DIRECTORS' REPORT

For the Year Ended March 31, 2012

No portion of this Directors' Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

The directors present their report and audited consolidated financial statements for the fiscal year ended March 31, 2012.

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

Principal Activities

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

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

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

Use of the terms such as "us," "we," "our," "Alkermes" or the "Company" in this Directors' Report is meant to refer to Alkermes plc and its subsidiaries, except when the context makes clear that the time period being referenced is prior to September 16, 2011, in which case such terms shall refer to Alkermes, Inc. ("Old Alkermes"). Prior to September 16, 2011, Alkermes, Inc. was an independent pharmaceutical company incorporated in the Commonwealth of Pennsylvania, United States ("U.S.") and traded on the NASDAQ Global Select Stock Market under the symbol "ALKS."

Business Combination

On September 16, 2011, the business of Alkermes, Inc. and the drug technologies business ("EDT") of Elan Corporation, plc ("Elan") were combined (this combination is referred to as the "Business Combination", the "acquisition of EDT" or the" EDT acquisition"). The historical financial statements of Alkermes, Inc. are included in the comparative prior periods. As part of the Business Combination, Antler Acquisition Corp., a wholly owned subsidiary of the Company, merged with and into Alkermes, Inc. (the "Merger"), with Alkermes, Inc. surviving as a wholly owned subsidiary of the

Company. Prior to the Merger, EDT was carved-out of Elan and reorganized under the Company. At the effective time of the Merger, (i) each share of Alkermes, Inc. common shares then issued and outstanding and all associated rights were canceled and automatically converted into the right to receive one ordinary share of the Company; (ii) all then issued and outstanding options to purchase Alkermes, Inc. common shares granted under any share option plan were converted into options to purchase, on substantially the same terms and conditions, the same number of ordinary shares of the Company at the same exercise price; and (iii) all then issued and outstanding awards of Alkermes, Inc. common shares were converted into awards of the same number, on substantially the same terms and conditions, of ordinary shares of the Company. As a result, upon consummation of the Merger and the issuance of the ordinary shares of the Company in exchange for the canceled shares of Alkermes, Inc. common shares, the former shareholders of Alkermes, Inc. owned approximately 75% of the Company, with the remaining approximately 25% of the Company owned by a subsidiary of Elan pursuant to the terms of a shareholder's agreement. As of March 31, 2012, Elan, through its subsidiary, owned approximately 6% of the Company's outstanding ordinary shares.

Business Overview

Commercial Products

Our commercial products are described in the table below, including, among other things, the territory where currently sold and the source of revenues for us.

Product	Indication	Technology	Territory	Revenue Source	Marketer
RISPERDAL CONSTA	Schizophrenia Bipolar I Disorder	Extended-release microsphere	Worldwide	Manufacturing and Royalty	Janssen
INVEGA SUSTENNA *XEPLION*	Schizophrenia	NanoCrystal®	Worldwide	Royalty	Janssen
AMPRYA *FAMPYRA*	Treatment for multiple sclerosis ("MS")	OCR (MXDAS®)	U.S. United Kingdom, Australia, Germany, Norway, Denmark Iceland, Canada	Manufacturing and Royalty	Acorda Therapeutics, Inc. in U.S. Biogen Idec (ex-U.S. under sublicense from Acorda)
BYDUREON	Type 2 diabetes	Extended-release microsphere	U.S. European Union U.A.E.	Royalty	Amylin
VIVITROL	Alcohol dependence Opioid dependence	Extended-release microsphere	U.S. Russia and Commonwealth of Independent States ("CIS")	Product sales Manufacturing and Royalty	Alkermes plc Janssen
TRICOR® *LIPANTHYL®* *LIPIDIL®* *SUPRALIP®*	Cholesterol lowering	NanoCrystal	Worldwide	Royalty	Abbott
ZANAFLEX® CAPSULES® *ZANAFLEX® TABLETS*	Muscle spasticity	OCR (SODAS®)	U.S.	Manufacturing and Royalty	Acorda
AVINZA®	Chronic moderate to severe pain	OCR (SODAS)	U.S.	Manufacturing and Royalty	Pfizer
EMEND®	Nausea associated with chemotherapy and surgery	NanoCrystal	Worldwide	Royalty	Merck
FOCALIN® XR *RITALIN LA®*	Attention Deficit Hyperactivity Disorder	OCR (SODAS)	Worldwide	Manufacturing and Royalty	Novartis

Product	Indication	Technology	Territory	Revenue Source	Marketer
MEGACE® ES	Cachexia associated with AIDS	NanoCrystal	U.S.	Royalty	Strativa Pharmaceuticals (a business division of Par Pharmaceutical Companies, Inc.)
LUVOX CR®	Obsessive-compulsive disorder	OCR (SODAS)	U.S.	Manufacturing and Royalty	Jazz Pharmaceuticals plc
RAPAMUNE®	Prevention of renal transplant rejection	NanoCrystal	Worldwide	Manufacturing	Pfizer
NAPRELAN®	Various mild to moderate pain indications	OCR (IPDAS®)	U.S. Canada	Manufacturing	Shionogi Sunovion Pharmaceuticals Canada, Inc.
VERAPAMIL SR VERELAN® VERELAN® PM VERAPAMIL PM VERECAPS® UNIVER®	Hypertension	OCR (SODAS)	Licensed on country/region basis throughout the world	Manufacturing	UCB Kremers-Urban Watson; Cephalon; Aspen; Orient Europharma
DILZEM SR DILZEM XL DILTELAN ACALIX CD DINISOR TILAZEM CR CARDIZEM CD	Hypertension and/or Angina	OCR (SODAS)	Licensed on country/region basis throughout the world	Manufacturing and Royalty (for CARDIZEM CD only)	Cephalon; Pfizer; Roemmers; Kun Wha; Orient Europharma; Sanofi-Aventis
AFE Ditab® CR (AB Rated to Adalat CC®) (Nifedipine) (A)	Hypertension	OCR (MXDAS®)	U.S.	Manufacturing	Watson Pharmaceutical

We have five principal commercial products which either currently, or in the future, are expected to contribute meaningfully to our revenues.

