Other financial information

Non GAAP Measures

This Annual Report 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; Non GAAP cash generation; Non GAAP free cash flow, Non GAAP net debt, Non GAAP EBITDA and Non GAAP EBITDA margin (excluding royalties and other revenues and cost of sales related to contract manufacturing revenues).

The Non GAAP measures exclude the impact of certain specified items that are highly variable, difficult to predict, and of a size that may substantially impact Shire's operations. Upfront and milestone payments related to in-licensing and acquired products that have been expensed as R&D are also excluded as specified items as they are generally uncertain and often result in a different payment and expense recognition pattern than ongoing internal R&D activities. Intangible asset amortization has been excluded from certain measures to facilitate an evaluation of current and past operating performance, particularly in terms of cash returns, and is similar to how management internally assesses performance. The Non GAAP financial measures are presented in this Annual Report as Shire's management believes that they will provide investors with an additional analysis of Shire's results of operations, particularly in evaluating performance from one period to another.

Shire's management uses Non GAAP financial measures to make operating decisions as they facilitate additional internal comparisons of Shire's performance to historical results and to competitor's results, and provides them to investors as a supplement to Shire's reported results to provide additional insight into Shire's operating performance. Shire's Remuneration Committee uses certain key Non GAAP measures when assessing the performance and compensation of employees, including Shire's executive directors.

The Non GAAP financial measures used by Shire may be calculated different from, and therefore may not be comparable to, similarly titled measures used by other companies — refer to the section "Non GAAP Financial Measure Descriptions" below for additional information. In addition, these Non GAAP financial measures should not be considered in isolation as a substitute for, or as superior to, financial measures calculated in accordance with US GAAP, and Shire's financial results calculated in accordance with US GAAP and reconciliations to those financial statements should be carefully evaluated.

Non GAAP Financial Measure Descriptions

Where applicable the following items, including their tax effect, have been excluded when calculating Non GAAP earnings:

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).

Additionally, in any given period Shire may have significant, unusual or non-recurring gains or losses which it may exclude from its Non GAAP earnings for that period. When applicable, these items would be fully disclosed and incorporated into the required reconciliations from US GAAP to Non GAAP measures.

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 presentational purposes.

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.

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.

Non GAAP net debt represents cash and cash equivalents less short and long term borrowings, capital leases and other debt.

A reconciliation of Non GAAP financial measures to the most directly comparable measure under US GAAP is presented on pages 186 to 187.

Average exchange rates used by Shire for the three months ended December 31, 2016 were \$1.26:£1.00 and \$1.09:€1.00 (2015: \$1.52:£1.00 and \$1.09:€1.00). Average exchange rates used by Shire for the twelve months ended December 31, 2016 were \$1.36:£1.00 and \$1.11:€1.00 (2015: \$1.53:£1.00 and \$1.11:€1.00).

Non GAAP Adjusted ROIC reflects the definition used by the Company in its corporate scorecard. This definition aims to measure true underlying economic performance of the Company, by making a number of adjustments to ROIC as derived from the Company's Non GAAP financial results including:

- Adding back to Non GAAP operating income all R&D expenses and operating lease costs incurred in the period;
- Capitalizing on the Group's balance sheet historical, cumulative R&D, in process R&D and intangible asset impairment charges and operating lease costs which previously have been expensed;
- Deducting from Non GAAP operating income and amortization charge for the above capitalized costs based on the estimated commercial lives of the relevant products;
- Excluding the income statement and balance sheet impact of non-operating assets (such as surplus cash and non-strategic investments); and
- Taxing the resulting adjusted operating income at the underlying Non GAAP effective tax rate.

Non GAAP reconciliations (unaudited)

Reconciliation of US GAAP net income to Non GAAP EBITDA and Non GAAP Operating income:

12 months ended December 31	2016 $'M	2015 $'M
US GAAP Net income	**327.4**	1,303.4
Add back/(deduct):		
Loss from discontinued operations, net of tax	276.1	34.1
Equity in losses of equity method investees, net of taxes	8.7	2.2
Income taxes	(126.1)	46.1
Other expense, net	476.8	33.7
US GAAP Operating income from continuing operations	962.9	1,419.5
Add back/(deduct) Non GAAP adjustments:		
Acquisition and integration activities	2,111.9	70.9
Amortization of acquired intangible assets	1,173.4	498.7
Depreciation	292.9	138.5
Divestments and reorganizations	123.8	83.2
Legal and litigation costs	16.3	9.5
Impairment of intangible assets	8.9	643.7
Other Non GAAP adjustments	20.0	60.1
Non GAAP EBITDA	**4,710.1**	2,924.1
Depreciation	(292.9)	(138.5)
Non GAAP Operating income	**4,417.2**	2,785.6
Net income margin[1]	3%	20%
Non GAAP EBITDA margin[2]	39%	43%

[1] Net income as a percentage of total revenues.
[2] Non GAAP EBITDA as a percentage of product sales, excluding royalties and other revenues, and cost of contract manufacturing revenues.

Reconciliation of US GAAP product sales to Non GAAP Gross Margin:

12 months ended December 31	2016 $'M	2015 $'M
US GAAP Product Sales	**10,885.8**	6,099.9
(Deduct)/add back:		
Cost of sales (US GAAP)	(3,816.5)	(969.0)
Cost of contract manufacturing revenue	98.1	–
Amortization of inventory fair value step-up	1,118.0	31.1
Inventory write-down relating to U.S. manufacturing site closure	18.9	–
One -time employee related costs	10.0	7.1
Depreciation	160.8	46.1
Non GAAP Gross Margin	**8,475.1**	5,215.2
Non GAAP Gross Margin %[1]	**77.9%**	85.5%

[1] Non GAAP Gross Margin as a percentage of product sales.

Reconciliation of US GAAP diluted earnings per ADS to Non GAAP diluted earnings per ADS:

12 months ended December 31	2016 $'M	2015 $'M
US GAAP diluted earnings per ADS	**1.27**	6.59
Amortization and asset impairments	**4.57**	5.78
Acquisition and integration costs	**8.52**	0.36
Divestments, reorganizations and discontinued operations	**1.95**	0.62
Legal and litigation costs	**0.06**	0.04
Other Non GAAP adjustments	**0.08**	0.3
Tax effect of adjustments above	**(3.35)**	(2.01)
Non GAAP diluted earnings per ADS	**13.10**	11.68

Reconciliation of US GAAP net cash provided by operating activities to Non GAAP cash generation:

12 months ended December 31	2016 $'M	2015 $'M
Net cash provided by operating activities	**2,658.9**	2,337
Tax and interest payments, net	**715.5**	85.2
Up front payments for in-licensed products	**90.0**	–
Non GAAP cash generation	**3,464.4**	2,422.2

Reconciliation of US GAAP net cash provided by operating activities to Non GAAP free cash flow:

12 months ended December 31	2016 $'M	2015 $'M
Net cash provided by operating activities	**2,658.9**	2,337.0
Capital expenditure	**(646.4)**	(114.7)
Up front payments for in-licensed products	**90.0**	–
Non GAAP free cash flow	**2,102.5**	2,222.3

Non GAAP net debt comprises::

12 months ended December 31	2016 $'M	2015 $'M
Cash and cash equivalents	**528.8**	135.5
Long term borrowings (excluding capital leases)	**(19,552.6)**	(69.9)
Short term borrowings (excluding capital leases)	**(3,061.6)**	(1,511.5)
Capital leases and other debt	**(353.6)**	(13.4)
Non GAAP net debt	**(22,439.0)**	(1,459.3)

Shareholder information

E-communications
Shire offers shareholders the ability to access shareholder documents, such as its Annual Reports and Notices of AGMs, by way of e-communications as an alternative to receiving paper copies through the post.

