Press Release

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Shire delivers record quarterly revenues and Non GAAP diluted earnings per ADS up 42%.

Increases Non GAAP diluted earnings per ADS guidance to low-to-mid thirty percent growth in 2014.

July 18, 2014 – Shire (LSE: SHP, NASDAQ: SHPG) announces unaudited results for the three months to June 30, 2014.

Financial Highlights	**Q2 2014**	**Growth[1]**
Product sales	$1,470 million	+22%[2]
Total revenues	$1,502 million	+20%
Non GAAP operating income	$630 million	+32%
US GAAP operating income from continuing operations	$338 million	-14%
Non GAAP EBITDA margin (excluding royalties & other revenues)[3]	44%	n/a
US GAAP net income margin[4]	35%	n/a
Non GAAP diluted earnings per ADS	$2.67	+42%
US GAAP diluted earnings per ADS	$2.66	+96%
Non GAAP cash generation	$659 million	+76%
Non GAAP free cash flow	$830 million	+245%
US GAAP net cash provided by operating activities	$834 million	+223%

[1] Percentages compare to equivalent 2013 period. The 2013 comparatives in this release have been recast to exclude the DERMAGRAFT® business from continuing operations following its divestment on January 17, 2014.
[2] Product sales from continuing operations, including ViroPharma Inc. acquired January 24, 2014, and excluding DERMAGRAFT.
[3] Non GAAP earnings before interest, tax, depreciation and amortization ("EBITDA") as a percentage of product sales, excluding royalties and other revenues.
[4] US GAAP net income as a percentage of total revenues.
The Non GAAP financial measures included within this release are explained on page 29, and are reconciled to the most directly comparable financial measures prepared in accordance with US GAAP on pages 21 - 26.

Flemming Ornskov, M.D., Shire's Chief Executive Officer, commented:
"We have again delivered record quarterly results, with product sales growing by 22%, Non GAAP diluted earnings per ADS growth of 42% and Non GAAP cash generation of $659 million. We have also again increased our expectations for earnings growth in 2014.

These results and our increased guidance highlight the benefits of our strategic focus on high-growth areas.

This performance is a testament to the value AbbVie sees in our company. Today, in a separate announcement, the Boards of Directors of AbbVie and Shire have reached an agreement on the terms of a recommended combination of our two companies.

We have driven strong sustainable growth in our Rare Diseases, Neuroscience and GI business units. CINRYZE, which came to us from our recent ViroPharma acquisition, performed very strongly this quarter generating product sales of $130 million and we believe shows our ability to integrate assets while driving growth.

Our 2014 performance to date means that we are taking an important early stride towards meeting our target of $10 billion in product sales by 2020 – a target which excludes revenues from our two latest acquisitions, Lumena and Fibrotech. Our confidence in our plan is reinforced by raising our 2014 Non GAAP diluted earnings per ADS guidance to growth in the low-to-mid thirty percent range."

FINANCIAL SUMMARY

Second Quarter 2014 Unaudited Results

	Q2 2014			Q2 2013		
	US GAAP	**Adjustments**	**Non GAAP**	US GAAP	Adjustments	Non GAAP
	$M	**$M**	**$M**	$M	$M	$M
Total revenues	**1,502**	**-**	**1,502**	1,252	-	1,252
Operating income	**338**	**292**	**630**	391	88	479
Diluted earnings per ADS	**$2.66**	**$0.01**	**$2.67**	$1.36	$0.52	$1.88

- Product sales grew strongly in Q2 2014 (up 22% to $1,470 million from $1,208 million in Q2 2013). Product sales in Q2 2014 included $141 million for products acquired with ViroPharma Incorporated ("ViroPharma"), primarily $130 million from CINRYZE®. The inclusion of ViroPharma contributed 12% to reported product sales growth in the quarter.

  Excluding products acquired with ViroPharma, product sales grew 10%, primarily driven by VYVANSE® (up 20% to $360 million), REPLAGAL® (up 14% to $131 million) and FIRAZYR® (up 80% to $89 million).

- Total revenues were up 20% to $1,502 million (Q2 2013: $1,252 million), with the strong product sales growth being only modestly offset by lower royalties and other revenues (down 27%).

- On a Non GAAP basis:
  Operating income grew strongly in Q2 2014, up 32% to $630 million (Q2 2013: $479 million) as combined Research and Development ("R&D") and Selling, General and Administrative ("SG&A") costs increased at a much lower rate (up 2%) than total revenues (up 20%).

  On a Non GAAP basis:
  EBITDA margin (excluding royalties and other revenues)[(1)] was 44%, up 6 percentage points compared to Q2 2013 (Q2 2013: 38%), as a result of continued operating leverage. EBITDA margin (excluding royalties and other revenues)[(1)] this quarter was slightly held back by inventory write offs (representing approximately 2% of product sales). R&D costs were 10% lower compared to Q2 2013, and SG&A costs increased by 10%, due in part to the inclusion of ViroPharma's operating costs, which were not incurred in Q2 2013.

  On a US GAAP basis (from continuing operations):
  Operating income was down 14% to $338 million (Q2 2013: $391 million) as a result of higher charges from the change in fair value of contingent consideration liabilities, higher One Shire reorganization costs and increased intangible asset amortization, together with the unwind of the fair value step-up on acquired ViroPharma inventories. Combined R&D and SG&A was up 10%, with R&D down 8% and SG&A up 21% as compared with Q2 2013. Net income margin in Q2 2014 was up 14 percentage points to 35% (Q2 2013: 21%).

- Non GAAP diluted earnings per American Depository Share ("ADS") increased 42% to $2.67 (Q2 2013: $1.88) as a result of higher Non GAAP operating income and a lower Non GAAP effective tax rate of 16% in Q2 2014 (Q2 2013: 23%).

  On a US GAAP basis, diluted earnings per ADS increased 96% to $2.66 (Q2 2013: $1.36). The significant increase in US GAAP diluted earnings per ADS was primarily due to a negative effective tax rate on US GAAP income, driven by the recognition in Q2 2014 of a net credit to income taxes of $216 million following the settlement of certain tax positions with the Canadian revenue authorities in June 2014.

- Cash generation, a Non GAAP measure, was up 76% to $659 million (Q2 2013: $374 million). The growth in cash generation in 2014 resulted from the strong operating income, and lower cash generation in Q2 2013 due to delayed receipts last year from certain large distributors in the US.

[(1)] EBITDA as a percentage of product sales, excluding royalties and other revenues.

Free cash flow, also a Non GAAP measure, was up 245% to $830 million (Q2 2013: $241 million) due to higher cash generation and net cash tax receipts in Q2 2014, principally as a result of the $248 million refund received from the Canadian revenue authorities in the quarter.

On a US GAAP basis, net cash provided by operating activities was up 223% to $834 million (Q2 2013: $259 million).

- Net debt, also a Non GAAP measure, was $920 million at June 30, 2014 (December 31, 2013: net cash of $2,231 million).

  On a US GAAP basis, cash and cash equivalents were $154 million at June 30, 2014 (December 31, 2013: $2,239 million).

OUTLOOK

We have again delivered record quarterly results and following our strong performance in the first half of 2014, we are increasing our guidance for Non GAAP diluted earnings per ADS to low-to-mid thirty percent growth for the full year 2014 (previous guidance: mid-to-high twenty percent growth).

After a strong first half product sales performance, we now expect to see high teens product sales growth for the full year 2014 (previous guidance: mid-to-high teens).

We continue to expect royalties and other revenues to be 10-15% lower than 2013.

We continue to anticipate that our Non GAAP gross margin will be approximately 1 percentage point lower than in 2013.

We expect our operating costs to continue to benefit from our reorganization efforts and focus on operational discipline shown in the first half of the year. As a result, we now anticipate Combined Non GAAP R&D and SG&A to grow by 2-4% compared to 2013 (previous guidance: 4-6% higher).

We are expecting higher Combined Non GAAP R&D and SG&A in the second half than the first half of 2014, as we continue to invest behind our innovative and exciting pipeline, which now includes programs acquired with Fibrotech Therapeutics Pty Ltd. (“Fibrotech”) and Lumena Pharmaceuticals Inc. (“Lumena”). The second half will also see commercial spending on the anticipated launch of SHP465 in the US and XAGRID® in Japan, Binge Eating Disorder disease awareness investments and the continued international expansion of VYVANSE.

Following the cash refunds received and expected from the Canadian revenue authorities, and stronger operational cash flows, we now expect Non GAAP net interest expense to be approximately $10 million lower than in 2013 (previous guidance: at a similar level to 2013).

Our core effective tax rate on Non GAAP income is now expected to be in the range of 17-19% (previous guidance: range of 18-20%).

Taken together, our upgraded Non GAAP diluted earnings per ADS growth for the full year 2014 is now expected to be in the low-to-mid thirty percent range.

Recommended combination of Shire and AbbVie Inc. (“AbbVie”)

AbbVie and Shire earlier today announced that they had agreed the terms of a recommended combination of Shire and AbbVie. Under the terms of the combination, shareholders will be entitled to receive £24.44 in cash and 0.8960 shares in the new Abbvie holding company per Shire ordinary share.

