11 process.

5. When will you know if Mallinckrodt plc is filing for Chapter 11?

- While there is not a definitive timetable, we are working in the near term to address the legal and financial challenges impacting our business.
- Importantly, in all scenarios the Company is contemplating – including a voluntary Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected continue operating as they have been.
- The goal of a Chapter 11 process by Mallinckrodt plc would be to resolve our litigation and other liabilities and strengthen our capital structure so we could move forward as a healthier and stronger company. Our expectation is that this would be a financial restructuring to address our financial position and legal liabilities, and would **not** be a reorganization of our internal business operations.
- No decisions have been made, and we are considering what is in the best interest of all our stakeholders as we work through the decision-making process.
- We will continue to keep you informed as we have updates to share.

6. Does the Company have sufficient liquidity to meet its obligations?

- We have sufficient liquidity to continue executing our business strategy and meeting our obligations to our customers, vendors, partners and employees.
- As reported in our second quarter financial results, we had we had approximately \$818 million in cash as of June 26, 2020.
- We also continue to generate strong cash flows, with cash from operating activities of \$170.9 million, and free cash flow of \$159.5 million, for the second quarter.

7. What would a Chapter 11 filing by Mallinckrodt plc mean for customers?

- We have not made a decision on how we will move forward. Our quarterly earnings announcement is not expected to have any impact on how we work with customers or on our ability to continue providing them with products and services as normal.
- In all scenarios the Company is contemplating – including a Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected to continue operating and serving customers as they have been.
- We don’t expect there would be any change to how we work with our customers, and we intend to continue supporting them as we do today.
- We are continuing to meet our commitments to our customers, and we remain committed to ensuring that patients have uninterrupted access to all our medicines.
- We look forward to continuing to partner with our customers to improve the lives of patients in need.

8. What would a Chapter 11 filing by Mallinckrodt plc mean for vendors / suppliers?

- We have not made a decision on how we will move forward. Our quarterly earnings announcement has no impact on how we work with our partners or on our ability to continue paying for goods and services in full under our agreed terms.
- In all scenarios that the Company is contemplating – including a Chapter 11 filing by Mallinckrodt plc – all of Mallinckrodt’s businesses are expected to continue operating and serving customers as they have been.
- We have sufficient liquidity to continue executing on our business strategy and meeting our obligations to customers, patients, suppliers and other partners. As reported in our second quarter financial results, we had approximately \$818 million in cash as of June 26, 2020. We are also continuing to generate strong cash flows.
- We value our relationship with our partners appreciate their continued support.

9. Will you continue to fulfill orders if Mallinckrodt plc files for Chapter 11?

- The key take away from our second quarter is that the underlying Specialty Brands and Specialty Generics businesses continue to operate relatively smoothly and we continue to advance our strategic priorities – furthering our pipeline and maximizing the value of our diversified inline portfolio.
- We do not anticipate any changes to how we manufacture or deliver products or fulfill orders, and we intend to continue supporting our customers, patients and other stakeholders as we do today.

10. Will you continue pipeline / drug development if Mallinckrodt plc files for Chapter 11?

- Our businesses are continuing to operate as they have been, and in all of the scenarios the Company is contemplating, Mallinckrodt and all of its businesses are expected to continue operating as they have been.
- We are continuing to support customers and patients and meet our commitments to them, and we remain committed to ensuring that patients have uninterrupted access to all our medicines.
- We also continue to focus on improving outcomes for underserved patients with severe and critical conditions.

11. How is the overall business performing?

- The key takeaway from our results is that we are operating relatively smoothly and executing on our strategic priorities – furthering our pipeline and maximizing the value of our diversified inline portfolio – even in the face of COVID-19 and other competitive and payer pressures.
- We remain committed to ensuring patients have uninterrupted access to all our medicines throughout the COVID-19 health crisis.

12. Where can I obtain additional information?

- We will keep you informed as we move forward.
- If you have any additional questions, please do not hesitate to reach out to your normal company contact.