To register for e-communications, simply log onto www.shareview.co.uk and follow the online instructions. To start, you will require your shareholder reference number which you will find on your share certificate or dividend confirmation statement. Following registration, you will need to alter your mailing preference to e-communications and confirm your email address. Shareholders who do not elect to receive documents or notifications via e-communications will continue to receive paper copies.

Shareholder security
Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target U.K. shareholders, offering to sell them what often turn out to be worthless or high risk shares in U.S. or U.K. investments.

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- make sure you get the name of the person and organization
- check that they are properly authorized by the FCA before getting involved by visiting www.fca.org.uk/register/
- report the matter to the FCA either by calling 0800 111 6768 or by completing an online form at: www.fca.org.uk/consumers/scams/report-scam/share-fraud-form

If you deal with an unauthorized firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

More detailed information on this or similar activity can be found on the FCA website: www.fca.org.uk/consumers/scams

This warning has been issued by the Financial Conduct Authority and endorsed by the Institute of Chartered Secretaries and Administrators.

Financial calendar (subject to change)

Second interim dividend payment	April 2017
Annual General Meeting	April 2017
First quarter results announcement	May 2017
Second quarter results announcement	August 2017
First interim dividend payment	October 2017
Third quarter results announcement	October 2017
Annual results announcement	February 2018
Second interim dividend payment	April 2018

Dividends
Shareholders are able to choose how they receive their dividends:

- directly into their bank account*; or
- by check.

* Shire preferred option.

The quickest and most efficient way to receive your dividends is to have them paid directly into your bank account. Those selecting this payment method receive a dividend confirmation statement with each payment. To change how you receive your dividends, either log on to www.shareview.co.uk or contact Equiniti.

Income Access Share arrangements
Holders of Ordinary Shares are reminded that, in order to receive U.K. sourced dividends via Shire's Income Access Share arrangements ("IAS Arrangements"), they need to submit a valid IAS Arrangements election form to the Company's Registrar, Equiniti. Holders of Ordinary Shares are advised that:

- any previous elections made using versions of the IAS Arrangements election form in use prior to February 16, 2016, and any elections deemed to have been made prior to April 28, 2016, are no longer valid
- if they do not elect, or have not elected using the newly formatted IAS Arrangements election forms published on or after February 16, 2016, to receive U.K. sourced dividends via Shire's IAS Arrangements, their dividends will be Irish sourced and therefore incur Irish dividend withholding tax, subject to applicable exemptions

Internet links to the newly formatted IAS Arrangements election forms can be found at: http://investors.shire.com/shareholder-information/shareholder-forms.aspx

ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomical to sell, may wish to consider donating them to the charity ShareGift (registered charity no. 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of charities.

Find out more about ShareGift:

Website: www.sharegift.org
Email: help@sharegift.org
Tel: +44 (0)20 7930 3737

Offices
Registered Office
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Website
www.shire.com

Investor Relations
Email: investorrelations@shire.com

Ian Karp
Head of U.S. Investor Relations
Tel: +1 781-482-9018
Email: ikarp@shire.com

Robert Coates
Head of International Investor Relations
Tel: +44 1256 894874
Email: rcoates@shire.com

Registrar

All administrative inquiries relating to shareholdings should be addressed to Equiniti, clearly stating the registered shareholder's name and address.

Equiniti
Shire Shareholder Services
Equiniti (Jersey) Limited
c/o Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA
U.K.

Shareholder helpline
Overseas:
Tel: +44 121 415 7593

U.K.:
Tel: 0371 384 2553

Lines are open Monday to Friday 8:30 am to 5:30 pm (U.K. time) excluding U.K. Bank Holidays.

American Depositary Shares

The Company's American Depositary Shares ("ADSs"), each representing three Ordinary Shares, are listed on the NASDAQ Global Select Market under the symbol "SHPG".

The Company files reports and other documents with the Securities and Exchange Commission ("SEC") that are available for inspection and copying at the SEC's public reference facilities or can be obtained by writing to the Company Secretary.

Citibank, N.A. is the depository for Shire ADSs. All inquiries concerning ADS records, certificates or the transfer of Ordinary Shares into ADSs should be addressed to:

Citibank shareholder services
P.O. Box 43077
Providence, Rhode Island
02940-3077
U.S.A.

General inquiries
Toll free in U.S.:
1-877-Citi-ADR (248-4237)

From outside the U.S.:
1-781-575-4555

E-mail: citibank@shareholders-online.com

Cautionary statements

Statements included herein that are not historical facts, including without limitation statements concerning future strategy, plans, objectives, expectations and intentions, the anticipated timing of clinical trials and approvals for, and the commercial potential of, In-line or pipeline products, are forward-looking statements. Such 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, the following:

- Shire's products may not be a commercial success;
- increased pricing pressures and limits on patient access as a result of governmental regulations and market developments may affect Shire's future revenues, financial condition and results of operations;
- Shire conducts its own manufacturing operations for certain of its products and is reliant on third-party contract manufacturers 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 manufacture of Shire's products is subject to extensive oversight by various regulatory agencies. Regulatory approvals or interventions associated with changes to manufacturing sites, ingredients or manufacturing processes could lead to significant delays, an increase in operating costs, lost product sales, an interruption of research activities or the delay of new product launches;
- certain of Shire's therapies involve lengthy and complex processes, which may prevent Shire from timely responding to market forces and effectively managing its production capacity;
- Shire has a portfolio of products in various stages of research and development. The successful development of these products is highly uncertain and requires significant expenditures and time, and there is no guarantee that these products will receive regulatory approval;
- 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 affect Shire's revenues, financial conditions or results of operations;
- Shire's products and product candidates face substantial competition in the product markets in which it operates, including competition from generics;
- adverse outcomes in legal matters, tax audits 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 the combined company's revenues, financial condition or results of operations;
- inability to successfully compete for highly qualified personnel from other companies and organizations;
- failure to achieve the strategic objectives with respect to Shire's acquisition of NPS Pharmaceuticals, Inc., Dyax Corp. ("Dyax") or Baxalta Inc. ("Baxalta") may adversely affect Shire's financial condition and results of operations;
- Shire's growth strategy depends in part upon its ability to expand its product portfolio through external collaborations, which, if unsuccessful, may adversely affect the development and sale of its products;
- a slowdown of global economic growth, or economic instability of countries in which Shire does business, as well as changes in foreign currency exchange rates and interest rates, that adversely impact the availability and cost of credit and customer purchasing and payment patterns, including the collectability of customer accounts receivable;
- failure of a marketed product to work effectively or if such a product is the cause of adverse side effects could result in damage to the Shire's reputation, the withdrawal of the product and legal action against Shire;
- 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 significant legal costs and the payment of substantial compensation or fines;
- Shire is dependent on information technology and its systems and infrastructure face certain risks, including from service disruptions, the loss of sensitive or confidential information, cyber-attacks and other security breaches or data leakages that could have a material adverse effect on Shire's revenues, financial condition or results of operations;
- Shire incurred substantial additional indebtedness to finance the Baxalta acquisition, which may decrease its business flexibility and increase borrowing costs;
- difficulties in integrating Dyax or Baxalta into Shire may lead to the combined company not being able to realize the expected operating efficiencies, cost savings, revenue enhancements, synergies, or other benefits at the time anticipated or at all; and
- a further list and description of risks, uncertainties and other matters can be found on pages 55 to 65 of this Annual Report.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by applicable law, we do not undertake any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Shire plc
Report and financial statements

For the year ended December 31, 2016

Contents

Company Information

Directors

Dominic Blakemore
Olivier Bohuon
William Burns
Ian Clark
Gail Fosler
Dr Steven Gillis
Dr David Ginsburg
Susan Kilsby
Sara Mathew
Anne Minto OBE
Dr Flemming Ornskov
Jeffrey Poulton
Albert Stroucken

Secretary

Bill Mordan

Registered office

22 Grenville Street
St Helier
Jersey
JE4 8PX
Channel Islands

Corporate headquarters

5 Riverwalk
Citywest Business Campus
Dublin 24
Republic of Ireland

Auditor

Deloitte LLP
London
United Kingdom

Directors' report

For the year ended December 31, 2016

The Directors present their annual report and the audited financial statements for the year ended December 31, 2016.