SECOND QUARTER 2014 AND RECENT PRODUCT AND PIPELINE DEVELOPMENTS

Products

VYVANSE – for the treatment of Attention Deficit Hyperactivity Disorder ("ADHD")

- Yesterday, July 17, 2014, Shire announced top-line results from two Phase 4 efficacy and safety studies of VYVANSE compared with CONCERTA® (methylphenidate HCl) with a placebo reference arm in adolescents aged 13-17 diagnosed with ADHD. In SPD489-406, the forced-dose titration study, VYVANSE was found to be statistically superior to CONCERTA on the primary efficacy analysis ($p = 0.0013$) with mean reductions on the ADHD RS-IV total score of 25.4 and 22.1 points, respectively. In SPD489-405, the dose optimization study**,** neither VYVANSE nor CONCERTA was found to be statistically superior to the other on the primary efficacy analysis ($p = 0.0717$), with a larger mean improvement found for VYVANSE than CONCERTA (mean reductions on the ADHD-RS-IV total score of 25.6 and 23.5 points, respectively). The primary efficacy endpoint for both studies was defined as the change from baseline in ADHD-RS-IV total score at Week 6 and Week 8, respectively. In both studies, the types of adverse events appear to be generally consistent with the known safety profile for VYVANSE established in studies of adolescents with ADHD. Further evaluation of the data for both studies is under way.

- On June 12, 2014 Shire announced that it had agreed to a written request by the US Food and Drug Administration ("FDA") to conduct pediatric clinical studies to investigate the potential use of VYVANSE for the treatment of ADHD in preschool-age children, ages 4 to 5. Upon FDA confirmation of a timely submission and review of data that adheres to the requirements of the written request, Shire will be entitled to the benefits of the Best Pharmaceuticals for Children Act, including a six-month extension to the exclusivity afforded by Shire's patents for VYVANSE, which expire in 2023.

Pipeline

SHP 606 lifitegrast – for the treatment of Dry Eye disease

- Following a meeting with the FDA, on May 16, 2014 Shire announced that it intends to submit a New Drug Application ("NDA") for lifitegrast in Q1 2015 as a treatment for the signs and symptoms of Dry Eye disease in adults. In parallel to preparing for the NDA submission, Shire is assessing the need to collect additional clinical data to further strengthen the filing, marketing claims and rest-of world-opportunity for lifitegrast.

VASCUGEL® (SHP613) – for the treatment of Acute Vascular Repair

- Shire made the decision in Q2 2014 to discontinue further development of VASCUGEL, intended to enhance blood vessel repair in patients undergoing hemodialysis. This decision was made based on portfolio prioritization as well as unexpected challenges and complexities with the development program. No new patients will be enrolled in the two Phase 2 trials, but those currently in the trials will be followed for at least 12 weeks for safety. In addition, the 64 patients enrolled in the Arteriovenous Fistula study will be followed for six months, per the study protocol. Once the studies are closed out Shire will analyze available data then make any further decisions regarding VASCUGEL.

Legal Proceedings

VYVANSE patent litigation

- On June 25, 2014 Shire announced that Judge Stanley R. Chesler of the US District Court for the District of New Jersey granted Shire's summary judgment motion in a patent infringement lawsuit, holding that certain claims of the patents protecting VYVANSE were both infringed and valid.

  The ruling prevents the five pharmaceutical manufacturers (the ANDA-defendants) who have filed Abbreviated New Drug Applications ("ANDA"s) from launching generic versions of VYVANSE until the earlier of either a successful appeal to the US Court of Appeals for the Federal Circuit, or the expiration of these patents in 2023. To appeal successfully, the ANDA-defendants must overturn the Court's rulings for each of the 18 patent claims.

  The Court's summary judgment ruling concerning Shire's motion included 18 patent claims from four of the FDA Orange Book-listed patents for VYVANSE, which cover VYVANSE's active ingredient, the lisdexamfetamine dimesylate compound, and a method of using lisdexamfetamine dimesylate for the treatment of ADHD.

OTHER DEVELOPMENTS

Completion of Lumena acquisition

- On June 11, 2014 Shire completed its acquisition of Lumena, a biopharmaceutical company with late stage rare disease pipeline assets. Lumena brings to Shire two new novel, once-daily, orally administered therapeutic compounds: SHP625 (formerly LUM001), in Phase 2 clinical development with four potential orphan indications; and SHP626 (formerly LUM002), ready to enter Phase 2 clinical development later in 2014. SHP625 and SHP626 are both inhibitors of the apical sodium-dependent bile acid transporter ("ASBT"), which is primarily responsible for recycling bile acids from the intestine to the liver. SHP625 works by preventing recycling of bile acids back to the liver and is thought to reduce bile acid accumulation, improve liver function and potentially relieve the extreme itching associated with cholestatic liver disease and is in clinical trials in Alagille Syndrome, Progressive Familial Intrahepatic Cholestasis, Primary Biliary Cirrhosis, and Primary Sclerosing Cholangitis. SHP626 is in development for the treatment of nonalcoholic steatohepatitis, a common and often "silent" liver disease characterized by fat deposits in the liver and inflammation which can progress to significant fibrosis.

Completion of Fibrotech acquisition

- On July 4, 2014 Shire completed its acquisition of Fibrotech, an Australian biopharmaceutical company developing a new class of orally available drugs with a novel mechanism of action which has the potential to address both the inflammatory and fibrotic components of disease processes. Shire will undertake the further development of Fibrotech's lead product candidate SHP627 (formerly FT011), which has completed a Phase 1 study in healthy volunteers and a Phase 1B study in patients with renal impairment. The first Phase 2 study is expected to be initiated to enroll Focal Segmental Glomerulosclerosis ("FSGS") patients next year. In addition to the lead compound SHP627, Shire has acquired Fibrotech's library of novel molecules including FT061, which is in pre-clinical development.

Refunds of US$410 million from the Canadian revenue authorities

- On June 30, 2014, Shire announced that it had received assessments from the Canadian revenue authorities which entitle its Canadian subsidiary, Shire Canada Inc. ("Shire Canada") to total cash refunds equivalent to US$410 million (C$440 million).

  The assessments agreed with original positions adopted by Shire Canada in its Canadian tax returns for the period 1999-2004. On June 24, 2014 Shire received cash refunds of US$248 million (C$266 million)[(1)]. Shire Canada is entitled to receive additional cash refunds of US$162 million (C$174 million)[(1)], expected in late 2014. Following receipt of the assessments Shire recorded a net credit to income taxes of US$216 million in the second quarter of 2014. This income tax credit has been excluded from Non GAAP income, and will therefore not impact Shire's Non GAAP core effective tax rate in 2014.

  The assessments do not impact Shire's current or future income tax profile.

  (1) Translated using a CAD:USD exchange rate of 1:0.93, being the exchange rate on the date of receipt.

DIVIDEND

In respect of the six months ended June 30, 2014 the Board resolved to pay an interim dividend of 3.83 US cents per Ordinary Share (2013: 3.00 US cents per Ordinary Share).

Dividend payments will be made in Pounds Sterling to holders of Ordinary Shares and in US Dollars to holders of ADSs. A dividend of 2.24[(1)] pence per Ordinary Share (an increase of 15% compared to 2013: 1.95 pence) and 11.49 US cents per ADS (an increase of 28% compared to 2013: 9.00 US cents) will be paid on October 3, 2014 to shareholders on the register as at the close of business on September 5, 2014.

[(1)] Translated using a GBP:USD exchange rate of 1.7093.

ADDITIONAL INFORMATION

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OVERVIEW OF SECOND QUARTER 2014 FINANCIAL RESULTS

1. Product sales

For the three months to June 30, 2014 product sales increased by 22%[1] to $1,470 million (Q2 2013: $1,208 million) and represented 98% of total revenues (Q2 2013: 96%).

Product sales[1]	Sales $M	Year on year growth	
		Sales	Non GAAP CER[2]
VYVANSE[3]	359.5	+20%	+20%
ELAPRASE®	152.1	+2%	+2%
LIALDA®/MEZAVANT®	143.6	+4%	+5%
REPLAGAL	130.5	+14%	+14%
CINRYZE	129.9	n/a	n/a
INTUNIV®	100.0	+11%	+11%
ADDERALL XR®	99.8	-11%	-11%
VPRIV®	89.7	+9%	+8%
FIRAZYR	89.0	+80%	+79%
PENTASA®	63.2	-14%	-14%
OTHER	112.3	+14%	+10%
Total	**1,469.6**	**+22%**	**+21%**

(1) Product sales from continuing operations, including ViroPharma Inc. acquired January 24, 2014, and excluding DERMAGRAFT which has been treated as discontinued operations following divestment on January 17, 2014.
(2) On a Constant Exchange Rate ("CER") basis, which is a Non GAAP measure.
(3) Lisdexamfetamine dimesylate ("LDX") currently marketed as VYVANSE in the US & Canada, VENVANSE® in Latin America and ELVANSE® in certain territories in the EU for the treatment of ADHD.

VYVANSE – ADHD

VYVANSE product sales grew strongly in Q2 2014 (up 20% compared to Q2 2013) due to price increases taken since Q2 2013 and to a lesser extent higher prescription demand and good growth in international sales.

ELAPRASE – Hunter syndrome

ELAPRASE product sales in Q2 2014 were up 2% compared to Q2 2013 driven by continued growth in the number of treated patients, especially in emerging markets. Growth in Q2 2014 was held back due to the timing of shipments to certain markets which order less frequently, which benefited sales in Q2 2013.

LIALDA/MEZAVANT – Ulcerative Colitis

Product sales for LIALDA/MEZAVANT in Q2 2014 were up 4%, primarily due to higher US prescription demand (estimated to be up 27%), as LIALDA reached a US exit market share of approximately 31% at Q2 2014. Product sales grew at a lower rate than the strong US prescription demand as a result of higher sales deductions as a percentage of product sales and destocking in Q2 2014, compared to significant stocking in Q2 2013.

REPLAGAL – Fabry disease

REPLAGAL sales were up 14% compared to Q2 2013 as we continue to see good growth in emerging markets and to a lesser extent higher volume demand in Europe. Q2 2014 also benefited from larger bulk orders for Asian markets compared to Q2 2013.

CINRYZE – for the prophylactic treatment of Hereditary Angioedema ("HAE")

Shire acquired CINRYZE through its acquisition of ViroPharma in Q1 2014, and CINRYZE sales were $129.9 million in Q2 2014. CINRYZE grew 37% on Q2 2013[(1)] primarily driven by more patients on therapy, a return to standard levels of inventory and to a lesser extent, a price increase in the US.