RISPERDAL CONSTA* and *INVEGA SUSTENNA/XEPLION

RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION, which are two long-acting atypical antipsychotics, incorporate our extended-release injectable technology. They are products of Janssen.

RISPERDAL CONSTA is the first and only long-acting, atypical antipsychotic approved by the U.S. Food and Drug Administration ("FDA") for the treatment of schizophrenia and for the treatment of bipolar I disorder. INVEGA SUSTENNA/XEPLION is a once-monthly, long-acting injectable atypical antipsychotic approved by the FDA for the acute and maintenance treatment of schizophrenia in adults.

Revenues from Janssen accounted for approximately 48%, 83% and 83% of our consolidated revenues for the fiscal years ended March 31, 2012, 2011 and 2010, respectively. See"*Collaborative Arrangements*" below for information about our relationship with Janssen.

For the treatment of schizophrenia

RISPERDAL CONSTA (risperidone long-acting injection) uses our polymer-based microsphere injectable extended-release technology to deliver and maintain therapeutic medication levels in the body through just one injection every two weeks. RISPERDAL CONSTA is exclusively manufactured by us and is marketed and sold by Janssen in more than 90 countries, including the U.S., United Kingdom ("UK"), Japan, Italy, Spain and Germany. It was first approved for the treatment of schizophrenia in the U.S. in 2003 and in countries in Europe in 2002.

INVEGA SUSTENNA (paliperidone palmitate) uses our nanoparticle injectable extended-release technology to increase the rate of dissolution and enable the formulation of an aqueous suspension for once-monthly intramuscular administration. INVEGA/SUSTENNA was approved in the U.S. in 2009. Paliperidone palmitate extended-release for injectable suspension is also approved in the European Union ("EU") and other countries worldwide, and is marketed and sold in the EU under the trade name XEPLION. INVEGA SUSTENNA/XEPLION is manufactured and commercialized by Janssen.

What is schizophrenia?

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

For the treatment of bipolar I disorder

The FDA approved RISPERDAL CONSTA as both monotherapy and adjunctive therapy to lithium or valproate in the maintenance treatment of bipolar I disorder in May 2009. RISPERDAL CONSTA is also approved for the maintenance treatment of bipolar I disorder in Canada, Australia and Saudi Arabia.

What is bipolar I disorder?

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

AMPYRA/FAMPYRA

Dalfampridine extended-release tablets are marketed and sold in the U.S. under the trade name AMPYRA by Acorda. Prolonged-release fampridine tablets are marketed and sold outside the U.S. under the trade name FAMPYRA by Biogen Idec. AMPYRA was approved by the FDA in January 2010 as a treatment to improve walking in patients with MS as demonstrated by an increase in walking speed. Efficacy was shown in people with all four major types of MS (relapsing remitting, secondary progressive, progressive relapsing and primary progressive). It is the first and, currently, only product to be approved for this indication. A product of Acorda, it incorporates our Oral Controlled Release ("OCR") technology. FAMPYRA received conditional marketing approval in the EU in July 2011 and is currently being sold by Biogen Idec in select European countries, as well as Australia. AMPYRA and FAMPYRA are manufactured by us.

What is multiple sclerosis?

MS is a chronic, usually progressive disease in which the immune system attacks and degrades the function of nerve fibers in the brain and spinal cord. These nerve fibers consist of long, thin fibers, or axons, surrounded by a myelin sheath, which facilitates the transmission of electrical impulses. In MS, the myelin sheath is damaged by the body's own immune system, causing areas of myelin sheath loss, also known as demyelination. This damage, which can occur at multiple sites in the CNS, blocks or

diminishes conduction of electrical impulses. People with MS may suffer impairments in any number of neurological functions. These impairments vary from individual to individual and over the course of time, depending on which parts of the brain and spinal cord are affected, and often include difficulty walking. Individuals vary in the severity of the impairments they suffer on a day-to-day basis, with impairments becoming better or worse depending on the activity of the disease on a given day.

BYDUREON

We collaborated with Amylin on the development of a once-weekly formulation of exenatide, BYDUREON, for the treatment of type 2 diabetes. BYDUREON, an injectable formulation of Amylin's BYETTA® (exenatide), uses our polymer-based microsphere injectable extended-release technology. Amylin is responsible for commercializing exenatide products, including BYDUREON, in the U.S. Eli Lilly and Company ("Lilly") has exclusive rights to commercialize exenatide products outside of the U.S. until December 31, 2013 or such earlier date as agreed upon between Lilly and Amylin pursuant to the terms of their transition agreement, following which Amylin will have such exclusive rights.

In June 2011, the European Commission granted marketing authorization for BYDUREON for the treatment of type 2 diabetes in adult patients in combination with metformin, a sulfonylurea, a thiazolidinedione, metformin plus a sulfonylurea or metformin plus a thiazolidinedione. In July 2011, Lilly launched BYDUREON in the UK, and in September 2011, BYDUREON was launched in Germany. We received a $7.0 million milestone payment upon first commercial sale of BYDUREON in the EU, which was recognized during the quarter ended September 30, 2011.

In January 2012, the FDA approved BYDUREON as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes. We received a $7.0 million milestone payment upon first commercial sale of BYDUREON in the U.S., which was recognized as revenue during the quarter ended March 31, 2012. BYDUREON was launched in the U.S. in February 2012.

What is type 2 diabetes?