Principal activity and business review

Shire plc (the "Company") and its subsidiaries (collectively referred to as either "Shire", or the "Group") is the leading global biotechnology company focused on serving people with rare diseases.

The Company is the ultimate parent of the Group and its principal activity is that of a holding company.

The Group has grown both organically and through acquisition, completing a series of major transactions that have brought therapeutic, geographic and pipeline growth and diversification. The Group will continue to conduct its own research and development ("R&D") focused on rare diseases, as well as evaluate companies, products and pipeline opportunities that offer a strategic fit and have the potential to deliver value to all of the Group's stakeholders: patients, physicians, policy makers, payers, partners, investors and employees.

The principal legislation under which the Company operates is the Companies (Jersey) Law 1991 and regulations made thereunder. The Ordinary Shares of the Company are listed on the London Stock Exchange in the UK, and American Depositary Shares ("ADS"), representing three Ordinary Shares of the Company, (evidenced by an American Depositary Receipt issued by Shire's Depositary, Citibank, N.A.) are listed on the NASDAQ Global Select Market in the U.S.A.

Business review

The Business review of the Group can be found in the consolidated financial statements and Annual Report and Accounts of the Company for the year to December 31, 2016, prepared in accordance with United Kingdom Listing Authority requirements (the "Shire Annual Report"); in the Chairman's review on pages 4 and 5; the Chief Executive Officer's review on pages 6 to 9; and the Review of our Business on pages 43 to 53. The Shire Annual Report also provides a description of the principal risks and uncertainties facing the Company and the Group, as well as the Group's risk management objectives and policies that are in place to assist in mitigating the potential impact.

During the year, the Company continued in its capacity as the parent company for the Group in the management of its subsidiaries.

On January 22, 2016, Shire acquired Dyax Corp in an all-cash transaction valued at approximately $5.9 billion, comprised of $37.30 in cash per Dyax share. Dyax shareholders may receive additional value through a non-tradable contingent value right (CVR) that will pay $4.00 in cash per Dyax share upon approval of DX-2930 for HAE, representing a potential additional $645.9 million in aggregate contingent consideration.

Additionally, on June 3, 2016, the Group completed its acquisition of Baxalta Inc, ("Baxalta") for $32.4 billion, representing the preliminary fair value of purchase consideration. The Group's Consolidated Financial Statements include the results of Baxalta from the date of acquisition. For further details regarding the acquisition, please refer to Note 4 of the consolidated financial statements, Business Combinations. As part of this, Shire plc acquired 611.34 Ordinary Shares in Baxalta in exchange for 305,213,250 Ordinary Shares in the company, for total consideration of $19.4 billion.

The Company is tax resident in the Republic of Ireland.

Key performance indicators

The Company's key performance indicators are the same as the Group's. For details of the Group's key performance indicators see page 16 in the Shire Annual Report.

Income Access Share arrangements

In 2008, Shire put in place and continues to operate Income Access Share ("IAS") arrangements enabling shareholders to choose whether they receive their dividends from the company, which is tax resident in the Republic of Ireland, or from a company tax resident in the UK. Further details of the IAS arrangements can be found in Note 27 of the Shire Annual Report.

Results and dividends

A loss on ordinary activities before taxation of $173.3 million was recorded for the year ended December 31, 2016 (year ended December 31, 2015: loss before tax of $91.5 million). The increase in the loss is primarily due to an increase of $44 million in interest payable on loans made within the Group and $18 million of unwinding discount on provisions.

The net assets of the Company increased from $12,075.8 million for the year ended December 31, 2015 to $31,666.1 million for the year ended December 31, 2016, primarily as a result of a share issue made in the year and credits to shareholders' funds in respect of share based compensation awards held by employees in other group companies partially offset by the loss recorded in the year.

Dividends paid and dividend policy

The Company paid dividends amounting to $20.7 million in the year (2015: $6.8 million). In accordance with IAS arrangements, Shire Biopharmaceuticals Holdings paid dividends totaling $150.6 million (2015: $127.6 million) to those shareholders who choose to receive their dividends from a company tax resident in the UK.

A first interim dividend for the six months to June 30, 2016 of 4.63 cents (3.51 pence) per Ordinary Share, equivalent to 13.89 cents per ADS, was paid in October 2016. The Board has resolved to pay a second interim dividend of 25.70 cents (20.64 pence) per Ordinary Share equivalent to 77.10 cents per ADS for the six months to December 31, 2016.

This is consistent with Shire's stated policy of paying a dividend semi-annually, set in U.S. cents per Ordinary Share. Typically, the first interim payment each year will be higher than the previous year's first interim U.S.D. dividend. Dividend growth for the full year will be reviewed by the Board when the second interim dividend is determined.

Liquidity, cash flow and going concern

The Company and the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's review, Chief Executive Officer's review and Financial review. The financial position of the Company and the Group, its cash flows, liquidity position and borrowing facilities are described in the Liquidity and capital resources section of the Financial review of the Shire Annual Report and also see Note 15. The Financial review also includes information in respect of the Group's objectives, policies and processes for managing capital; its financial risk management objectives; details of its hedging activity; and its exposures to credit risk and liquidity risk.

The Company's funding requirements depend on a number of factors, including the timing and extent of its development programs; corporate, business and product acquisitions; the level of resources required for the expansion of certain manufacturing and marketing capabilities as the product base expands; increases in accounts receivable and inventory which may arise with any increase in product sales; competitive and technological developments; the timing and cost of obtaining required regulatory approvals for new products; the timing and quantum of milestone payments on business combinations, in-licenses and collaborative projects; the timing and quantum of tax and dividend payments; the timing and quantum of purchases by the Employee Benefit Trust ("EBT") of Shire shares in the market to satisfy awards granted under Shire's employee share plans; and the amount of cash generated from sales of Shire's products and royalty receipts.

An important part of the Group's business strategy is to protect its products and technologies through the use of patents, proprietary technologies and trademarks, to the extent available. The Company intends to defend its intellectual property and as a result may need cash for funding the cost of litigation.

The Company finances its activities through cash generated from operating activities; credit facilities; private and public offerings of equity and debt securities; and the proceeds of asset or investment disposals. The Group's balance sheet includes $528.8 million of cash and cash equivalents as of December 31, 2016.

The Group has a revolving credit facility ("RCF) of $2,100 million, which matures in 2021, $450 million of which was utilized as of December 31, 2016. The RCF incorporates a $250 million U.S. Dollar and Euro swingline facility operating as a sub-limit thereof.

On September 23, 2016, Shire Acquisitions Investments Ireland Designated Activity Company ("SAIIDAC"), a wholly owned subsidiary of the Company, issued senior notes guaranteed by Shire plc, with a total aggregate principal amount of $12.1 billion. On December 1, 2016, Baxalta guaranteed the outstanding notes issued by SAIIDAC.

In addition, in connection with the acquisition of Baxalta, on June 3, 2016, Shire plc guaranteed senior notes issued by Baxalta totaling $5.0 billion and originally assumed $336.0 million of capital lease obligations. The details of these senior notes are presented in Note 18, Borrowings and Capital Lease Obligations, of the Shire Annual Report.

Further in connection with the acquisitions of Dyax and Baxalta, respectively, the Group entered into a $5.6 billion term loan facility in November 2015 and an $18.0 billion bridge loan in January 2016. The November 2015 term loan facility was fully utilized as of December 31, 2016 in the amount of $5.6 billion. The bridge loan was fully repaid and canceled subsequent to the issuance of $12.1 billion senior notes on September 23, 2016. The details of these facility agreements are presented in Note 18, Borrowings and Capital Lease Obligations, of the Shire Annual Report.