[(1)] Q2 2013 recorded by ViroPharma, prior to the acquisition of ViroPharma by Shire.

INTUNIV – ADHD

The growth in INTUNIV product sales (up 11%) in Q2 2014 was driven by price increases taken since Q2 2013, partially offset by higher sales deductions as a percentage of product sales in Q2 2014.

ADDERALL XR – ADHD

ADDERALL XR product sales decreased (down 11%) in Q2 2014 primarily due to lower stocking, lower shipments of product to authorised generic suppliers and higher sales deductions in Q2 2014 as compared to Q2 2013.

VPRIV – Gaucher disease

VPRIV product sales in Q2 2014 were up 9% compared to Q2 2013 as we continue to add naïve patients and gain patients switching from other therapies.

FIRAZYR – for the treatment of acute HAE attacks

FIRAZYR strong product sales growth (up 80%) was primarily due to growth in patients on therapy, the effect of a price increase and a higher number of treated attacks, particularly in the US market.

PENTASA – Ulcerative Colitis

PENTASA product sales decreased in Q2 2014 (down 14%) driven by a decrease in US prescription demand and destocking in Q2 2014 as compared to stocking in Q2 2013, partially offset by price increases taken since Q2 2013.

2. Royalties

Product	Royalties to Shire $M	Year on year growth	
		Royalties	CER
FOSRENOL®	9.4	-13%	-13%
3TC® and ZEFFIX®	8.3	-27%	-25%
ADDERALL XR	4.5	-8%	-8%
Other	7.0	-25%	-28%
Total	29.2	-20%	-20%

3. Financial details

Cost of product sales

	Q2 2014 $M	**% of product sales**	Q2 2013 $M	% of product sales
Cost of product sales (US GAAP)	**277.0**	**19%**	164.3	14%
Unwind of ViroPharma inventory fair value step-up	**(33.7)**		-	
Depreciation	**(17.8)**		(9.2)	
Cost of product sales (Non GAAP)	**225.5**	**15%**	155.1	13%

Non GAAP cost of product sales as a percentage of product sales increased by 2 percentage points in Q2 2014 compared to the same period in 2013. Cost of product sales in Q2 2014 was impacted by inventory write offs (approximating 2% of product sales) and the inclusion of lower margin CINRYZE acquired with ViroPharma.

US GAAP cost of product sales as a percentage of product sales was 5 percentage points higher than the same period in 2013, as in addition to the factors above, Q2 2014 also included charges of $33.7 million on the unwind of the fair value adjustment on acquired ViroPharma inventories.

R&D

	Q2 2014 $M	**% of product sales**	Q2 2013 $M	% of product sales
R&D (US GAAP)	**236.9**	**16%**	256.5	21%
Impairment of intangible assets	**(22.0)**		(19.9)	
Depreciation	**(5.8)**		(4.3)	
R&D (Non GAAP)	**209.1**	**14%**	232.3	19%

Non GAAP R&D decreased by $23.2 million, or 10% in Q2 2014, following the completion of several large Phase 3 programs since Q2 2013 including new uses for LDX, the effect of portfolio prioritization decisions taken during 2013 and lower overheads due to the One Shire reorganization, partially offset by the inclusion of programs acquired with ViroPharma.

US GAAP R&D decreased by $19.6 million, or 8% as compared to Q2 2013.

SG&A

	Q2 2014 $M	**% of product sales**	Q2 2013 $M	% of product sales
SG&A (US GAAP)	**496.2**	**34%**	410.0	34%
Intangible asset amortization	**(61.2)**		(35.9)	
Legal and litigation costs	**(2.2)**		(1.8)	
Costs incurred in connection with the recommended combination of Shire and AbbVie	**(19.1)**		-	
Depreciation	**(21.1)**		(15.6)	
SG&A (Non GAAP)	**392.6**	**27%**	356.7	30%

Non GAAP SG&A increased by $35.9 million, or 10%. The inclusion of ViroPharma SG&A in Q2 2014 and commercial spending in advance of anticipated product launches for certain products, offset lower overheads following the One Shire reorganization. Non GAAP SG&A as a percentage of product sales was 3 percentage points lower than Q2 2013 as we continue to see benefits from the One Shire reorganization and the focus on operational discipline in Q2 2014.

US GAAP SG&A increased by $86.2 million, or 21%, as compared to Q2 2013, primarily due to higher intangible asset amortization as a result of new assets acquired with ViroPharma and costs incurred in connection with the recommended combination of Shire and AbbVie.

Gain on sale of product rights

For the three months to June 30, 2014 Shire recorded a net gain on sale of product rights of $3.8 million (2013: $4.5 million) following the re-measurement of the contingent consideration receivable from the divestment of DAYTRANA®.

Reorganization costs

For the three months to June 30, 2014 Shire recorded reorganization costs of $45.8 million (Q2 2013: $17.7 million), primarily related to the One Shire reorganization as we continue the implementation of our new operating model.

Integration and acquisition costs

For the three months to June 30, 2014 Shire recorded integration and acquisition costs of $112.1 million, comprising $80.6 million relating to the change in fair value of contingent consideration liabilities and $31.5 million primarily related to the acquisition and integration of ViroPharma.

The change in fair value of contingent consideration liabilities principally relates to the acquisition of SARcode Biosciences Inc. ("SARcode"), and the increase in these liabilities reflects Shire's increased confidence in the lifitegrast program and the intention to submit the NDA for lifitegrast in Q1 2015.

In Q2 2013 integration and acquisition costs ($17.4 million) primarily related to the acquisition of SARcode and Lotus Tissue Repair Inc. ("Lotus"), in addition to charges related to the change in fair values of contingent consideration liabilities.

Interest income

For the three months to June 30, 2014 Shire recorded interest income of $18.7 million (2013: $0.5 million), principally due to the recognition of interest income on cash deposited with the Canadian revenue authorities prior to receipt of assessments and related tax refunds in Q2 2014 ($18.6 million). This interest income has been excluded from Non GAAP interest income.

Interest expense

For the three months to June 30, 2014 Shire incurred interest expense of $11.1 million (Q2 2013: $9.1 million). Interest expense in Q2 2014 primarily related to interest and the amortization of issue costs incurred on borrowings to fund the ViroPharma acquisition. Interest expense in Q2 2013 principally related to the coupon and amortization of costs on Shire's convertible bonds which were fully redeemed or converted in Q4 2013.

Taxation

The effective rate of tax on Non GAAP income in Q2 2014 was 16% (Q2 2013: 23%), and on a US GAAP basis the effective rate of tax was -51% (Q2 2013: 24%).

The effective rate of tax on Non GAAP income in Q2 2014 is lower than the same period in 2013, primarily due to changes in profit mix, movements in uncertain tax positions relating to ongoing tax audits and the adverse tax impact in Q2 2013 of the finalisation of various tax returns.

The negative effective rate of tax on US GAAP income from continuing operations in Q2 2014 is due to the recognition of a net tax credit of $216.0 million following the settlement of certain tax positions with the Canadian revenue authorities.

Discontinued operations

The loss from discontinued operations for the three months to June 30, 2014 was $5.2 million net of tax (2013: $32.8 million), primarily relating to costs associated with the divestment of the DERMAGRAFT business.

FINANCIAL INFORMATION

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Unaudited US GAAP financial position as of June 30, 2014
Consolidated Balance Sheets

	June 30, 2014 $M	December 31, 2013 $M
ASSETS		
Current assets:		
Cash and cash equivalents	**153.6**	2,239.4
Restricted cash	**34.1**	22.2
Accounts receivable, net	**1,051.5**	961.2
Inventories	**585.0**	455.3
Assets held for sale	**-**	31.6
Deferred tax asset	**370.2**	315.6
Prepaid expenses and other current assets	**418.6**	263.0
Total current assets	**2,613.0**	4,288.3
Non-current assets:		
Investments	**40.1**	31.8
Property, plant and equipment ("PP&E"), net	**852.5**	891.8
Goodwill	**2,283.4**	624.6
Other intangible assets, net	**5,325.5**	2,312.6
Deferred tax asset	**145.7**	141.1
Other non-current assets	**84.2**	32.8
Total assets	**11,344.4**	8,323.0
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	**1,783.0**	1,688.4
Short term borrowings	**210.8**	-
Other current liabilities	**222.8**	119.5
Total current liabilities	**2,216.6**	1,807.9
Non-current liabilities:		
Long term borrowings	**850.0**	-
Deferred tax liability	**1,403.6**	560.6
Other non-current liabilities	**755.1**	588.5
Total liabilities	**5,225.3**	2,957.0
Equity:		
Common stock of 5p par value; 1,000 million shares authorized; and 598.3 million shares issued and outstanding (2013: 1,000 million shares authorized; and 597.5 million shares issued and outstanding)	**58.6**	58.6
Additional paid-in capital	**4,271.1**	4,186.3
Treasury stock: 11.4 million shares (2013: 13.4 million)	**(368.1)**	(450.6)
Accumulated other comprehensive income	**124.1**	110.2
Retained earnings	**2,033.4**	1,461.5
Total equity	**6,119.1**	5,366.0
Total liabilities and equity	**11,344.4**	8,323.0

Unaudited US GAAP results for the three months and six months to June 30, 2014
Consolidated Statements of Income