Diabetes is a disease in which the body does not produce or properly use insulin. Diabetes can result in serious health complications, including cardiovascular, kidney and nerve disease. Diabetes is believed to affect nearly 26 million people in the U.S. and an estimated 347 million adults worldwide. Approximately 90-95% of those affected have type 2 diabetes. According to the U.S. Centers for Disease Control and Prevention's National Health and Nutrition Examination Survey, approximately 60% of people with diabetes do not achieve their target blood sugar levels with their current treatment regimen. In addition, 85% of type 2 diabetes patients are overweight and 55% are considered obese. Data indicate that weight loss (even a modest amount) supports patients in their efforts to achieve and sustain glycemic control.

VIVITROL

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

VIVITROL was approved by the FDA for the treatment of alcohol dependence in April 2006 and was launched in the U.S. for this indication in June 2006. The FDA approved VIVITROL for the prevention of relapse to opioid dependence, following opioid detoxification, in October 2010.

In December 2007, we exclusively licensed the right to commercialize VIVITROL for the treatment of alcohol dependence and opioid dependence in Russia and other countries in the CIS to Cilag. In August 2008, the Russian regulatory authorities approved VIVITROL for the treatment of alcohol dependence, and Cilag launched VIVITROL in Russia in March 2009. The Russian regulatory authorities approved VIVITROL for the prevention of relapse to opioid dependence following opioid detoxification in April 2011.

What are opioid dependence and alcohol dependence?

Opioid dependence is a serious and chronic brain disease characterized by compulsive, prolonged self-administration of opioid substances that are not used for a medical purpose. According to the 2010 U.S. National Survey on Drug Use and Health, an estimated 1.5 million people aged 18 or older were dependent on pain relievers or heroin.

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

Other Commercial Products

We expect revenues from our other commercial products will decrease in the future due to existing and expected competition from generic manufacturers. For a more detailed discussion of current and expected future revenue contribution of such products, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" elsewhere in this Annual Report.

Key Development Programs

ALKS 9070

We are studying ALKS 9070 for the treatment of schizophrenia. ALKS 9070 is an injectable, sustained-release product candidate designed to provide once-monthly dosing of a medication that converts *in vivo* into aripiprazole, a molecule that is commercially available under the name ABILIFY®. ALKS 9070 is our first product candidate to leverage our proprietary LinkeRx™ product platform. In June 2011, we announced positive results from a phase 1b, double-blind, randomized, placebo- controlled, 20-week study that assessed the safety, tolerability and pharmacokinetic profile of a single administration of three ascending doses of ALKS 9070 in 32 patients with chronic, stable schizophrenia. Data from the study showed that ALKS 9070 was generally well tolerated, achieved therapeutically relevant plasma concentrations of aripiprazole with a pharmacokinetic profile that supports once-monthly dosing. In December 2011, based on these results, we advanced ALKS 9070 into a multicenter, double-blind, placebo-controlled phase 3 study designed to assess the efficacy, safety and tolerability of ALKS 9070 in approximately 690 patients experiencing acute exacerbation of schizophrenia; these patients will be randomized to receive one of two doses of ALKS 9070 or placebo. The clinical data from this study, which are expected mid-calendar year 2013, may form the basis of an NDA to the FDA for ALKS 9070 for the treatment of schizophrenia.

During the three months ended March 31, 2012, we transferred ALKS 9070, including all ALKS 9070 intellectual property, from the U.S. to Ireland.

ALKS 37

We are developing ALKS 37, an orally active, peripherally restricted opioid antagonist for the treatment of opioid-induced constipation ("OIC"). According to IMS Health information, an estimated

280 million prescriptions were written for opioids in the U.S. during 2010. Many studies indicate that a high percentage of patients receiving opioids are likely to experience side effects affecting gastrointestinal motility. OIC can be severe and adversely impact quality of life, compromising patient compliance with opioid therapy in order to achieve pain management.

In May 2011, we presented positive results from a phase 2 double-blind, randomized, placebo-controlled, multidose clinical study of ALKS 37 for the treatment of OIC. Data from the study showed that ALKS 37 significantly improved gastrointestinal motility, demonstrated by increased frequency of bowel movements in patients with OIC, while simultaneously preserving the analgesic effects of opioid treatment. The study also demonstrated that ALKS 37 was generally well tolerated. In July 2011, we announced the initiation of a multicenter, randomized, double-blind, placebo-controlled, repeat-dose phase 2b study of ALKS 37 to assess the safety, tolerability, efficacy and pharmacokinetic profile of ALKS 37 in approximately 150 patients. In October 2011, we announced the initiation of a second phase 2b study of ALKS 37. This multicenter, randomized, double-blind, placebo-controlled, fixed-dose study is designed to assess the safety and efficacy of daily administration of a 100 mg dose of ALKS 37 versus placebo for 12 weeks in approximately 80 patients with OIC. The results of this phase 2b study, along with those from the repeat-dose, four-week phase 2b study initiated earlier in 2011, are expected in mid-calendar year 2012.

ALKS 33

ALKS 33 is an oral opioid modulator characterized by limited hepatic metabolism and durable pharmacologic activity in modulating brain opioid receptors.

We conducted two phase 1 studies and one phase 2 study of ALKS 33. The first phase 1 study was a randomized, double-blind, placebo-controlled, multidose study designed to assess the steady-state pharmacokinetics, safety and tolerability of ALKS 33. In the study, ALKS 33 demonstrated rapid oral absorption and sustained pharmacologically active plasma levels supporting once-daily dosing. The second phase 1 study was a randomized, single-blind, placebo-controlled, single-dose study designed to test the ability of ALKS 33 to block the subjective and objective effects of a potent opioid agonist, remifentanil, a commercially available analgesic. Data showed that the onset of action of ALKS 33 was rapid and observed as early as 15 minutes following oral administration. A full blockade of the opioid agonist was observed and sustained for more than 24 hours following a single administration of ALKS 33. ALKS 33 was generally well tolerated in both studies.