In addition, the Group also has access to certain short-term uncommitted lines of credit which are available to utilize from time to time to provide short-term cash management flexibility. As of December 31, 2016, these lines of credit were not utilized.

The Company may also engage in financing activities from time to time, including accessing the debt or equity capital markets.

The Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

Directors

The Directors who served during the year and up to the date of signing these financial statements are shown below:

Dominic Blakemore	
Olivier Bohuon	
William Burns	
Ian Clark	(appointed January 03, 2017)
Gail Fosler	(appointed June 03, 2016)
Dr Steven Gillis	
Dr David Ginsburg	
David Kappler	(resigned April 28, 2016)
Susan Kilsby	
Sara Mathew	
Anne Minto OBE	
Dr Flemming Ornskov	
Jeffrey Poulton	
Albert Stroucken	(appointed June 03, 2016)

Payment of creditors

The Company is non-trading and accordingly has no trade creditors.

Directors' liability insurance and indemnification

In the year under review, the Group maintained an insurance policy for its Directors and Officers in respect of liabilities arising out of any act, error or omission whilst acting in their capacity as Directors or Officers. Qualifying third-party indemnity provisions were also in place during the year under review for the benefit of Directors in relation to certain losses and liabilities which they may potentially incur to third-parties in the course of their duties. These remain in force at the date of this report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

W R Mordan

Bill Mordan
General Counsel and Company Secretary
February 22, 2017

Directors' responsibilities in the preparation of the financial statements

for the year ended December 31, 2016

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

Approved by the Board of Directors and signed on its behalf by:

Flemming Ornskov, MD, MPH
Chief Executive Officer
February 22, 2017

Jeffrey Poulton
Chief Financial Officer
February 22, 2017

Independent auditor's report to the members of Shire plc

for the year ended December 31, 2016

Opinion on financial statements of Shire plc

In our opinion the financial statements:

- **give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and**
- **have been properly prepared in accordance with the Companies (Jersey) Law 1991.**

The financial statements that we have audited comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable Jersey law and United Kingdom Generally Accepted Accounting Practice — Financial Reporting Standard 102 ("FRS102").

Summary of our audit approach

Key risks	The key risk that we identified in the current year was the Company's investment in subsidiaries. This was also identified as a risk in the prior year.
Materiality	The materiality that we used in the current year was $50 million, determined as 0.2 percent of net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within the notes to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Corporate Governance statement, on page 70.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the Directors' confirmation on page 194 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 54 to 65 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the notes to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation on page 75 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

We confirm that we are independent of the entity and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Investment in Subsidiaries

Risk description	There is a risk related to the size of the Company's investments of $38.4 billion (2015: $16.7 billion) in Shire Pharmaceutical Holdings Ireland Limited, Shire Regenerative Medicine Inc, Dyax Corp and Baxalta Inc which are disclosed in note 9.
How the scope of our audit responded to the risk	We have challenged the Directors' impairment analysis and have considered the valuation of the Company's subsidiaries against other indicators of value, such as the overall market capitalisation of the Shire group.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Company materiality	$50 million (2015: $30 million)
Basis for determining materiality	We have reconsidered materiality in the current year, and have determined materiality for the Company to be $50 million (2015: $30 million). This represents 0.2 percent (2015: 0.2 percent) of the net assets of the Company.
Rationale for the benchmark applied	We consider net assets the key benchmark used by members of the Company in assessing financial performance.

We agreed with the Audit, Compliance & Risk Committee (the "ACR Committee") that we would report to the ACR Committee all audit differences in excess of $2.5 million (2015: $1.5 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the ACR Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the ACR committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Adam
For and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditors
London, United Kingdom
February 22, 2017

Statement of comprehensive income

for the year ended December 31, 2016

	Note	2016 $'M	2015 $'M
Turnover		–	–
Administrative expenses		(58.8)	(28.6)
Operating loss		(58.8)	(28.6)
Interest receivable	2	–	0.3
Interest payable and similar charges	3	(114.5)	(63.2)
Loss on ordinary activities before taxation	4	(173.3)	(91.5)
Taxation	7	–	–
Loss on ordinary activities after taxation and loss for the year		(173.3)	(91.5)
Other comprehensive income		–	–
Total comprehensive income for the year attributable to equity shareholders of the company		(173.3)	(91.5)

Statement of financial position

as at December 31, 2016

	Note	2016 $'M	2015 $'M
Fixed assets			
Investments	9	**38,361.5**	16,704.8
Current assets			
Debtors	10	**246.7**	86.6
Current liabilities			
Creditors: amounts falling due within one year	11	**(6,318.6)**	(4,715.6)
Net current liabilities		**(6,071.9)**	(4,629.0)
Total assets less current liabilities		**32,289.6**	12,075.8
Provisions for liabilities and charges	13	**(623.5)**	–
Net assets		**31,666.1**	12,075.8
Capital and reserves			
Called-up share capital	14	**81.3**	58.9
Share premium account		**26,531.5**	7,088.1
Share-based payments		**919.3**	608.2
Own shares held	14	**(243.5)**	(260.5)
Profit and loss account		**4,377.5**	4,581.1
Total equity		**31,666.1**	12,075.8

The accompanying notes are an integral part of these Financial Statements

Approved by the Board of Directors and signed on its behalf by:

Jeffrey Poulton
Chief Financial Officer
February 22, 2017

Statement of changes in equity

for the year ended December 31, 2015	Note	Share capital $'M	Share premium $'M	Share-based payments $'M	Own shares held $'M	Profit & loss account $'M	Total $'M
Balance at January 1, 2015		58.7	7,071.7	512.4	(275.6)	4,690.1	12,057.3
Loss for the year and total comprehensive income		–	–	–	–	(91.5)	(91.5)
Transactions with owners in their capacity as owners:							
Dividends	8	–	–	–	–	(6.8)	(6.8)
Issue of shares on options exercised	14	0.2	16.4	–	–	–	16.6
Transfer of Treasury Shares for new share issue		–	–	–	15.1	(15.1)	–
Share-based payments		–	–	–	–	4.4	4.4
Capital contribution relating to share based payments		–	–	95.8	–	–	95.8
Total transactions with owners in their capacity as owners		0.2	16.4	95.8	15.1	(17.5)	110.0
Balance at December 31, 2015		58.9	7,088.1	608.2	(260.5)	4,581.1	12,075.8

for the year ended December 31, 2016	Note	Share capital $'M	Share premium $'M	Share-based payments $'M	Own shares held $'M	Profit & loss account $'M	Total $'M
Balance at January 1, 2016		**58.9**	**7,088.1**	**608.2**	**(260.5)**	**4,581.1**	**12,075.8**
Loss for the year and total comprehensive income		**–**	**–**	**–**	**–**	**(173.3)**	**(173.3)**
Transactions with owners in their capacity as owners:							
Dividends	8	**–**	**–**	**–**	**–**	**(20.7)**	**(20.7)**
Issue of shares	14	**22.4**	**19,443.4**	**–**	**–**	**–**	**19,465.8**
Transfer of Treasury Shares for new share issue		**–**	**–**	**–**	**17.0**	**(17.0)**	**–**
Share-based payments		**–**	**–**	**–**	**–**	**7.4**	**7.4**
Capital contribution relating to share based payments		**–**	**–**	**311.1**	**–**	**–**	**311.1**
Total transactions with owners in their capacity as owners		**22.4**	**19,443.4**	**311.1**	**17.0**	**(30.3)**	**19,763.6**
Balance at December 31, 2016		**81.3**	**26,531.5**	**919.3**	**(243.5)**	**4,377.5**	**31,666.1**

Accounting policies

for the year ended December 31, 2016

General information

Shire plc (the "Company") is a public company limited by shares, incorporated in Jersey and tax resident in Ireland.