	3 months to June 30,		6 months to June 30,	
	2014 $M	2013 $M	**2014 $M**	2013 $M
Revenues:				
Product sales	**1,469.6**	1,207.9	**2,777.7**	2,306.1
Royalties	**29.2**	36.3	**61.5**	74.8
Other revenues	**3.3**	8.0	**9.7**	14.7
Total revenues	**1,502.1**	1,252.2	**2,848.9**	2,395.6
Costs and expenses:				
Cost of product sales	**277.0**	164.3	**506.5**	311.7
R&D[(1)]	**236.9**	256.5	**597.4**	477.1
SG&A[(1)]	**496.2**	410.0	**926.5**	801.7
Goodwill impairment charge	**-**	-	**-**	7.1
Gain on sale of product rights	**(3.8)**	(4.5)	**(40.2)**	(11.0)
Reorganization costs	**45.8**	17.7	**95.2**	35.2
Integration and acquisition costs	**112.1**	17.4	**118.7**	21.5
Total operating expenses	**1,164.2**	861.4	**2,204.1**	1,643.3
Operating income from continuing operations	**337.9**	390.8	**644.8**	752.3
Interest income	**18.7**	0.5	**19.2**	1.2
Interest expense	**(11.1)**	(9.1)	**(18.9)**	(18.3)
Other income/(expense), net	**3.3**	(1.3)	**8.0**	(2.3)
Total other income/(expense), net	**10.9**	(9.9)	**8.3**	(19.4)
Income from continuing operations before income taxes and equity in earnings of equity method investees	**348.8**	380.9	**653.1**	732.9
Income taxes	**176.5**	(90.5)	**125.9**	(161.9)
Equity in earnings of equity method investees, net of taxes	**3.0**	0.5	**2.4**	0.9
Income from continuing operations, net of tax	**528.3**	290.9	**781.4**	571.9
Loss from discontinued operations, net of taxes	**(5.2)**	(32.8)	**(27.9)**	(249.0)
Net income	**523.1**	258.1	**753.5**	322.9

(1) R&D includes intangible asset impairment charges of $22.0 million for the three months to June 30, 2014 (2013: $19.9 million) and $188.0 million for the six months to June 30, 2014 (2013: $19.9 million). SG&A costs include amortization charges of intangible assets relating to intellectual property rights acquired of $61.2 million for the three months to June 30, 2014 (2013: $35.9 million) and $119.0 million for the six months to June 30, 2014 (2013: $72.0 million).

Unaudited US GAAP results for the three months and six months to June 30, 2014
Consolidated Statements of Income (continued)

	3 months to June 30,		6 months to June 30,	
	2014	2013	**2014**	2013
Earnings per Ordinary Share – basic				
Earnings from continuing operations	**90.1c**	52.9c	**133.6c**	103.9c
Loss from discontinued operations	**(0.9c)**	(6.0c)	**(4.8c)**	(45.3c)
Earnings per Ordinary Share – basic	**89.2c**	46.9c	**128.8c**	58.6c
Earnings per ADS – basic	**267.6c**	140.7c	**386.4c**	175.8c
Earnings per Ordinary Share – diluted				
Earnings from continuing operations	**89.5c**	50.9c	**132.3c**	99.9c
Loss from discontinued operations	**(0.9c)**	(5.6c)	**(4.7c)**	(42.4c)
Earnings per Ordinary Share – diluted	**88.6c**	45.3c	**127.6c**	57.5c
Earnings per ADS – diluted	**265.8c**	135.9c	**382.8c**	172.5c

Weighted average number of shares:				
	Millions	Millions	**Millions**	Millions
Basic	**586.4**	549.6	**585.3**	550.5
Diluted	**590.3**	586.0	**590.3**	587.5

Unaudited US GAAP results for the three months and six months to June 30, 2014
Consolidated Statements of Cash Flows

	3 months to June 30,		6 months to June 30,	
	2014 $M	2013 $M	**2014 $M**	2013 $M
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	**523.1**	258.1	**753.5**	322.9
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**108.3**	76.2	**204.8**	151.2
Share based compensation	**29.5**	19.8	**55.7**	36.4
Change in fair value of contingent consideration	**80.6**	11.9	**21.4**	13.7
Impairment of intangible assets	**22.0**	19.9	**188.0**	19.9
Goodwill impairment charge	**-**	-	**-**	198.9
Write down of assets	**0.9**	8.2	**13.0**	8.3
Gain on sale of product rights	**(3.8)**	(4.5)	**(40.2)**	(11.0)
Unwind of ViroPharma inventory fair value step-up	**33.8**	-	**72.5**	-
Other, net	**16.2**	(1.1)	**14.1**	(1.1)
Movement in deferred taxes	**6.8**	19.8	**25.3**	21.2
Equity in earnings of equity method investees	**(3.0)**	(0.5)	**(2.4)**	(0.9)
Changes in operating assets and liabilities:				
Decrease/(increase) in accounts receivable	**40.0**	(51.3)	**(37.3)**	(102.6)
Increase/(decrease) in sales deduction accrual	**35.2**	(4.4)	**106.0**	40.0
Decrease/(increase) in inventory	**6.9**	(24.8)	**(11.7)**	(53.9)
Increase in prepayments and other assets	**(62.9)**	(4.7)	**(137.5)**	(66.5)
Increase/(decrease) in accounts payable and other liabilities	**0.4**	(67.2)	**(145.1)**	(160.7)
Returns on investment from joint venture	**-**	3.2	**-**	3.2
Net cash provided by operating activities[(A)]	**834.0**	258.6	**1,080.1**	419.0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Movements in restricted cash	**(1.8)**	1.7	**(11.9)**	(0.5)
Purchases of subsidiary undertakings and businesses, net of cash acquired	**(253.9)**	(150.6)	**(4,018.3)**	(227.8)
Purchases of non-current investments	**(2.8)**	(3.9)	**(3.1)**	(6.7)
Purchases of PP&E	**(3.8)**	(17.7)	**(19.1)**	(65.0)
Proceeds from short-term investments	**9.5**	-	**56.3**	-
Proceeds from disposal of non-current investments	**-**	7.0	**8.0**	7.7
Proceeds received on sale of product rights	**4.8**	5.5	**52.8**	10.3
Other, net	**0.1**	-	**(2.8)**	2.7
Net cash used in investing activities[(B)]	**(247.9)**	(158.0)	**(3,938.1)**	(279.3)

Unaudited US GAAP results for the three months and six months to June 30, 2014
Consolidated Statements of Cash Flows (continued)

	3 months to June 30,		6 months to June 30,	
	2014 $M	2013 $M	**2014 $M**	2013 $M
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving line of credit, long term and short term borrowings	**140.8**	-	**2,310.8**	-
Repayment of revolving line of credit	**(601.4)**	-	**(1,251.6)**	-
Repayment of debt acquired through business combinations	**(17.6)**	-	**(551.5)**	-
Proceeds from ViroPharma call options	**-**	-	**346.7**	-
Payment of dividend	**(99.6)**	(79.2)	**(99.6)**	(79.2)
Payments to acquire shares by the Employee Benefit Trust ("EBT")	**-**	(50.0)	**-**	(50.0)
Payments to acquire shares under the share buy-back program	**-**	(107.1)	**-**	(177.7)
Excess tax benefit associated with exercise of stock options	**8.6**	1.7	**29.1**	6.1
Contingent consideration payments	**(2.5)**	(2.8)	**(10.3)**	(8.8)
Other, net	**(0.5)**	(6.8)	**(0.3)**	(7.5)
Net cash (used in)/provided by financing activities[C]	**(572.2)**	(244.2)	**773.3**	(317.1)
Effect of foreign exchange rate changes on cash and cash equivalents [D]	**0.6**	(5.2)	**(1.1)**	(2.9)
Net increase/(decrease) in cash and cash equivalents[A] +[B] +[C] +[D]	**14.5**	(148.8)	**(2,085.8)**	(180.3)
Cash and cash equivalents at beginning of period	**139.1**	1,450.7	**2,239.4**	1,482.2
Cash and cash equivalents at end of period	**153.6**	1,301.9	**153.6**	1,301.9

Unaudited US GAAP results for the three months and six months to June 30, 2014
Selected Notes to the Financial Statements

(1) Earnings Per Share ("EPS")

	3 months to June 30,		6 months to June 30,	
	2014	2013	**2014**	2013
	$M	$M	**$M**	$M
Income from continuing operations	**528.3**	290.9	**781.4**	571.9
Loss from discontinued operation	**(5.2)**	(32.8)	**(27.9)**	(249.0)
Numerator for basic EPS	**523.1**	258.1	**753.5**	322.9
Interest on convertible bonds, net of tax	**-**	7.5	**-**	15.1
Numerator for diluted EPS	**523.1**	265.6	**753.5**	338.0
Weighted average number of shares:				
	Millions	Millions	**Millions**	Millions
Basic[1]	**586.4**	549.6	**585.3**	550.5
Effect of dilutive shares:				
Share based awards to employees[2]	**3.9**	2.6	**5.0**	3.3
Convertible bonds[3]	**-**	33.8	**-**	33.7
Diluted	**590.3**	586.0	**590.3**	587.5

(1) Excludes shares purchased by the EBT and under the share buy-back program and presented by Shire as treasury stock.
(2) Calculated using the treasury stock method.
(3) Calculated using the "if converted" method.

The share equivalents not included in the calculation of the diluted weighted average number of shares are shown below:

	3 months to June 30,		6 months to June 30,	
	2014	2013	**2014**	2013
	Millions	Millions	**Millions**	Millions
Share based awards to employees[1]	**0.3**	11.0	**1.2**	9.1

(1) Certain stock options have been excluded from the calculation of diluted EPS because (a) their exercise prices exceeded Shire's average share price during the calculation period or (b) the required performance conditions were not satisfied as at the balance sheet date.