The phase 2 study of ALKS 33 was designed to assess the safety, tolerability, pharmacokinetics and efficacy of daily oral administration of three different dose levels of ALKS 33 compared to placebo in 400 alcohol dependent patients. The phase 2 study showed that ALKS 33 was generally well tolerated and characterized by its potential for daily dosing, non-hepatic metabolism, extended pharmacologic benefit in the event of missed doses and pharmacologic activity in reducing heavy drinking behavior. ALKS 33 is currently being evaluated as a potential treatment for alcohol dependence. There are currently no ongoing clinical trials of ALKS 33 for the treatment of alcohol dependence.

ALKS 5461

ALKS 5461 is a combination of ALKS 33 and buprenorphine that we are developing to be a non-addictive therapy for the treatment of major depressive disorder ("MDD"), in patients who have an inadequate response to standard antidepressant therapies, and for the treatment of cocaine dependence.

Major Depressive Disorder

In January 2012, we announced positive results from a phase 1/2 study of ALKS 5461 compared to placebo in 32 patients with MDD who did not adequately respond to standard antidepressant therapies.

In the study, ALKS 5461 was shown to significantly reduce depressive symptoms, as measured by the Hamilton Depression Rating Scale (HAM-D17; a standard, clinician-assessed measure of depression severity), in patients who received ALKS 5461 for the seven-day treatment period. In addition, data from the study showed that ALKS 5461 was generally well tolerated. Based on these results, we initiated a randomized, double-blind, multicenter, placebo-controlled phase 2 study to evaluate the efficacy and safety of ALKS 5461 when administered once daily for four weeks in approximately 130 patients with MDD who have inadequate response to antidepressant therapy. Data from the study are expected in the first half of calendar year 2013.

Cocaine Dependence

Our randomized, double-blind, multidose, placebo-controlled phase 1 clinical study assessed the safety, tolerability and pharmacodynamic effects of the combination of ALKS 33 and buprenorphine when administered alone, and in combination as ALKS 5461, to 12 opioid-experienced users. Data from the study showed that ALKS 5461 was generally well-tolerated and sublingual administration of ALKS 33 effectively blocked the agonist effects of buprenorphine.

Based on these positive results, we filed an Investigational New Drug application ("IND") for ALKS 5461 for the treatment of cocaine dependence in June 2011. In the second half of 2011,we initiated a phase 1b study of ALKS 5461 for cocaine dependence, which is being funded through a grant from the National Institute on Drug Abuse ("NIDA"). NIDA has granted us up to $2.4 million to accelerate the clinical development of ALKS 5461 for the treatment of cocaine dependence. Currently, there are no medications approved for the treatment of cocaine dependence. The results of this phase 1b study are expected in mid-calendar year 2012.

ZOHYDRO™

ZOHYDRO (hydrocodone bitartrate) extended-release capsules is a novel, oral, single-entity (without acetaminophen), controlled-release formulation of hydrocodone in development by Zogenix, Inc. ("Zogenix") for the U.S. market. ZOHYDRO utilizes our oral controlled-release technology, which potentially enables longer-lasting and more consistent pain relief with fewer daily doses than the commercially available formulations of hydrocodone. In August 2011, Zogenix announced positive top-line results from its pivotal phase 3 efficacy study of ZOHYDRO for the treatment of moderate to severe chronic pain in patients requiring around-the-clock opioid therapy. On May 2, 2012, Zogenix announced that it submitted a NDA to the FDA for ZOHYDRO. We will earn manufacturing revenues in the U.S. for ZOHYDRO and are entitled to receive a royalty on U.S. sales of ZOHYDRO, if approved. We have maintained all rights to the product in territories outside the U.S. and will seek to develop and license the product through commercial partnerships in those territories.

Our Research and Development Expenditures

We devote significant resources to R&D programs. We focus our R&D efforts on identifying novel therapeutics in areas of high unmet medical need. Please see "Item 6. Selected Financial Data" for our R&D expenditures for our previous five fiscal years.

Collaborative Arrangements

Our business strategy includes forming collaborations to develop and commercialize our products and, in so doing, access technological, financial, marketing, manufacturing and other resources. We have entered into several collaborative arrangements, as described below.

Janssen

RISPERDAL CONSTA

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

Under license agreements, we granted Janssen and an affiliate of Janssen exclusive worldwide licenses to use and sell RISPERDAL CONSTA. Under our license agreements with Janssen, we receive royalty payments equal to 2.5% of Janssen's net sales of RISPERDAL CONSTA in each country where the license is in effect based on the quarter when the product is sold by Janssen. This royalty may be reduced in any country based on lack of patent coverage and significant competition from generic versions of the product. Janssen can terminate the license agreements upon 30 days' prior written notice to us. The licenses granted to Janssen expire on a country-by-country basis upon the later of (i) the expiration of the last patent claiming the product in such country or (ii) fifteen years after the date of the first commercial sale of the product in such country, provided that in no event will the license granted to Janssen expire later than the twentieth anniversary of the first commercial sale of the product in such country, with the exception of certain countries where the fifteen-year limitation shall pertain regardless. After expiration, Janssen retains a non-exclusive, royalty-free license to manufacture, use and sell RISPERDAL CONSTA. We exclusively manufacture RISPERDAL CONSTA forcommercial sale. Under our manufacturing and supply agreement with Janssen, we record manufacturing revenues when product is shipped to Janssen, based on 7.5% of Janssen's net unit sales price for RISPERDAL CONSTA for the calendar year.