The address of the Company's registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands.

The address of the Company's principal place of business is 5 Riverwalk, Citywest Business Campus, Dublin 24, Republic of Ireland.

The Company is the ultimate parent of the Group and its principal activity is that of a holding company.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies (Jersey) Law 1991, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole $100,000, except where otherwise indicated.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 "Statement of Financial Position" — Reconciliation of the opening and closing number of shares.
- Section 7 "Statement of Cash Flows" — Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 "Basic Financial Instruments" & Section 12 "Other Financial Instrument Issues" — Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognized in profit or loss and in other comprehensive income.
- Section 26 "Share-based Payment" — Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 "Related Party Disclosures" — Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Shire plc. The consolidated financial statements of Shire plc are available from www.shire.com.

Consolidated financial statements

Consolidated accounts prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), in which the financial results and cash flow statement of the Company and its subsidiaries are included, can be found in the Shire Annual Report. Consequently, these financial statements present the financial position and financial performance of the Company as a separate entity.

These financial statements have been prepared in accordance with the Company's accounting policies described below, which have been applied consistently throughout the current and preceding year and have been approved by the Board.

The financial statements of the Company are consolidated in the financial statements of Shire plc. The consolidated financial statements of Shire plc are available from its registered office at 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands or on its website, www.shire.com.

Going concern

The Group's balance sheet includes $528.8 million of cash and cash equivalents as of December 31, 2016.

The Group has a revolving credit facility ("RCF") of $2,100 million which matures in 2021, $450 million of which was utilized as of December 31, 2016. The RCF incorporates a $250 million U.S. Dollar and Euro swingline facility operating as a sub-limit thereof.

On September 23, 2016, Shire Acquisitions Investments Ireland Designated Activity Company ("SAIIDAC"), a wholly owned subsidiary of the Company, issued senior notes guaranteed by Shire plc, with a total aggregate principal amount of $12.1 billion. On December 1, 2016, Baxalta guaranteed the outstanding notes issued by SAIIDAC.

In addition, in connection with the acquisition of Baxalta, on June 3, 2016, Shire plc guaranteed senior notes issued by Baxalta totaling $5.0 billion and originally assumed $336.0 million of capital lease obligations. The details of these senior notes are presented in Note 18, Borrowings and Capital Lease Obligations, of the Shire Annual Report.

Further in connection with the acquisitions of Dyax and Baxalta, respectively, the Group entered into a $5.6 billion term loan facility in November 2015 and an $18.0 billion bridge loan in January 2016. The November 2015 term loan facility was fully utilized as of December 31, 2016 in the amount of $5.6 billion. The bridge loan was fully repaid and canceled subsequent to the issuance of $12.1 billion senior notes on September 23, 2016. The details of these facility agreements are presented in Note 18, Borrowings and Capital Lease Obligations, of the Shire Annual Report.

In addition, the Group also has access to certain short-term uncommitted lines of credit which are available to utilize from time to time to provide short-term cash management flexibility. As of December 31, 2016, these lines of credit were not utilized.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the report and financial statements.

Functional and presentational currencies

The financial statements are presented in U.S. Dollars which is also the functional currency of the Company.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognized in other comprehensive income, when the related translation gain or loss is also recognized in other comprehensive income.

Other income

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Dividend income

Dividend income from investments in subsidiaries is recognized when the Company's right to receive payment is established.

Borrowing costs

Finance costs relating to debt issued are recorded as a deferred charge and amortized to the statements of income over the period to the earliest redemption date of the debt, using the effective interest rate method. On extinguishment of the related debt, any unamortized deferred financing costs are written off and charged to interest expense in the consolidated statements of income.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognized immediately in profit or loss.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognized when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognized in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognized only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognized on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Employee benefits

The costs of short-term employee benefits are recognized as a liability and an expense.

Retirement benefits

The Company contributes to personal defined contribution pension plans of employees. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortized cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognized in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognized, are recognized immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Own shares
The fair value of consideration given for shares repurchased by the Company is deducted from equity.

Trade creditors
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortized cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings
Borrowings are initially recognized at the transaction price, including transaction costs, and subsequently measured at amortized cost using the effective interest method. Interest expense is recognized on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities
A financial asset is derecognized only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third-party. A financial liability (or part thereof) is derecognized when the obligation specified in the contract is discharged, canceled or expires.

Share based payments
The Company grants share options ("equity-settled share-based payments") to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. Options and performance share awards granted without market conditions are valued using the Black-Scholes option-pricing model. Options and performance share awards granted with market conditions are valued using a binomial model.

The Company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The Company has elected to recognize and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the Group.

The cost for awards granted to the Company's subsidiaries' employees represents additional capital contributions by the Company in its subsidiaries. An additional investment in subsidiaries has been recorded in respect of those awards granted to the Company's subsidiaries' employees, with a corresponding increase in the Company's shareholders' equity. The additional capital contribution is based on the fair value at the grant date of the awards issued. This accounting treatment applies as the parent has granted the share option rather than being subsidiary granting an option in the parent's equity.

Dividends
Dividends are recognized as liabilities once they are no longer at the discretion of the Company.

Notes to the financial statements

for the year ended December 31, 2016

1. Critical accounting estimates and areas of judgment

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and areas of judgment

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The only critical accounting judgments which the Directors believe are relevant to these financial statements are those relating to the treatment of share based payments in the company. Please see the accounting policy above for treatment of the share based payments in these financial statements.

2. Interest receivable and similar income

	2016 $'M	2015 $'M
Interest receivable on deposit to Group undertakings	–	0.3

3. Interest payable and similar charges

	2016 $'M	2015 $'M
Interest arising on bank loans	18.3	29.1
Interest arising on loans from group undertakings	78.1	34.1
Unwinding of discount on provisions (note 13)	18.1	–
	114.5	63.2

4. Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging/(crediting):

	2016 $'M	2015 $'M
Share based payments	7.4	4.4
Foreign exchange gains	–	(0.3)

Fees payable to Deloitte LLP and its associates in respect of both audit and non-audit services are borne by a subsidiary undertaking.

5. Segmental reporting

The directors consider that the Company, in its capacity as a holding company, operates as one operating segment. Therefore, there is no additional disclosure to make as required by FRS 102 paragraph 1.5.

6. Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2016 No	2015 No
Directors	2	1

There were no staff other than the Directors.

Directors

In respect of the Directors of Shire plc:

	2016 $'M	2015 $'M
Wages and salaries	4.0	2.1
Social security costs	0.1	0.1
Defined contribution pension costs	0.1	0.1
Employee share schemes	7.4	4.4
Directors' fees	2.4	2.6
	14.0	9.3

	2016 No	2015 No
The number of Directors to whom retirement benefits are accruing under money purchase schemes was:	2	2
The number of Directors who exercised share options during the year was:	2	2
The number of Directors who received shares under long term incentive schemes was:	2	2

Directors' emoluments disclosed above include the following payments made to the highest paid Director:

	2016 $'M	2015 $'M
Remuneration	3.6	1.6
Company contributions to money purchase pension schemes	0.1	0.1
Share based payments	6.1	4.1
	9.8	5.8

7. Taxation

There was $nil corporation tax charged for the year ended December 31, 2016 (2015: $nil).

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in Ireland of 25 percent (2015: 25 percent). The differences are explained below:

	2016 $'M	2015 $'M
Company losses on ordinary activities before tax	(173.3)	(91.5)
Company loss on ordinary activities multiplied by the standard rate of corporation tax of 25 percent (2015: 25 percent):	(43.3)	(22.9)
Effects of:		
Expenses not deductible for tax purposes	35.3	17.1
Group relief surrendered	8.0	5.8
	–	–

The Company had an unrecognized deferred tax asset of $21.8 million (2015: $21.8 million) in respect of losses as at December 31, 2016.