Unaudited US GAAP results for the three months to June 30, 2014
Selected Notes to the Financial Statements

(2) Analysis of revenues

3 months to June 30,	**2014** **$M**	2013 $M	**2014 % change**	**2014 % of total revenue**
Net product sales:				
VYVANSE	**359.5**	300.3	**20%**	**24%**
ELAPRASE	**152.1**	149.2	**2%**	**10%**
LIALDA/MEZAVANT	**143.6**	137.5	**4%**	**10%**
REPLAGAL	**130.5**	114.1	**14%**	**9%**
CINRYZE	**129.9**	-	**n/a**	**9%**
INTUNIV	**100.0**	90.4	**11%**	**7%**
ADDERALL XR	**99.8**	112.3	**-11%**	**7%**
VPRIV	**89.7**	82.5	**9%**	**6%**
FIRAZYR	**89.0**	49.5	**80%**	**6%**
PENTASA	**63.2**	73.6	**-14%**	**4%**
FOSRENOL	**46.7**	42.1	**11%**	**3%**
XAGRID	**27.9**	26.5	**5%**	**2%**
Other product sales	**37.7**	29.9	**26%**	**3%**
Total product sales	**1,469.6**	1,207.9	**22%**	**98%**
Royalties:				
FOSRENOL	**9.4**	10.8	**-13%**	**<1%**
3TC and ZEFFIX	**8.3**	11.3	**-27%**	**<1%**
ADDERALL XR	**4.5**	4.9	**-8%**	**<1%**
Other	**7.0**	9.3	**-25%**	**<1%**
Total royalties	**29.2**	36.3	**-20%**	**2%**
Other revenues	**3.3**	8.0	**-59%**	**<1%**
Total revenues	**1,502.1**	1,252.2	**20%**	**100%**

Unaudited US GAAP results for the six months to June 30, 2014
Selected Notes to the Financial Statements

(2) Analysis of revenues

6 months to June 30,	**2014 $M**	2013 $M	**2014 % change**	**2014 % of total revenue**
Net product sales:				
VYVANSE	**710.7**	598.7	**19%**	**25%**
ELAPRASE	**280.7**	263.5	**7%**	**10%**
LIALDA/MEZAVANT	**272.5**	238.0	**14%**	**10%**
REPLAGAL	**244.8**	228.1	**7%**	**9%**
CINRYZE	**215.5**	-	**n/a**	**8%**
INTUNIV	**182.3**	168.1	**8%**	**6%**
ADDERALL XR	**184.9**	212.1	**-13%**	**6%**
VPRIV	**176.6**	164.1	**8%**	**6%**
FIRAZYR	**163.9**	91.2	**80%**	**6%**
PENTASA	**135.5**	144.6	**-6%**	**5%**
FOSRENOL	**88.1**	84.4	**4%**	**3%**
XAGRID	**55.0**	49.9	**10%**	**2%**
Other product sales	**67.2**	63.4	**6%**	**2%**
Total product sales	**2,777.7**	**2,306.1**	**20%**	**98%**
Royalties:				
FOSRENOL	**22.2**	19.8	**12%**	**1%**
3TC and ZEFFIX	**15.8**	23.8	**-34%**	**1%**
ADDERALL XR	**13.5**	13.0	**4%**	**<1%**
Other	**10.0**	18.2	**-45%**	**<1%**
Total royalties	**61.5**	74.8	**-18%**	**2%**
Other revenues	**9.7**	14.7	**-34%**	**<1%**
Total revenues	**2,848.9**	2,395.6	**19%**	**100%**

Unaudited results for the three months to June 30, 2014
Non GAAP reconciliation

3 months to June 30, 2014	US GAAP	Adjustments						Non GAAP
	$M	(a) $M	(b) $M	(c) $M	(d) $M	(e) $M	(f) $M	$M
Total revenues	**1,502.1**	**-**	**-**	**-**	**-**	**-**	**-**	**1,502.1**
Costs and expenses:								
Cost of product sales	277.0	-	(33.7)	-	-	-	(17.8)	225.5
R&D	236.9	(22.0)	-	-	-	-	(5.8)	209.1
SG&A	496.2	(61.2)	-	-	(2.2)	(19.1)	(21.1)	392.6
Gain on sale of product rights	(3.8)	-	-	3.8	-	-	-	-
Reorganization costs	45.8	-	-	(45.8)	-	-	-	-
Integration and acquisition costs	112.1	-	(112.1)	-	-	-	-	-
Depreciation	-	-	-	-	-	-	44.7	44.7
Total operating expenses	1,164.2	(83.2)	(145.8)	(42.0)	(2.2)	(19.1)	-	871.9
Operating income	**337.9**	**83.2**	**145.8**	**42.0**	**2.2**	**19.1**	**-**	**630.2**
Interest income	18.7	-	-	-	-	(18.6)	-	0.1
Interest expense	(11.1)	-	-	-	-	-	-	(11.1)
Other expense, net	3.3	-	-	-	-	-	-	3.3
Total other income/(expense), net	10.9	-	-	-	-	(18.6)	-	(7.7)
Income before income taxes and equity in earnings of equity method investees	348.8	83.2	145.8	42.0	2.2	0.5	-	622.5
Income taxes	176.5	(31.5)	(15.3)	(12.7)	(0.8)	(216.0)	-	(99.8)
Equity in earnings of equity method investees, net of tax	3.0	-	-	-	-	-	-	3.0
Net income from continuing operations	**528.3**	**51.7**	**130.5**	**29.3**	**1.4**	**(215.5)**	**-**	**525.7**
Loss from discontinued operations, net of tax	(5.2)	-	-	5.2	-	-	-	-
Net income	**523.1**	**51.7**	**130.5**	**34.5**	**1.4**	**(215.5)**	**-**	**525.7**
Weighted average number of shares (millions) – diluted	590.3	-	-	-	-	-	-	590.3
Diluted earnings per ADS	**265.8c**	**26.5c**	**66.4c**	**17.5c**	**0.6c**	**(109.5)**	**-**	**267.3c**

The following items are included in Adjustments:

(a) Amortization and asset impairments: Impairment of IPR&D intangible asset ($22.0 million), amortization of intangible assets relating to intellectual property rights acquired ($61.2 million), and tax effect of adjustments;

(b) Acquisition and integration activities: Unwind of ViroPharma inventory fair value adjustments ($33.7 million), costs primarily associated with the acquisition and integration of ViroPharma ($31.5 million), net charge related to the change in fair value of contingent consideration liabilities ($80.6 million), and tax effect of adjustments;

(c) Divestments, reorganizations and discontinued operations: Gain on re-measurement of DAYTRANA contingent consideration to fair value ($3.8 million), costs relating to the One Shire reorganization ($45.8 million), tax effect of adjustments, and loss from discontinued operations, net of tax ($5.2 million);

(d) Legal and litigation costs: Costs related to litigation, government investigations, other disputes and external legal costs ($2.2 million), and tax effect of adjustments;

(e) Other: Net income tax credit related to the settlement of certain tax positions with the Canadian revenue authorities ($216.0 million), related interest income received in respect of cash deposited with the Canadian revenue authorities ($18.6 million), costs associated with the recommended combination of Shire and AbbVie ($19.1 million), and tax effect of adjustments; and

(f) Depreciation reclassification: Depreciation of $44.7 million included in Cost of product sales, R&D and SG&A for US GAAP separately disclosed for the presentation of Non GAAP earnings.

Unaudited results for the three months to June 30, 2013
Non GAAP reconciliation

3 months to June 30, 2013	US GAAP	Adjustments					Non GAAP
		(a)	(b)	(c)	(d)	(e)	
	$M	$M	$M	$M	$M	$M	$M
Total revenues	**1,252.2**	**-**	**-**	**-**	**-**	**-**	**1,252.2**
Costs and expenses:							
Cost of product sales	164.3	-	-	-	-	(9.2)	155.1
R&D	256.5	(19.9)	-	-	-	(4.3)	232.3
SG&A	410.0	(35.9)	-	-	(1.8)	(15.6)	356.7
Gain on sale of product rights	(4.5)	-	-	4.5	-	-	-
Reorganization costs	17.7	-	-	(17.7)	-	-	-
Integration and acquisition costs	17.4	-	(17.4)	-	-	-	-
Depreciation	-	-	-	-	-	29.1	29.1
Total operating expenses	861.4	(55.8)	(17.4)	(13.2)	(1.8)	-	773.2
Operating income	**390.8**	**55.8**	**17.4**	**13.2**	**1.8**	**-**	**479.0**
Interest income	0.5	-	-	-	-	-	0.5
Interest expense	(9.1)	-	-	-	-	-	(9.1)
Other expense, net	(1.3)	-	-	-	-	-	(1.3)
Total other expense, net	(9.9)	-	-	-	-	-	(9.9)
Income before income taxes and equity in earnings of equity method investees	380.9	55.8	17.4	13.2	1.8	-	469.1
Income taxes	(90.5)	(10.9)	(1.6)	(5.8)	(0.7)	-	(109.5)
Equity in earnings of equity method investees, net of tax	0.5	-	-	-	-	-	0.5
Income from continuing operations	**290.9**	**44.9**	**15.8**	**7.4**	**1.1**	**-**	**360.1**
Loss from discontinued operations, net of tax	(32.8)	-	-	32.8	-	-	-
Net income	**258.1**	**44.9**	**15.8**	**40.2**	**1.1**	**-**	**360.1**
Impact of convertible debt, net of tax	7.5	-	-	-	-	-	7.5
Numerator for diluted EPS	**265.6**	**44.9**	**15.8**	**40.2**	**1.1**	**-**	**367.6**
Weighted average number of shares (millions) – diluted	586.0	-	-	-	-	-	586.0
Diluted earnings per ADS	**135.9c**	**23.0c**	**8.1c**	**20.6c**	**0.5c**	**-**	**188.1c**

The following items are included in Adjustments:

a) Amortization and asset impairments: Impairment of IPR&D intangible assets acquired with Movetis ($19.9 million), amortization of intangible assets relating to intellectual property rights acquired ($35.9 million), and tax effect of adjustments;

b) Acquisition and integration activities: Costs primarily associated with the acquisition of SARcode and Lotus ($5.5 million), charges related to the change in fair values of contingent consideration liabilities ($11.9 million), and tax effect of adjustments;

c) Divestments, reorganizations and discontinued operations: Gain on re-measurement of DAYTRANA contingent consideration to fair value ($4.5 million), costs relating to the collective dismissal and closure of Shire's facility at Turnhout, Belgium and the One Shire reorganization costs ($17.7 million), tax effect of adjustments, and loss from discontinued operations, net of tax ($32.8 million);

d) Legal and litigation costs: Costs related to litigation, government investigations, other disputes and external legal costs ($1.8 million), and tax effect of adjustments; and

e) Depreciation reclassification: Depreciation of $29.1 million included in Cost of product sales, R&D and SG&A for US GAAP separately disclosed for the presentation of Non GAAP earnings.