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

INVEGA SUSTENNA/XEPLION

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

Under our license agreement, we receive certain development milestone payments from Janssen and tiered royalty payments between 5% and 9% of INVEGA SUSTENNA net sales in each country where the license is in effect, with the exact royalty percentage determined based on worldwide net sales. These royalty payments may be reduced in any country based on lack of patent coverage or patent litigation, or where competing products achieve certain minimum sales thresholds. The licenses granted to Janssen expire on a country-by-country basis upon the later of (i) March 31, 2019 or (ii) the expiration of the last of the patents claiming the product in such country. After expiration, Janssen retains a non-exclusive, royalty-free license to develop, manufacture and commercialize the products.

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

Acorda

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

Acorda has the right to terminate the license agreement upon 90 days' written notice. We have the right to terminate the license agreement for countries in which Acorda fails to launch a product within a specified time after obtaining the necessary regulatory approval or fails to file regulatory approvals within a commercially reasonable time after completion and receipt of positive data from all preclinical and clinical studies required for filing a marketing authorization application. If we terminate Acorda's license in any country, we are entitled to a license from Acorda of its patent rights and know-how relating to the product as well as the related data, information and regulatory files, and to market the product in the applicable country, subject to an initial payment equal to Acorda's cost of developing such data, information and regulatory files and to ongoing royalty payments to Acorda. Subject to the termination of the license agreement, licenses granted under the license agreement terminate on a country-by-country basis on the later of (i) September 2018 or (ii) the expiration of the last to expire of our patents or the existence of a threshold level of competition in the marketplace.

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

In January 2011, we entered into a development and supplemental agreement to our amended and restated license agreement with Acorda. Under the terms of this agreement, we granted Acorda the right, either with us or with a third party, in each case in accordance with certain terms and conditions, to develop new formulations of dalfampridine or other aminopyridines. Under the terms of the agreement, Acorda has the right to select either a formulation developed by us or by a third party for commercialization. If Acorda selects and commercializes a formulation developed by us, we are entitled to development fees, milestone payments (for new indications if not previously paid), license revenues and royalties in accordance with our amended and restated license agreement, and either manufacturing fees as a percentage of net selling price for product manufactured by us or compensating fees for product manufactured by third parties. If Acorda selects a formulation not developed by us, then we will be entitled to various compensation payments and have the first option to manufacture such third-party formulation. The agreement expires upon the expiry or termination of the 2003 license agreement or may be earlier terminated by either party following an uncured breach of the agreement by the other party.

Acorda's financial obligations under this development and supplemental agreement continue for a minimum of ten years from the first commercial sale of such new formulation, and may extend for a longer period of time, depending on the intellectual property rights protecting the formulation,

regulatory exclusivity and/or the absence of significant market competition. These financial obligations survive termination.

Amylin

In May 2000, we entered into a development and license agreement with Amylin for the development of exendin products falling within the scope of our patents, which includes the once-weekly formulation of exenatide, BYDUREON. Pursuant to the development and license agreement, Amylin has an exclusive, worldwide license to our polymer-based microsphere technology for the development and commercialization of injectable extended-release formulations of exendins and other related compounds. We receive funding for research and development and milestone payments consisting of cash and warrants for Amylin common shares upon achieving certain development and commercialization goals and will also receive royalty payments based on future product sales, if any. In October 2005 and in July 2006, we amended the development and license agreement. Under the amended agreement, we are responsible for formulation and are principally responsible for non-clinical development of any products that may be developed pursuant to the agreement and for manufacturing these products for use in early-phase clinical trials.

Amylin is responsible for commercializing exenatide products, including BYDUREON, in the U.S. and for U.S. regulatory matters relating to BYDUREON. Lilly, Amylin's former worldwide collaboration partner with respect to exenatide products, continues to have exclusive rights to commercialize exenatide products outside of the U.S. until December 31, 2013 or such earlier date as agreed by the parties pursuant to the terms of their transition agreement, following which Amylin will have such exclusive rights. Subject to these arrangements with Lilly, Amylin is responsible for conducting clinical trials, securing regulatory approvals and marketing any products resulting from the collaboration on a worldwide basis.

In conjunction with the 2005 amendment of the development and license agreement with Amylin, we reached an agreement regarding Amylin's construction of a manufacturing facility for BYDUREON and certain technology transfer related thereto. The facility and technology transfer of our manufacturing processes was completed in 2009. Amylin will be responsible for the manufacture of BYDUREON and will operate the facility.

Until December 31, 2021, we will receive royalties equal to 8% of net sales from the first 40 million units of BYDUREON sold in any particular year and 5.5% of net sales from units sold beyond the first 40 million units for that year. Thereafter, during the term of the development and license agreement, we will receive royalties equal to 5.5% of net sales of products sold. We received a $7.0 million milestone payment in July 2011 upon the first commercial sale of BYDUREON in the EU, and we received a $7.0 million milestone payment upon the first commercial sale of BYDUREON in the U.S. BYDUREON was launched in the U.S. in February 2012.

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

Cilag

In December 2007, we entered into a license and commercialization agreement with Cilag to commercialize VIVITROL for the treatment of alcohol dependence and opioid dependence in Russia and other countries in the CIS. Under the terms of the agreement, Cilag has primary responsibility for

securing all necessary regulatory approvals for VIVITROL, and Janssen-Cilag, an affiliate of Cilag, commercializes the product. Under the terms of the agreement, we granted an exclusive license to Janssen-Cilag to use and sell VIVITROL in Russia and certain other countries in the CIS for the treatment of alcohol and opioid abuse/dependence. We are responsible for the manufacture of VIVITROL and receive manufacturing and royalty revenues based upon product sales.

Cilag has paid us $6.0 million to date in nonrefundable payments, and our agreement provides that we could be eligible for up to an additional $33.0 million in milestone payments upon the receipt of regulatory approvals for the product, the occurrence of certain agreed-upon events and the achievement of certain VIVITROL sales levels.