8. Dividends

	2016 $'M	2015 $'M
Second interim dividend — 22.16 cents (15.32 pence) per Ordinary Share, equivalent to 66.48 cents per ADS, paid in April 2016	130.2	–
First interim dividend — 4.63 cents (3.51 pence) per Ordinary Share, equivalent to 13.89 cents per ADS, paid in October 2016	41.1	–
Second interim dividend — 19.09 cents (12.51 pence) per Ordinary Share, equivalent to 57.27 cents per ADS, paid in April 2015	–	110.2
First interim dividend — 4.21 cents (2.69 pence) per Ordinary Share, equivalent to 12.63 cents per ADS, paid in October 2015	–	24.2
	171.3	134.4

Of the above amounts, the Company paid dividends amounting to $20.7 million in the year (2015: $6.8 million). In accordance with IAS arrangements, the Company directed Shire Biopharmaceuticals Holdings to pay dividends totaling $150.6 million (2015: $127.6 million) to those shareholders who choose to receive their dividends from a company tax resident in the UK.

The Board has resolved to pay a second interim dividend of 25.70 cents (20.64 pence) per Ordinary Share equivalent to 77.10 cents per ADS for the six months to December 31, 2016.

9. Fixed asset investments

	Subsidiary undertakings $'M
Cost	
As at January 1, 2016	16,704.8
Additions	60,236.6
Capital contribution relating to share based payments	311.1
Disposals	(38,891.0)
As at December 31, 2016	38,361.5
Net book value	
As at December 31, 2016	38,361.5
As at December 31, 2015	16,704.8

On January 22, 2016, the company subscribed for an additional 380,000,000 Ordinary Shares in Shire Pharmaceutical Holdings Ireland Limited, for total cash consideration of $1,900,000,000.

On June 03, 2016, the company subscribed for 611.34 Ordinary Shares in Baxalta Inc, in exchange for 305,213,250 Ordinary Shares in the company, for total consideration of $19,445,541,480.

On June 03, 2016, the company subscribed for 15,438.59 Ordinary Shares in Dyax Corp, in exchange for it's entire shareholding of 611.34 Ordinary Shares in Baxalta Inc, for total consideration of $19,445,541,480.

On June 06, 2016, the company contributed its entire shareholding in Dyax Corp in exchange for an additional 100,000,000 Ordinary Shares in Shire Pharmaceutical Holdings Ireland Limited, for total consideration of $19,445,541,480.

Subsidiaries

The Company directly owned 100 percent of the issued Ordinary Share capital of the following companies at December 31, 2016:

Company	Principal activities	Country of incorporation
Shire Pharmaceutical Holdings Ireland Limited	Holding company	Republic of Ireland
Shire Regenerative Medicine LLC	Holding company	United States of America

Details of the Company's indirect subsidiaries can be found in Note 31 of the Shire Annual Report in the consolidated accounts for the year ending December 31, 2016.

10. Debtors

	2016 $'M	2015 $'M
Amounts due from Group undertakings	242.0	80.7
Other debtors	4.7	5.9
	246.7	86.6

The amounts due from Group undertakings are primarily U.S. Dollar denominated and non-interest bearing. At December 31, 2016 an amount of $1.0 million (2015: $nil) bore interest at floating rates. The remaining balance is non-interest bearing. All amounts due from Group undertakings are repayable on demand.

11. Creditors: amounts falling due within one year

	2016 $'M	2015 $'M
Bank loan (note 12)	450.0	1,500.0
Amounts owed to Group undertakings	5,867.4	3,205.3
Accrued interest	0.7	0.6
Other creditors	0.5	9.7
	6,318.6	4,715.6

The amounts due to Group undertakings are primarily unsecured, U.S. Dollar denominated, repayable on demand and bear interest at floating rates of interest.

12. Borrowings

	2016 $'M	2015 $'M
Bank loan	450.0	1,500.0

On February 22, 2016, Shire repaid in full the remaining balance under the $850 million term loan facility agreement dated January 11, 2015 ("2015 Facility Agreement"). During the year, Shire repaid borrowings under the 2014 Revolving Credit Facility ("RCF"), which matures in 2021, and utilized the RCF to partially finance the acquisition of Dyax Corp on January 22, 2016 and for general corporate purposes.

At December 31, 2016 $450 million (2015: $750 million) of the RCF was utilized. The 2015 Facility Agreement was fully repaid and canceled in February 2016 (2015: $750 million).

Borrowings under the RCF are denominated in U.S. Dollars and bear interest at a floating rate of interest.

13. Provisions for liabilities

	Dyax Corp $'000	Total $'000
As at January 1, 2016	–	–
Additional provision in year	605.4	605.4
Unwinding of discount on provisions (note 3)	18.1	18.1
As at December 31, 2016	623.5	623.5

Dyax Corp

On January 22, 2016 the Group purchased Dyax Corp. As part of this agreement Shire plc is liable for total undiscounted future potential liabilities of $645.9 million (2015: $nil) upon approval by the FDA of DX-2930 for HAE.

At the reporting date the directors consider it probable that this condition will be met and the present value of this liability recognized above is $623.5 million (2015: $nil). The directors estimate that this provision will unwind within two years of the reporting date.

In consideration for Shire plc taking on the obligation to pay the deferred contingent consideration, Shire Pharmaceuticals International, a Group Company, agreed to reimburse Shire plc $605.4 million, $209.0 million of which is still outstanding and included within amounts due from group undertakings in note 10.

14. Share capital and reserves

Share capital	2016 No	2016 $'M	2015 No	2015 $'M
Allotted, issued and fully paid				
Ordinary Shares of 5p each	912,173,612	81.3	601,075,964	58.9
Subscriber Ordinary Shares of £1 each	2	–	2	–
		81.3		58.9

As at December 31, 2016, the Company's authorized ordinary share capital comprised 1,500,000,000 (2015: 1,000,000,000) Ordinary Shares of 5p each and 2 (2015: 2) Subscriber Ordinary Shares of £1 each.

Ordinary Share rights

The Company's Ordinary Shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

As at December 31, 2016, the Company's issued Ordinary Share capital comprised 904,202,151 (2015: 592,548,261) Ordinary Shares of 5p each with voting rights and a further 7,971,461 (2015: 8,527,703) Ordinary Shares held in treasury. Therefore the total number of voting rights in the Company at December 31, 2016 was 904,202,151 (2015: 592,548,261).

Share issues

During the year 5,884,398 (2015: 2,018,462) Ordinary Shares of 5p each were issued as part of the Shire Group's share based payment scheme.

On June 3, 2016, 305,213,250 Ordinary Shares of 5p each were issued as part of the Shire Group's acquisition of Baxalta.

Share option scheme

Further details in respect of the Ordinary Shares reserved for issue under the Company's share option plan can be found in Note 28 of the Shire Annual Report.

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Purchase of own shares

The treasury shares reserve represents the cost of shares in the Company purchased in the market and held by the Company for the purpose of returning funds to shareholders. The number of Ordinary Shares of 5p each held by the Company as at December 31, 2016 was 7,971,461 with a purchase value of $243.5 million (2015: 8,527,703 with a purchase value of $260.5 million) including transaction costs.

Share based payment reserve

The cumulative share-based payment expense.

Retained earnings

Cumulative profit and loss net of distributions to owners.

15. Capital commitments and other contractual obligations

Senior Notes Issuance

On September 23, 2016, SAIIDAC, issued senior notes offering with a total aggregate principal value of $12.1 billion ("SAIIDAC Notes"), guaranteed by Shire plc and, as of December 1, 2016, by Baxalta. SAIIDAC used the net proceeds to fully repay amounts outstanding under the January 2016 Facilities Agreement (discussed below), which was used to finance the cash consideration payable related to the Company's acquisition of Baxalta.