Unaudited results for the six months to June 30, 2014
Non GAAP reconciliation

6 months to June 30, 2014	US GAAP	Adjustments						Non GAAP
	$M	(a) $M	(b) $M	(c) $M	(d) $M	(e) $M	(f) $M	$M
Total revenues	**2,848.9**	**-**	**-**	**-**	**-**	**-**	**-**	**2,848.9**
Costs and expenses:								
Cost of product sales	506.5	-	(72.5)	-	-	-	(28.0)	406.0
R&D	597.4	(188.0)	-	-	-	-	(11.6)	397.8
SG&A	926.5	(119.0)	-	-	(3.9)	(19.1)	(41.9)	742.6
Gain on sale of product rights	(40.2)	-	-	40.2	-	-	-	-
Reorganization costs	95.2	-	-	(95.2)	-	-	-	-
Integration and acquisition costs	118.7	-	(118.7)	-	-	-	-	-
Depreciation	-	-	-	-	-	-	81.5	81.5
Total operating expenses	2,204.1	(307.0)	(191.2)	(55.0)	(3.9)	(19.1)	-	1,627.9
Operating income	**644.8**	**307.0**	**191.2**	**55.0**	**3.9**	**19.1**	**-**	**1,221.0**
Interest income	19.2	-	-	-	-	(18.6)	-	0.6
Interest expense	(18.9)	-	-	-	-	-	-	(18.9)
Other income/(expense), net	8.0	-	-	(5.0)	-	-	-	3.0
Total other income/(expense), net	8.3	-	-	(5.0)	-	(18.6)	-	(15.3)
Income before income taxes and equity in earnings of equity method investees	653.1	307.0	191.2	50.0	3.9	0.5	-	1,205.7
Income taxes	125.9	(76.0)	(25.5)	(25.4)	(1.4)	(216.0)	-	(218.4)
Equity in earnings of equity method investees, net of tax	2.4	-	-	-	-	-	-	2.4
Income from continuing operations	**781.4**	**231.0**	**165.7**	**24.6**	**2.5**	**(215.5)**	**-**	**989.7**
Loss from discontinued operations, net of tax	**(27.9)**	-	-	27.9	-	-	-	-
Net income	**753.5**	**231.0**	**165.7**	**52.5**	**2.5**	**(215.5)**	**-**	**989.7**
Numerator for diluted EPS	**753.5**	**231.0**	**165.7**	**52.5**	**2.5**	**(215.5)**	**-**	**989.7**
Weighted average number of shares (millions) – diluted	590.3	-	-	-	-	-	-	590.3
Diluted earnings per ADS	**382.8c**	**117.4c**	**84.4c**	**26.8c**	**1.2c**	**(109.5)**	**-**	**503.1c**

The following items are included in Adjustments:

(a) Amortization and asset impairments: Impairment of IPR&D intangible assets ($188.0 million), amortization of intangible assets relating to intellectual property rights acquired ($119.0 million), and tax effect of adjustments;

(b) Acquisitions and integration activities: Unwind of ViroPharma inventory fair value adjustments ($72.5 million), costs primarily associated with acquisition of ViroPharma ($97.3 million), net charge related to the change in fair values of contingent consideration liabilities ($21.4 million), and tax effect of adjustments;

(c) Divestments, reorganizations and discontinued operations: Gain on sale of CALCICHEW product rights and on re-measurement of DAYTRANA contingent consideration to fair value ($40.2 million), costs relating to the One Shire reorganization ($95.2 million), gain on sale of long term investments ($5.0 million), tax effect of adjustments and loss from discontinued operations, net of tax ($27.9 million);

(d) Legal and litigation costs: Costs related to litigation, government investigations, other disputes and external legal costs ($3.9 million), and tax effect of adjustments;

(e) Other: Net income tax credit related to the settlement of certain tax positions with the Canadian revenue authorities ($216.0 million), related interest income received in respect of cash deposited with the Canadian revenue authorities ($18.6 million), costs associated with the recommended combination of Shire and AbbVie ($19.1 million), and tax effect of adjustment; and

(f) Depreciation reclassification: Depreciation of $81.5 million included in Cost of product sales, R&D and SG&A for US GAAP separately disclosed for the presentation of Non GAAP earnings.

Unaudited results for the six months to June 30, 2013
Non GAAP reconciliation

6 months to June 30, 2013	US GAAP	Adjustments					Non GAAP
		(a)	(b)	(c)	(d)	(e)	
	$M	$M	$M	$M	$M	$M	$M
Total revenues	**2,395.6**	**-**	**-**	**-**	**-**	**-**	**2,395.6**
Costs and expenses:							
Cost of product sales	311.7	-	-	-	-	(16.3)	295.4
R&D	477.1	(19.9)	-	-	-	(8.9)	448.3
SG&A	801.7	(72.0)	-	-	(3.4)	(31.7)	694.6
Goodwill impairment charge	7.1	(7.1)	-	-	-	-	-
Gain on sale of product rights	(11.0)	-	-	11.0	-	-	-
Reorganization costs	35.2	-	-	(35.2)	-	-	-
Integration and acquisition costs	21.5	-	(21.5)	-	-	-	-
Depreciation	-	-	-	-	-	56.9	56.9
Total operating expenses	1,643.3	(99.0)	(21.5)	(24.2)	(3.4)	-	1,495.2
Operating income	**752.3**	**99.0**	**21.5**	**24.2**	**3.4**	**-**	**900.4**
Interest income	1.2	-	-	-	-	-	1.2
Interest expense	(18.3)	-	-	-	-	-	(18.3)
Other expense, net	(2.3)	-	-	-	-	-	(2.3)
Total other expense, net	(19.4)	-	-	-	-	-	(19.4)
Income before income taxes and equity in earnings of equity method investees	732.9	99.0	21.5	24.2	3.4	-	881.0
Income taxes	(161.9)	(21.9)	(2.1)	(5.8)	(1.3)	-	(193.0)
Equity in earnings of equity method investees, net of tax	0.9	-	-	-	-	-	0.9
Income from continuing operations	**571.9**	**77.1**	**19.4**	**18.4**	**2.1**	**-**	**688.9**
Loss from discontinued operations, net of tax	(249.0)	-	-	249.0	-	-	-
Net income	**322.9**	**77.1**	**19.4**	**267.4**	**2.1**	**-**	**688.9**
Impact of convertible debt, net of tax	15.1	-	-	-	-	-	15.1
Numerator for diluted EPS	**338.0**	**77.1**	**19.4**	**267.4**	**2.1**	**-**	**704.0**
Weighted average number of shares (millions) – diluted	587.5	-	-	-	-	-	587.5
Diluted earnings per ADS	**172.5c**	**39.4c**	**9.9c**	**136.5c**	**1.1c**	**-**	**359.4c**

The following items are included in Adjustments:

(a) Amortization and asset impairments: Impairment of IPR&D intangible assets acquired with Movetis ($19.9 million), impairment of goodwill relating to Shire's Regenerative Medicine Business relating to continuing operations ($7.1 million), amortization of intangible assets relating to intellectual property rights acquired ($72.0 million), and tax effect of adjustments;

(b) Acquisitions and integration activities: Costs primarily associated with the acquisition of SARcode and Lotus ($7.8 million), charges related to the change in fair values of contingent consideration liabilities ($13.7 million), and tax effect of adjustments;

(c) Divestments, reorganizations and discontinued operations: Re-measurement of DAYTRANA contingent consideration to higher fair value ($11.0 million), costs relating to the collective dismissal and closure of Shire's facility at Turnhout, Belgium and the One Shire reorganization costs ($35.2 million), tax effect of adjustments and loss from discontinued operations, net of tax ($249.0 million);

(d) Legal and litigation costs: Costs related to litigation, government investigations, other disputes and external legal costs ($3.4 million), and tax effect of adjustments; and

(e) Depreciation reclassification: Depreciation of $56.9 million included in Cost of product sales, R&D and SG&A for US GAAP separately disclosed for the presentation of Non GAAP earnings.