Commencing five years after the effective date of the agreement, Cilag will have the right to terminate the agreement at any time by providing 90 days' written notice to us, subject to certain continuing rights and obligations between the parties. Cilag will also have the right to terminate the agreement at any time upon 90 days' written notice to us if a change in the pricing and/or reimbursement of VIVITROL in Russia and other countries of the CIS has a material adverse effect on the underlying economic value of commercializing the product such that it is no longer reasonably profitable to Cilag. In addition, either party may terminate the agreement upon a material breach by the other party, which is not cured within 90 days after receipt of written notice specifying the material breach or, in certain circumstances, a 30-day extension of that period.

Proprietary Product Platforms

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

Injectable Extended-Release Microsphere Technology

Our injectable extended-release technology allows us to encapsulate small molecule pharmaceuticals, peptides and proteins, in microspheres made of common medical polymers. The technology is designed to enable novel formulations of pharmaceuticals by providing controlled, extended release of drugs over time. Drug release from the microsphere is controlled by diffusion of the drug through the microsphere and by biodegradation of the polymer. These processes can be modulated through a number of formulation and fabrication variables, including drug substance and microsphere particle sizing and choice of polymers and excipients.

LinkeRx Technology

The long-acting LinkeRx technology platform is designed to enable the creation of extended-release injectable versions of antipsychotic therapies and may also be useful in other disease areas in which long action may provide therapeutic benefits. The technology uses proprietary linker-tail chemistry to create New Molecular Entities ("NMEs") derived from known agents. These NMEs are designed to have improved clinical utility, manufacturing and ease-of-use compared to other long-acting medications.

NanoCrystal Technology

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

Oral Controlled Release Technology Platform

Our OCR technologies are used to formulate, develop and manufacture oral dosage forms of pharmaceutical products that improve and control the release characteristics and efficacy of standard dosage forms.

Our OCR platform includes technologies for tailored pharmacokinetic profiles including SODAS® technology, IPDAS® technology, CODAS® technology and the MXDAS® drug absorption system, each as described below.

- SODAS Technology: SODAS (Spheroidal Oral Drug Absorption System) technology involves producing uniform spherical beads of 1 mm to 2 mm in diameter containing drug plus excipients and coated with product-specific modified-release polymers. Varying the nature and combination of polymers within a selectively permeable membrane enables varying degrees of modified release depending upon the required product profile.

- CODAS Technology: CODAS (Chronotherapeutic Oral Drug Absorption System) enables the delayed onset of drug release incorporating the use of specific polymers, resulting in a drug release profile that more accurately complements circadian patterns.

- IPDAS Technology: IPDAS (Intestinal Protective Drug Absorption System) technology conveys gastrointestinal protection by a wide dispersion of drug candidates in a controlled and gradual manner, through the use of numerous high-density controlled-release beads compressed into a tablet form. Release characteristics are modified by the application of polymers to the micro matrix and subsequent coatings, which form a rate-limiting semi-permeable membrane.

- MXDAS Technology: MXDAS (Matrix Drug Absorption System) formulates the drug candidate in a hydrophilic matrix and incorporates one or more hydrophilic matrix-forming polymers into a solid oral dosage form, which controls the release of drug through a process of diffusion and erosion in the gastrointestinal tract.

Manufacturing and Product Supply

We own and occupy manufacturing, office and laboratory facilities in Wilmington, Ohio; Athlone, Ireland; and Gainesville, Georgia. We either purchase active drug product from third parties or receive it from our third-party collaborators to formulate product using our technologies. The manufacture of our product for clinical trials and commercial use is subject to cGMP and other regulatory agency regulations. Our manufacturing and development capabilities include formulation through process development, scale-up and full-scale commercial manufacturing and specialized capabilities for the development and manufacturing of controlled substances.

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

Our third-party service providers involved in the manufacture of our products are subject to inspection by the FDA or comparable agencies in other jurisdictions. Any delay, interruption or other issues that arise in the acquisition of active pharmaceutical ingredients ("API"), manufacture, fill-finish, packaging, or storage of our products or product candidates, including as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection, could significantly impair our ability to sell our products or advance our development efforts, as the case may be. For information about risks relating to the manufacture of our products and product candidates, see "Risk Factors" and specifically those sections entitled "—Our revenues largely depend on the actions of

our third party collaborators, and if they are not effective, our revenues could be materially adversely affected," "—We are subject to risks related to the manufacture of our products," "—We rely on third parties to provide services in connection with the manufacture and distribution of our products," "—If we or our third party providers fail to meet the stringent requirements of governmental regulation in the manufacture of our products, we could incur substantial remedial costs and a reduction in sales and/or revenues" and "—We rely heavily on collaborative partners to develop and commercialize our products."

Commercial Products

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

We manufacture AMPYRA/FAMPYRA, NAPRELAN, LUVOX CR, RAPAMUNE and other products in our Athlone, Ireland facility. The facility has been inspected by U.S., Irish and Mexican regulatory authorities for compliance with required cGMP standards for continued commercial manufacturing.

We manufacture FOCALIN XR, RITALIN LA, AVINZA, VERAPAMIL and other products in our Gainesville, Georgia facility. The facility has been inspected by U.S., Danish and Brazilian regulatory authorities for compliance with required cGMP standards for continued commercial manufacturing. For more information about our manufacturing facilities, see "—Properties."

Clinical Products

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

Research & Development

We devote significant resources to research and development programs. We focus our research and development efforts on finding novel therapeutics in areas of high unmet medical need. Our research and development efforts include, but are not limited to, areas such as pharmaceutical formulation, analytical chemistry, process development, engineering, scale-up and drug optimization/delivery. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Alkermes" for our research and development expenditures for our prior three fiscal years.