The SAIIDAC Notes are senior unsecured obligations and may be redeemed at SAIIDAC's option at the greater of (1) 100 percent of the principal amount plus accrued and unpaid interest or (2) the sum of the present values of the remaining scheduled payments of interest and principal discounted to the date of redemption on a semi-annual basis at the applicable treasury rate (as defined) plus an incremental margin, plus, in either case, accrued and unpaid interest. The SAIIDAC Notes also contain a change of control provision that may require that SAIIDAC to offer to purchase the SAIIDAC Notes at a price equal to 101 percent of the principal amount plus accrued and unpaid interest to the date of purchase under certain circumstances. On December 1, 2016, Baxalta Inc. (Baxalta), a wholly owned subsidiary of Shire plc, fully and unconditionally guaranteed the SAIIDAC Notes.

The costs and discount associated with this offering of $60.8 million have been recorded as a reduction to the carrying amount of the debt on the statement of financial position. These costs will be amortized as additional interest expense using the effective interest rate method over the period from issuance through maturity. Interest on the SAIIDAC Notes is payable March 23 and September 23 of each year, beginning on March 23, 2017.

Baxalta Notes

Shire plc guaranteed senior notes issued by Baxalta with a total aggregate principal amount of $5.0 billion in connection with the Baxalta acquisition ("Baxalta Notes").

Revolving Credit Facilities Agreement

On December 12, 2014, Shire entered into a $2,100.0 million revolving credit facilities agreement (the "RCF") with a number of financial institutions. Shire is an original borrower and original guarantor under the RCF. On January 15, 2016, SAIIDAC became an additional guarantor under the RCF and on December 1, 2016, Baxalta became an additional guarantor under the RCF. Shire has agreed to act as guarantor for any of its subsidiaries that become additional borrowers under the RCF. As of December 31, 2016 the Company utilized $450.0 million of the RCF.

The RCF, which terminates on December 12, 2021, may be applied towards financing the general corporate purposes of Shire. The RCF incorporates a $250.0 million U.S. Dollar and Euro swingline facility operating as a sub-limit thereof.

Interest on any loans made under the RCF is payable on the last day of each interest period, which may be one week or one, two, three or six months at the election of Shire, or as otherwise agreed with the lenders. The interest rate for the RCF is: LIBOR (or, in relation to any revolving loan in Euro, EURIBOR); plus 0.30 percent per annum subject to change depending upon (i) the prevailing ratio of Net Debt to EBITDA (each as defined in the RCF) in respect of the most recently completed financial year or financial half year and (ii) the occurrence and continuation of an event of default in respect of the financial covenants or the failure to provide a compliance certificate.

Shire shall also pay (i) a commitment fee equal to 35 percent of the applicable margin on available commitments under the RCF for the availability period applicable thereto and (ii) a utilization fee equal to (a) 0.10 percent per year of the aggregate of all outstanding loans up to an aggregate base currency amount equal to $700.0 million, (b) 0.15 percent per year of the amount by which the aggregate base currency amount of all outstanding loans exceeds $700.0 million but is equal to or less than $1,400.0 million and (c) 0.30 percent per year of the amount by which the aggregate base currency amount of all outstanding loans exceeds $1,400.0 million.

The RCF includes customary representations and warranties, covenants and events of default, including requirements that Shire's (i) ratio of Net Debt to EBITDA in respect of the most recently-ended 12-month relevant period (each as defined in the RCF) must not, at any time, exceed 3.5:1 except that, following an acquisition fulfilling certain criteria, Shire may elect to increase this ratio to (a) 5.5:1 for the relevant period in which the acquisition was completed (b) 5.0:1 in respect of the first relevant period following the relevant period in which the acquisition was completed and (c) 4.5:1 in respect of the second relevant period following the relevant period in which the acquisition was completed, and (ii) ratio of EBITDA to Net Interest for the most recently-ended 12-month relevant period (each as defined in the RCF) must not be less than 4.0:1. Shire elected to increase the Net Debt to EBITDA ratio in connection with the period ending June 30, 2016, following the completion of the acquisition of Baxalta during the period. Consequently, the applicable ratio for the period ending December 31, 2016 is 5.0:1.

The RCF restricts, subject to certain exceptions, Shire's ability to incur additional financial indebtedness, grant security over its assets or provide loans/grant credit. Further, any lender may require mandatory prepayment of its participation if there is a change of control of Shire, subject to certain exceptions for schemes of arrangement and analogous schemes.

Events of default under the RCF include, subject to customary grace periods and materiality thresholds: (i) non-payment of any amounts due under the finance documents (as defined in the RCF), (ii) failure to satisfy any financial covenants, (iii) material misrepresentation in any of the finance documents, (iv) failure to pay, or certain other defaults, under other financial indebtedness, (v) certain insolvency events or proceedings, (vi) material adverse changes in the business, operations, assets or financial condition of Shire as a whole, (vii) if it becomes unlawful for Shire (or any successor parent company) or any of their respective subsidiaries that are parties to the RCF to perform their obligations thereunder or (viii) if Shire (or any successor parent company) or any subsidiary thereof which is a party to the RCF repudiates such agreement or other finance document, among others.

January 2016 Facilities Agreement

On January 11, 2016, Shire (as original guarantor and original borrower), entered into an $18.0 billion bridge facilities agreement with various financial institutions (the "January 2016 Facilities Agreement").The January 2016 Facilities Agreement comprised two credit facilities: (i) a $13.0 billion term loan facility originally maturing on January 11, 2017 ("January 2016 Facility A") and (ii) a $5.0 billion revolving loan facility originally maturing on January 11, 2017 ("January 2016 Facility B"). On April 1, 2016 SAIIDAC became an additional borrower and additional guarantor under the January 2016 Facilities Agreement.

The January 2016 Facility A was utilized to finance the cash consideration payable in respect of the acquisition of Baxalta on

June 3, 2016 in the amount of $12,390.0 million. The net proceeds from the issuance of the SAIIDAC Notes were used to fully repay the amounts outstanding under the January 2016 Facility A in September 2016. The January 2016 Facility B was canceled effective July 11, 2016, in accordance with its terms.

November 2015 Facilities Agreement

On November 2, 2015, Shire (as original guarantor and original borrower) entered into a $5.6 billion facilities agreement with various financial institutions (the "November 2015 Facilities Agreement"). The November 2015 Facilities Agreement comprises three credit facilities: (i) a $1.0 billion term loan facility of which, following the exercise of the one year extension option in the amount of $400.0 million, $600.0 million matured and was repaid on November 2, 2016 and $400.0 million matures on November 2, 2017 ("November 2015 Facility A"), (ii) a $2.2 billion amortizing term loan facility which matures on November 2, 2017 ("November 2015 Facility B") and (iii) a $2.4 billion amortizing term loan facility which matures on November 2, 2018 ("November 2015 Facility C").

On January 15, 2016, SAIIDAC became an additional borrower and an additional guarantor under the November 2015 Facilities Agreement and on December 1, 2016, Baxalta became an additional guarantor under the November 2015 Facilities Agreement. As of December 31, 2016, the November 2015 Facilities Agreement was fully utilized by SAIIDAC as borrower in the amount of $5.0 billion to finance the cash consideration payable and certain costs related to the acquisition of Dyax. On January 30, 2017, SAIIDAC made its first repayment installment of $400.0 million of November 2015 Facility B in accordance with the terms of the agreement.