Unaudited results for the three months and six months to June 30, 2014
Non GAAP reconciliation

The following table reconciles US GAAP net income to Non GAAP EBITDA:

	3 months to June 30,		6 months to June 30,	
	2014	2013	**2014**	2013
	$M	$M	**$M**	$M
US GAAP Net Income	**523.1**	258.1	**753.5**	322.9
(Deduct) / add back:				
Loss from discontinued operations, net of tax	**5.2**	32.8	**27.9**	249.0
Equity in earnings of equity method investees, net of taxes	**(3.0)**	(0.5)	**(2.4)**	(0.9)
Income taxes	**(176.5)**	90.5	**(125.9)**	161.9
Other expense/ (income), net	**(3.3)**	1.3	**(8.0)**	2.3
Interest expense	**11.1**	9.1	**18.9**	18.3
Interest income	**(18.7)**	(0.5)	**(19.2)**	(1.2)
US GAAP Operating income from continuing operations	**337.9**	390.8	**644.8**	752.3
Amortization	**61.2**	35.9	**119.0**	72.0
Depreciation	**44.7**	29.1	**81.5**	56.9
Asset impairments	**22.0**	19.9	**188.0**	27.0
Acquisition and integration activities	**145.8**	17.4	**191.2**	21.5
Divestments, reorganizations and discontinued operations	**42.0**	13.2	**55.0**	24.2
Legal and litigation costs	**2.2**	1.8	**3.9**	3.4
Other	**19.1**	-	**19.1**	-
Non GAAP EBITDA	**674.9**	508.1	**1,302.5**	957.3
Depreciation	(44.7)	(29.1)	(81.5)	(56.9)
Non GAAP Operating income from continuing operations	**630.2**	479.0	**1,221.0**	900.4
Net income margin[(1)]	**35%**	21%	**26%**	13%
Non GAAP EBITDA margin[(2)]	**44%**	38%	**44%**	38%

[(1)] Net income margin as a percentage of total revenues

[(2)] Non GAAP EBITDA margin as a percentage of product sales, excluding royalties and other revenues

Unaudited results for the three months and six months to June 30, 2014

Non GAAP reconciliation

The following table reconciles US GAAP net cash provided by operating activities to Non GAAP cash generation:

	3 months to June 30,		6 months to June 30,	
	2014 $M	2013 $M	**2014 $M**	2013 $M
Net cash provided by operating activities	**834.0**	258.6	**1,080.1**	419.0
Tax and interest payments, net	**72.6**	115.4	**157.8**	212.5
Receipt from the Canadian revenue authorities	**(248.0)**	-	**(248.0)**	-
Non GAAP cash generation	**658.6**	374.0	**989.9**	631.5

The following table reconciles US GAAP net cash provided by operating activities to Non GAAP free cash flow:

	3 months to June 30,		6 months to June 30,	
	2014 $M	2013 $M	**2014 $M**	2013 $M
Net cash provided by operating activities	**834.0**	258.6	**1,080.1**	419.0
Capital expenditure	**(3.8)**	(17.7)	**(19.1)**	(65.0)
Non GAAP free cash flow	**830.2**	240.9	**1,061.0**	354.0

Non GAAP net (debt)/cash comprises:

	June 30, 2014 $M	December 31, 2013 $M
Cash and cash equivalents	**153.6**	2,239.4
Long term borrowings	**(850.0)**	-
Short term borrowings	**(210.8)**	-
Other debt	**(13.1)**	(8.9)
Non GAAP net (debt)/cash	**(920.3)**	2,230.5

NOTES TO EDITORS

Shire enables people with life-altering conditions to lead better lives.

Our strategy is to focus on developing and marketing innovative specialty medicines to meet significant unmet patient needs.

We focus on providing treatments in Neuroscience, Rare Diseases, Gastrointestinal, and Internal Medicine and we are developing treatments for symptomatic conditions treated by specialist physicians in other targeted therapeutic areas, such as Ophthalmology.

www.shire.com

CODE

This announcement constitutes a profit forecast and has been reported on under Rule 28 of the City Code on Takeovers and Mergers (the "Code") by Deloitte LLP ("Deloitte"), the Company's reporting accountants, and by Citigroup Global Markets Limited ("Citi"), Evercore Partners International LLP ("Evercore"), Goldman Sachs International ("Goldman Sachs") and Morgan Stanley & Co. International plc ("Morgan Stanley"), the Company's financial advisers. As required by the Takeover Code, their reports are set out in Schedule 2 of the Q2 Earnings Release dated July 18, 2014 which is available on the Shire website at www.shire.com. Deloitte, Citi, Evercore, Goldman Sachs and Morgan Stanley have given and not withdrawn their consent to publication of this announcement with the inclusion of their reports.

In accordance with Rule 28.4(a) of the Code, the principal assumptions upon which the forecast is based are included at Schedule 1 to this announcement. In accordance with Rule 28.4(c) of the Code, there is a clear distinction in Schedule 1 between assumptions which the directors of Shire (or other members of Shire's management) can influence and those which they cannot influence.

FURTHER INFORMATION

Citi, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for Shire and for no-one else in connection with the matters set out in this announcement and will not be responsible to anyone other than Shire for providing the protections afforded to its clients or for providing advice in connection with the matters set out in this announcement.

Evercore, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively for Shire and no one else in connection with the matters referred to in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Shire for providing the protections afforded to clients of Evercore, nor for providing advice in relation to the matters referred to in this announcement.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser to Shire and no one else in connection with the matters referred to in this announcement. In connection with such matters Goldman Sachs International, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Shire for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the contents of this announcement or any other matter referred to herein.

Morgan Stanley, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser to Shire and no one else in connection with the matters referred to in this announcement. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person other than Shire for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

FORWARD - LOOKING STATEMENTS - "SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements included in this announcement that are not historical facts are forward-looking statements. Forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, Shire's results could be materially adversely affected. The risks and uncertainties include, but are not limited to, that:

- Shire's products may not be a commercial success;
- revenues from ADDERALL XR are subject to generic erosion and revenues from INTUNIV will become subject to generic competition starting in December 2014;
- the failure to obtain and maintain reimbursement, or an adequate level of reimbursement, by third-party payors in a timely manner for Shire's products may impact future revenues, financial condition and results of operations;
- Shire conducts its own manufacturing operations for certain of its Rare Diseases products and is reliant on third party contractors to manufacture other products and to provide goods and services. Some of Shire's products or ingredients are only available from a single approved source for manufacture. Any disruption to the supply chain for any of Shire's products may result in Shire being unable to continue marketing or developing a product or may result in Shire being unable to do so on a commercially viable basis for some period of time.
- the development, approval and manufacturing of Shire's products is subject to extensive oversight by various regulatory agencies. Submission of an application for regulatory approval of any of our product candidates, such as our planned submission of a New Drug Application to the FDA for Lifitegrast as a treatment for the signs and symptoms of dry eye disease in adults, may be delayed for any number of reasons and, once submitted, may be subjected to lengthy review and ultimately rejected. Moreover, regulatory approvals or interventions associated with changes to manufacturing sites, ingredients or manufacturing processes could lead to significant delays, increase in operating costs, lost product sales, an interruption of research activities or the delay of new product launches;
- the actions of certain customers could affect Shire's ability to sell or market products profitably. Fluctuations in buying or distribution patterns by such customers can adversely impact Shire's revenues, financial conditions or results of operations;
- investigations or enforcement action by regulatory authorities or law enforcement agencies relating to Shire's activities in the highly regulated markets in which it operates may result in the distraction of senior management, significant legal costs and the payment of substantial compensation or fines;
- adverse outcomes in legal matters and other disputes, including Shire's ability to enforce and defend patents and other intellectual property rights required for its business, could have a material adverse effect on Shire's revenues, financial condition or results of operations;
- Shire faces intense competition for highly qualified personnel from other companies, academic institutions, government entities and other organizations. Shire is undergoing a corporate reorganization and the consequent uncertainty could adversely impact Shire's ability to attract and/or retain the highly skilled personnel needed for Shire to meet its strategic objectives;
- failure to achieve Shire's strategic objectives with respect to the acquisition of ViroPharma Incorporated may adversely affect Shire's financial condition and results of operations;

and other risks and uncertainties detailed from time to time in Shire's filings with the US Securities and Exchange Commission, including its most recent Annual Report on Form 10-K

NON GAAP MEASURES

This press release contains financial measures not prepared in accordance with US GAAP. These measures are referred to as "Non GAAP" measures and include: *Non GAAP operating income; Non GAAP net income; Non GAAP diluted earnings per ADS; effective tax rate on Non GAAP income before income taxes and earnings/(losses) of equity method investees ("effective tax rate on Non GAAP income"); Non GAAP cost of product sales; Non GAAP R&D; Non GAAP SG&A; Non GAAP other income/(expense); Non GAAP interest income; Non GAAP cash generation; Non GAAP free cash flow, Non GAAP net cash/(debt), Non GAAP EBITDA and Non GAAP* EBITDA margin (excluding royalties and other revenues)[(2)]. These Non GAAP measures exclude the effect of certain cash and non-cash items that Shire's management believes are not related to the core performance of Shire's business.

These Non GAAP financial measures are used by Shire's management to make operating decisions because they facilitate internal comparisons of Shire's performance to historical results and to competitors' results. Shire's Remuneration Committee uses certain key Non GAAP measures when assessing the performance and compensation of employees, including Shire's executive director.

The Non GAAP measures are presented in this press release as Shire's management believe that they will provide investors with a means of evaluating, and an understanding of how Shire's management evaluates, Shire's performance and results on a comparable basis that is not otherwise apparent on a US GAAP basis, since many non-recurring, infrequent or non-cash items that Shire's management believe are not indicative of the core performance of the business may not be excluded when preparing financial measures under US GAAP.

These Non GAAP measures should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with US GAAP.

Where applicable the following items, including their tax effect, have been excluded when calculating Non GAAP earnings for both 2014 and 2013, and from our Outlook:

Amortization and asset impairments:
- Intangible asset amortization and impairment charges; and
- Other than temporary impairment of investments.

Acquisitions and integration activities:
- Up-front payments and milestones in respect of in-licensed and acquired products;
- Costs associated with acquisitions, including transaction costs, fair value adjustments on contingent consideration and acquired inventory;
- Costs associated with the integration of companies; and
- Noncontrolling interests in consolidated variable interest entities.

Divestments, reorganizations and discontinued operations:
- Gains and losses on the sale of non-core assets;
- Costs associated with restructuring and reorganization activities;
- Termination costs; and
- Income/(losses) from discontinued operations.

Legal and litigation costs:
- Net legal costs related to the settlement of litigation, government investigations and other disputes (excluding internal legal team costs).