Permits and Regulatory Approvals

We hold various licenses in respect of our manufacturing activities conducted in Wilmington, Ohio; Athlone, Ireland; and Gainesville, Georgia. The primary licenses held in this regard are FDA Registrations of Drug Establishment and Drug Enforcement Administration ("DEA"), Controlled

Substance Registration. We also hold a Manufacturers Authorisation (No. M516), an Investigational Medicinal Products Manufacturers Authorisation (No. IMP008) and Certificates of Good Manufacturing Practice Compliance of a Manufacturer (Ref. 2010-096 and 2010-097) from the Irish Medicines Board ("IMB") in respect of our Athlone facility, and a number of Controlled Substance Licenses granted by the Minister for Health and Children in Ireland. Due to certain U.S. state law requirements, we also hold certain state licenses to cover distribution activities through certain states and not in respect of any manufacturing activities conducted in those states.

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

Marketing, Sales and Distribution

We focus our sales and marketing efforts on specialist physicians in private practice and in public treatment systems. We use customary pharmaceutical company practices to market our product and to educate physicians, such as sales representatives calling on individual physicians, advertisements, professional symposia, selling initiatives, public relations and other methods. We provide customer service and other related programs for our product, such as product-specific websites, insurance research services and order, delivery and fulfillment services. Our sales force for VIVITROL in the U.S. consists of approximately 70 individuals. VIVITROL is sold directly to pharmaceutical wholesalers, specialty pharmacies and a specialty distributor. Product sales of VIVITROL during the fiscal year ended March 31, 2012, to McKesson Corporation, AmerisourceBergen Drug Corporation, CVS Caremark Corporation and Cardinal Health ("Cardinal"), represented approximately 19%, 16%, 14% and 13%, respectively, of total VIVITROL sales.

Effective April 1, 2009, we entered into an agreement with Cardinal Health Specialty Pharmaceutical Services ("Cardinal SPS"), a division of Cardinal, to provide warehouse, shipping and administrative services for VIVITROL. Our expectation for fiscal year 2013 is to continue to distribute VIVITROL through Cardinal SPS.

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

Competition

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

The biotechnology and pharmaceutical industries are characterized by intensive research, development and commercialization efforts and rapid and significant technological change. Many of our competitors are larger and have significantly greater financial and other resources than we do. We

expect our competitors to develop new technologies, products and processes that may be more effective than those we develop. The development of technologically improved or different products or technologies may make our product candidates or product platforms obsolete or noncompetitive before we recover expenses incurred in connection with their development or realize any revenues from any commercialized product.

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

With respect to our proprietary injectable product platform, we are aware that there are other companies developing extended-release delivery systems for pharmaceutical products. RISPERDAL CONSTA and INVEGA SUSTENNA may compete with a number of other injectable products including ZYPREXA® RELPREVV® ((olanzapine) For Extended Release Injectable Suspension), which is marketed and sold by Lilly in the U.S., the EU and Australia/New Zealand, and other products currently in development, including a once-monthly injectable formulation of ABILIFY® (aripiprazole) developed by Otsuka Pharmaceutical Co., Ltd., ("Otsuka") which is currently under FDA review. RISPERDAL CONSTA and INVEGA SUSTENNA may also compete with new oral compounds currently on the market or being developed for the treatment of schizophrenia.

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

In the treatment of opioid dependence, VIVITROL competes with methadone, oral naltrexone, and SUBOXONE® (buprenorphone HCl/naloxone HCl dehydrate sublingual tablets), SUBOXONE® (buprenorphone/naloxone) Sublingual Film, and SUBUTEX® (buprenorphine HCl sublingual tablets), each of which is marketed and sold by Reckitt Benckiser Pharmaceuticals, Inc. in the U.S. It also competes with other buprenorphine-based products on the market. Other pharmaceutical companies are developing product candidates that have shown promise in treating opioid dependence and that, if approved by the FDA, would compete with VIVITROL.

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

AMPYRA/FAMPYRA is, to our knowledge, the first product that is approved as a treatment to improve walking in patients with MS. However, there are a number of FDA-approved therapies for MS disease management that seek to reduce the frequency and severity of exacerbations or slow the accumulation of physical disability for people with certain types of MS. These products include AVONEX® from Biogen Idec, BETASRON® from Bayer HealthCare Pharmaceuticals, COPAXONE®

from Teva Pharmaceutical Industries Ltd., REBIF® from Merck Serono, TYSABRI® from Biogen Idec and Elan, and GILENYA™ and EXTAVIA from Novartis AG.

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

Patents and Proprietary Rights

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

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

Our NanoCrystal technology patent portfolio contains a number of patents granted throughout the world, including the U.S. and countries outside of the U.S. We also have a significant number of pending patent applications covering our NanoCrystal technology. The latest of the patents covering INVEGA SUSTENNA expires in 2019 in the U.S. and 2018 in the EU. Additional pending applications may provide a longer period of patent coverage, if granted.

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

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

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

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

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

We are involved as a plaintiff in various Paragraph IV litigations in the U.S. and similar suits in Canada and France in respect of five different products: TRICOR 145, FOCALIN XR, AVINZA, LUVOX CR and MEGACE ES.

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

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

Employees

As of May 10, 2012, we had approximately 1,200 full-time employees. A significant number of our management and professional employees have prior experience with pharmaceutical, biotechnology or medical product companies. We believe that we have been successful in attracting skilled and experienced scientific and senior management personnel; however, competition for such personnel is intense. None of our employees is covered by a collective bargaining agreement. We consider our relations with our employees to be good.

Review of the Performance of the Business

Overview

For the year ended March 31, 2012, we reported $390.0 million in revenues, which included the revenues generated from products associated with the former EDT business, and represented an increase of more than 109% over the year ended March 31, 2011 compared to those for Old Alkermes. Revenues from our five key products accounted for 60% of our total consolidated revenues for the year ended March 31, 2012.

For the year ended March 31, 2012, total expenses increased by $246.0 million, as compared to the year ended March 31, 2011, due primarily to the addition of EDT. Expenses from the EDT business were $175.0 million for the year ended March 31, 2012, and we incurred $29.1 million during the year ended March 31, 2012 related to the EDT acquisition, which consisted primarily of banking, legal and accounting services.