Interest on any loans made under the November 2015 Facilities Agreement is payable on the last day of each interest period, which may be one week or one, two, three or six months, or as otherwise agreed with the lenders. The interest rate applicable is LIBOR plus, in the case of the November 2015 Facility A, 0.55 percent per annum, in the case of the November 2015 Facility B, 0.65 percent per annum and, in the case of the November 2015 Facility C, 0.75 percent per annum, in each case subject to change depending on (i) the prevailing ratio of Net Debt to EBITDA (each as defined in the November 2015 Facilities Agreement) in respect of the most recently completed financial year or financial half year and (ii) the occurrence and continuation of an event of default in respect of the financial covenants or failure to provide a compliance certificate.

The November 2015 Facilities Agreement includes customary representations and warranties, covenants and events of default, including requirements that Shire's (i) ratio of Net Debt to EBITDA in respect of the most recently ended 12-month relevant period, (each as defined in the November 2015 Facilities Agreement), must not, at any time, exceed 3.5:1, except that following an acquisition fulfilling certain criteria, Shire may elect to increase this ratio to (a) 5.5:1 for the relevant period in which the acquisition was completed, (b) 5.0:1 in respect of the first relevant period following the relevant period in which the acquisition was completed, and (c) 4.5:1 in respect of the second relevant period following the relevant period in which the acquisition was completed, Shire has elected to increase this ratio in connection with the period ending June 30, 2016, following the completion of the acquisition of Baxalta during the period and (ii) ratio of EBITDA to Net Interest in respect of the most recently ended 12 month relevant period, (each as defined in the November 2015 Facilities Agreement), must not be less than 4.0:1.

The November 2015 Facilities Agreement restricts, subject to certain exceptions, Shire's ability to incur additional financial indebtedness, grant security over its assets or provide loans/grant credit. Further, any lender may require mandatory prepayment of its participation if there is a change of control of Shire, subject to certain exceptions for schemes of arrangement and analogous schemes.

Events of default under the November 2015 Facilities Agreement include, subject to customary grace periods and materiality thresholds: (i) non-payment of any amounts due under the finance documents (as defined in the November 2015 Facilities Agreement), (ii) failure to satisfy any financial covenants, (iii) material misrepresentation in any of the finance documents, (iv) failure to pay, or certain other defaults, under other financial indebtedness, (v) certain insolvency events or proceedings, (vi) material adverse changes in the business, operations, assets or financial condition of Shire as a whole, (vii) if it becomes unlawful for Shire (or any successor parent company) or any of their respective subsidiaries that are parties to the November 2015 Facilities Agreement to perform their obligations thereunder or (viii) if Shire (or any successor parent company) or any subsidiary thereof which is a party to the November 2015 Facilities Agreement repudiates the November 2015 Facilities Agreement or any other finance document, among others.

January 2015 Facility Agreement

On January 11, 2015, Shire entered into an $850.0 million term facility agreement with various financial institutions (the "January 2015 Facility Agreement") with an original maturity date of January 10, 2016. The maturity date was subsequently extended to July 11, 2016 in line with the provisions within the January 2015 Facility Agreement allowing the maturity date to be extended twice, at Shire's option, by six months on each occasion.

The January 2015 Facility Agreement was used to finance Shire's acquisition of NPS Pharma (including certain related costs). On September 28, 2015, the Company reduced the January 2015 Facility Agreement by $100.0 million. In January 2016 and at various points thereafter, the Company canceled parts of the January 2015 Facilities Agreement. On February 22, 2016, the Company repaid the remaining balance of $100.0 million of the January 2015 Facilities Agreement in full.

16. Retirement benefits

The Company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Company charged to profit or loss amounted to $nil (2015: $nil). Contributions totaling $nil (2015: $nil) were payable to the fund at the year end and are included in creditors.

17. Share based payments

Group share based payment plans

The Company participates in group share-based payment plans, and recognizes and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognized for the Group in accordance with paragraph 26.16 of FRS 102. The allocation is based on the number of employees benefiting from the share-based payment plan employed by each group entity. During the year there were no individuals directly employed by the Company and the Directors of the Company referenced in Note 6 are contractual employees of a Group undertaking.

17. Share based payments (continued)

Certain employees are contractually employed by other group entities with elements of their payroll costs, including the share based payment charge relating to those employees, recharged to Shire plc on the basis of the fair value of the work performed. Share options relating to those employees are not included in the disclosures given below relating to each of the schemes currently in use.

Stock-settled SARs and stock options — SARs under LTIP and PSP (Part A)

Stock-settled share appreciation rights ("SARs"), granted to Executive Directors, are exercisable subject to service and performance criteria.

In respect of any award made to Executive Directors under the LTIP, performance criteria are based on Product Sales and Non GAAP EBITDA targets, with a Non GAAP Adjusted ROIC underpin. In respect of any award made to Executive Directors under the PSP (Part A), performance criteria are based on growth in Non GAAP Adjusted ROIC and Non GAAP EBITDA. These performance measures are an important measure of the Company's ability to meet the strategic objective to grow value for all of its stakeholders.

Awards granted to employees below Executive Director level are not subject to performance conditions and are only subject to service conditions.

Once awards have vested, participants will have until the seventh anniversary of the date of grant to exercise their awards.

As at December 31, 2016, there were no awards outstanding under this plan.

UK/Irish Sharesave Plans ("Sharesave Plans")

Options granted under the Sharesave Plans are granted with an exercise price equal to 80 percent and 75 percent of the mid-market price on the day before invitations are issued to UK and Ireland employees, respectively. Employees may enter into three or five year savings contracts. No performance conditions apply.

As at December 31, 2016, there were no awards outstanding under this plan.

Shire Global Employee Stock Purchase Plan ("Stock Purchase Plan")

Under the Stock Purchase Plan, options are granted with an exercise price equal to 85 percent of the fair market value of a share on the enrollment date (the first day of the offering period) or the exercise date (the last day of the offering period), whichever is the lower. Employees agree to save for a period up to 12 months. No performance conditions apply.

As at December 31, 2016, there were no awards outstanding under this plan.

RSUs and PSUs under LTIP and PSAs under PSP (Part B)

PSUs and PSAs granted to Executive Directors and PSUs granted to certain senior employees are exercisable subject to certain performance and service criteria.

RSUs and PSAs granted to employees below Executive Director are not subject to performance criteria and are only subject to service conditions.

The performance criteria for PSUs granted under the LTIP is based on Product sales and Non GAAP EBITDA targets, typically with a Non GAAP Adjusted ROIC underpin. The performance criteria for PSAs under the PSP (Part B) is based on growth in Non GAAP Adjusted ROIC and Non GAAP EBITDA.

As at December 31, 2016, there were no awards outstanding under this plan.

Replacement Awards Issued to Baxalta Employees

In connection with the acquisition of Baxalta and pursuant to the merger agreement associated with the acquisition, outstanding Baxalta equity awards held by Baxalta employees or employees of Baxter were canceled and exchanged for Shire equity awards. The outstanding Baxalta equity awards consisted primarily of stock options and RSUs and hence were replaced with Shire's stock options and RSUs. The replacement Shire awards generally have the same terms and conditions (including vesting) as the former Baxalta awards for which they were exchanged.

As at December 31, 2016, there were no Replacement Awards outstanding.

Valuation methodologies

The Company estimates the fair value of its share-based awards using a Black-Scholes valuation model. Key input assumptions used to estimate the fair value of share-based awards include the grant price of the award, the expected stock-based award term, volatility of the Company's share price, the risk-free rate and the Company's dividend yield. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in estimating the fair values of Shire's stock-based awards. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive equity awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company.

18. Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS 102 to not disclose transactions with wholly owned Group companies.

The Directors consider that they are the only key management personnel of the company and details in respect of their remuneration is given in Note 6 to these financial statements.

Trademarks

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Annual Report are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, the Company's rights or the rights of the applicable licensors to these trademarks, service marks, trade names and copyrights.

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