Other:
- Net income tax credit (being income tax, interest and estimated penalties) related to the settlement of certain tax positions with the Canadian revenue authorities.
- Costs associated with the recommended combination of Shire and AbbVie.

Depreciation, which is included in Cost of product sales, R&D and SG&A costs in our US GAAP results, has been separately disclosed for the presentation of 2014 and 2013 Non GAAP earnings.

Cash generation represents net cash provided by operating activities, excluding up-front and milestone payments for in-licensed and acquired products, tax and interest payments.

[(2)] EBITDA as a percentage of product sales, excluding royalties and other revenues.

Free cash flow represents net cash provided by operating activities, excluding up-front and milestone payments for in-licensed and acquired products, but including capital expenditure in the ordinary course of business.

A reconciliation of Non GAAP financial measures to the most directly comparable measure under US GAAP is presented on pages 21 to 26.

Growth at CER, which is a Non GAAP measure, is computed by restating 2014 results using average 2013 foreign exchange rates for the relevant period.

Average exchange rates used by Shire for the six months to June 30, 2014 were $1.67:£1.00 and $1.37:€1.00 (2013: $1.55:£1.00 and $1.31:€1.00). Average exchange rates used by Shire for Q2 2014 were $1.68:£1.00 and $1.38:€1.00 (2013: $1.53:£1.00 and $1.30:€1.00).

TRADE MARKS

All trade marks designated ® and ™ used in this press release are trade marks of Shire plc or companies within the Shire group except for CONCERTA® which is a trade mark of Alza Corporation, 3TC® and ZEFFIX® which are trade marks of GlaxoSmithKline, PENTASA® which is a registered trade mark of FERRING B.V., LIALDA® and MEZAVANT® which are trade marks of Nogra Pharma Limited, CALCICHEW® which is a trade mark of Takeda Nycomed AS, and DAYTRANA® which is a trade mark of Noven Therapeutics, LLC. Certain trade marks of Shire plc or companies within the Shire group are set out in Shire's Annual Report on Form 10-K for the year ended December 31, 2013 and the Quarterly Report on Form 10-Q for the three months ended March 31, 2014.

* * *

Schedule 1

Profit Forecast for Shire plc for the Financial Year Ending December 31, 2014

Profit forecast

Today Shire issued the following statement which updates its previously provided earnings guidance for 2014:

"…increasing our guidance for Non GAAP diluted earnings per ADS to low-to-mid thirty percent growth for the full year 2014 (previous guidance: mid-to-high twenty percent growth)", (the "**Profit Forecast**").

This statement constitutes a profit forecast for the year ending December 31, 2014 for the purposes of the Code.

The Profit Forecast constitutes a financial measure, being Non GAAP diluted earnings per ADS, which is not prepared in accordance with US GAAP (a "**Non GAAP**" financial measure). Non GAAP diluted earnings per ADS is a financial measure which has been reported in Shire's interim and annual financial results. This Non GAAP financial measure should not be considered in isolation from, as a substitute for, or superior to financial measures prepared in accordance with US GAAP. Further information in respect of Non GAAP financial measures is outlined on pages 29-30 of this document.

Basis of preparation

The Profit Forecast has been prepared on a basis consistent with Shire's accounting policies, which is in accordance with US GAAP (as adjusted in accordance with Shire's Non GAAP policy, as outlined on pages 29-30 of this document). These accounting policies are expected to apply for the full year ending December 31, 2014, and were applied in the preparation of Shire's consolidated financial results for the year ended December 31, 2013.

The Profit Forecast is based on the actual results included in the unaudited interim financial results for the six months ended June 30, 2014 and a management forecast for the six months ending December 31, 2014.

Principal assumptions

The Profit Forecast has been prepared on the basis that the recommended combination of Shire and AbbVie has no financial impact on Shire before December 31, 2014.

The Profit Forecast excludes costs associated with the recommended combination of Shire and AbbVie.

The directors of Shire have prepared the Profit Forecast on the basis of the following assumptions:

Factors outside the influence or control of the directors of Shire (or other members of Shire's management)

- There will be no material change to existing prevailing global macroeconomic and political conditions during the year ending December 31, 2014;
- There will be no material changes in market conditions within the pharmaceutical industry over the forecast period to December 31, 2014, in relation to either customer demand or competitive environment which could impact Shire's commercialised products;
- The announcement of the recommended combination of Shire and AbbVie will not result in any material changes to Shire's obligations to customers, its ability to negotiate new business, resolve contract disputes or to the retention of key management;
- The Euro, British pound and Swiss franc and other exchange rates, together with inflation, tax and interest rates in Shire's principal markets, will remain materially unchanged from prevailing rates;
- There will be no material adverse events that will have a significant impact on Shire's financial performance; and
- There will be no material change in legislation or regulatory requirements impacting on Shire's operations or its accounting policies.

Factors within the influence or control of the directors of Shire

- The Profit Forecast excludes any material acquisitions or disposals made by Shire prior to December 31, 2014, other than those already reported;
- The Company's policy on Non GAAP financial measures, as outlined on pages 29-30 of this document, will be consistently applied in the financial year to December 31, 2014;
- There will be no material change to Shire's existing operational strategy;
- There will be no material changes to the number of diluted shares in issue; and
- There will be no material changes in the debt structure of the Shire Group, other than partial repayment of existing borrowings under Shire's bank facilities.

As noted above, this Profit Forecast has been prepared on a basis consistent with Shire's accounting policies, which is in accordance with US GAAP as adjusted in accordance with Shire's Non GAAP policy. An explanation of the Non GAAP measures is set out above on pages 29-30 of this press release.

* * * * *

Schedule 2
Report of Deloitte pursuant to Rule 28.1(a)(i) of the Code

The Board of Directors on behalf of:
Shire plc
5 Riverwalk
Citywest Business Campus
Dublin 24
Ireland

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London
E14 4QA
United Kingdom

Evercore Partners International LLP
15 Stanhope Gate
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W1K 1LN
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
E14 5LB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London
EC4A 2BB

July 18, 2014

Dear Sirs

Shire plc
We report on the profit forecast comprising Non GAAP diluted earnings per American Depository Share ("ADS") of Shire plc ("the Company") and its subsidiaries (together "the Group") for the year ending 31 December 2014 (the "Profit Forecast"). The Profit Forecast, and the material assumptions upon which it is based, are set out in Schedule 1 of the Second Quarter 2014 Results ("the Earnings Release") issued by the Company dated July 18, 2014. This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers issued by The Panel on Takeovers and Mergers ("the Takeover Code") and is given for the purpose of complying with that rule and for no other purpose. Accordingly, we assume no responsibility in respect of this report to the Offeror or any person connected to, or acting in concert with, the Offeror or to any other person who is seeking or may in future seek to acquire control of the Company (an "Alternative Offeror") or to any other person connected to, or acting in concert with, an Alternative Offeror.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Profit Forecast in accordance with the requirements of the Takeover Code.

It is our responsibility to form an opinion as required by the Takeover Code as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed or to the shareholders of the Company as a result of the inclusion of this report in the Earnings Release under Rule 28.1(a)(i) of the Takeover Code to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.3 of the Takeover Code, consenting to its inclusion in the Earnings Release.

Basis of Preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated in Schedule 1 of the Earnings Release and is based on unaudited interim financial results for the six months ended 30 June 2014, and a management forecast for the six months ending 31 December 2014. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion
We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the

responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. We have not consented to the inclusion of this report and our opinion in any registration statement filed with the SEC under the US Securities Act of 1933 (either directly or by incorporation by reference) or in any offering document enabling an offering of securities in the United States of America (e.g., under Rule 144A or otherwise). We therefore accept no responsibility and deny any liability to any person using this report in connection with an offering of securities who makes a claim on the basis they had acted in reliance on the protections afforded by United States of America law and regulation.

Opinion

In our opinion, the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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Schedule 3
Report of Citi, Evercore, Goldman Sachs and Morgan Stanley pursuant to Rule 28.1(a)(ii) of the Code

The Board of Directors of Shire plc (the "Directors")
Shire plc
5 Riverwalk
Citywest Business Campus
Dublin 24
Ireland

July 18, 2014

Dear Sirs

Report by the financial advisers to Shire plc (the "Company") in connection with the unaudited profit forecast for the year ending December 31, 2014

We refer to the unaudited profit forecast comprising estimates of Non GAAP diluted earnings per American Depository Share ("ADS") of the Company and its subsidiaries for the year ending December 31, 2014 made by the Company in the announcement issued by the Company on July 18, 2014 of the Second quarter 2014 Results (the "**Profit Forecast**").

We have discussed the Profit Forecast and the bases and assumptions on which it has been prepared with duly authorised executive officers of the Company (acting on behalf of the Company) and with Deloitte LLP ("**Deloitte**"), the Company's reporting accountants. We have also discussed the accounting policies and calculations for the Profit Forecast with Deloitte and we have considered their letter of today's date addressed to you and ourselves on this matter.

We have relied upon the accuracy and completeness of all the financial and other information discussed with us and have assumed such accuracy and completeness for the purposes of delivering this letter.

On the basis of the foregoing, we consider that the Profit Forecast, for which the Company and the Directors are solely responsible, has been prepared with due care and consideration.

This letter is provided to you solely in connection with our obligation under Rule 28.1(a) (ii) of the City Code on Takeovers and Mergers and for no other purpose. We accept no responsibility and, to the fullest extent permitted by law, exclude all liability to any other person other than to you, in your capacity as directors of the Company, in respect of this letter or the work undertaken in connection with this letter.

Yours faithfully,	Yours faithfully,
Citigroup Global Markets Limited	Evercore Partners International LLP
Yours faithfully,	Yours faithfully,
Goldman Sachs International	Morgan Stanley & Co. International plc

Ends