On September 16, 2011, we entered into the Term Loans with MSSF and HSBC. The $310.0 million First Lien Term Loan has an initial applicable margin for borrowings of three-month LIBOR plus 5.25%, was issued with an original issue discount of $3.1 million and has a term of six years. The $140.0 million Second Lien Term Loan has an initial applicable margin for borrowings of three-month LIBOR plus 8.00%, was issued with an original issue discount of $2.8 million, and has a term of seven years. Under each of the Term Loans, LIBOR is subject to an interest rate floor of 1.50%. Required quarterly principal payments of $0.8 million on the First Lien Term Loan began during the three months ended March 31, 2012. In addition, beginning in fiscal year 2013, we are required to make principal payments on the First Lien Term Loan for amounts up to 50% of excess cash flows as defined in the First Lien Term Loan credit agreement. The principal amount of the Second Lien Term Loan is due and payable in full on the maturity date. If prepayments are made prior to September 16, 2012, we may be subject to prepayment premium of 1% of the amount of the term loans being repaid if the prepayment is made in connection with a refinancing transaction or 1% of the amount of the outstanding term loans if the prepayment is made in connection with an amendment to the agreement resulting in a refinancing transaction.

Manufacturing and Royalty Revenues

(in millions)	Years Ended March 31, 2012	2011
Manufacturing and royalty revenues:		
RISPERDAL CONSTA	$ 168.3	$ 154.3
TRICOR 145	27.8	—
AMYPRA/FAMPYRA	24.6	—
RITALIN LA/FOCALIN XR	23.1	—
INVEGA SUSTENNA/XEPLION	18.0	—
VERELAN	14.2	—
BYDUREON	1.5	—
Other	48.9	2.5
Manufacturing and royalty revenues	$ 326.4	$ 156.8

Manufacturing revenues are earned from the sale of products we manufacture for resale by our collaborative partners. Royalty revenues are earned on our collaborators' sales of products that incorporate our technologies. Royalties are generally recognized in the period the products are sold by our collaborators.

Under our RISPERDAL CONSTA supply and license agreements with Janssen, we earned manufacturing revenues at 7.5% of Janssen's unit net sales price of RISPERDAL CONSTA and royalty revenues at 2.5% Janssen's net sales of RISPERDAL CONSTA in the fiscal years ending March 31, 2012 and 2011. The increase in RISPERDAL CONSTA manufacturing and royalty revenues for the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to an 8% increase in the number of units shipped to Janssen and a 1% increase in royalties. The increase in royalties was due to an increase in Janssen's end-market sales of RISPERDAL CONSTA from $1,525.6 million during the year ended March 31, 2011 to $1,540.3 millionduring the year ended March 31, 2012. Units sold in countries outside the U.S. by Janssen in the years ended March 31, 2012 and 2011 for 83% of the total units sold, respectively.

We expect revenues from RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION, our long acting atypical antipsychotic franchise, to continue to grow, as INVEGA SUSTENNA/XEPLION is launched around the world. A number of companies, including us, are working to develop products to treat schizophrenia and/or bipolar disorder that may compete with RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION. Increased competition may lead to reduced unit sales of RISPERDAL CONSTA and INVEGA SUSTENNA/XEPLION, as well as increasing pricing pressure. RISPERDAL CONSTA is covered by a patent until 2021 in the EU and 2023 in the U.S., and INVEGA SUSTENNA/XEPLION is covered by a patent until 2018 in the EU and 2019 in the U.S., and as such, we do not anticipate any generic versions in the near-term for either of these products.

The increase in royalty revenues from TRICOR 145, AMPYRA/FAMPYRA, RITALIN LA/FOCALIN XR, INVEGA SUSTENNA/XEPLION, VERELAN and the other manufacturing and royalty revenues were primarily due to the addition of the portfolio of commercialized products from the former EDT business on September 16, 2011, which was the closing date of the Business Combination. A number of our mature products, including RITALIN LA and VERELAN, are currently facing generic competition and TRICOR 145 and FOCALIN XR will face generic competition in FY'13. As a result, we expect sales of these products to decline over the next few fiscal years.

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

Product Sales, Net

Our product sales consist of sales of VIVITROL in the U.S. to wholesalers, specialty distributors and specialty pharmacies. The following table presents the adjustments to arrive at VIVITROL product sales, net for sales of VIVITROL in the U.S. during the years ended March 31, 2012 and 2011:

	Year Ended March 31, 2012		Year Ended March 31, 2011	
(in millions)	**Amount**	**% of Sales**	**Amount**	**% of Sales**
Product sales, gross	$ 57.6	100.0%	$ 39.3	100.0%
Adjustments to product sales, gross:				
Medicaid rebates	(4.6)	(8.0)%	(3.1)	(8.0)%
Chargebacks	(4.1)	(7.1)%	(2.4)	(6.1)%
Wholesaler fees	(3.0)	(5.2)%	(2.2)	(5.6)%
Reserve for inventory in the channel(1)	(1.3)	(2.3)%	(0.8)	(2.0)%
Other	(3.4)	(5.9)%	(1.9)	(4.8)%
Total adjustments	(16.4)	(28.5)%	(10.4)	(26.5)%
Product sales, net	$ 41.2	71.5%	$ 28.9	73.5%

(1) Our reserve for stock in the channel is an estimate that reflects the deferral of the recognition of revenue on shipments of VIVITROL to our customers until the product has left the distribution channel as we do not yet have the history to reasonably estimate returns related to these shipments. We estimate that product shipments out of the distribution channel through data provided by external sources, including information on stock levels provided by our customers as well as prescription information.

The increase in product sales, gross for the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to a 34% increase in the number of units sold into the distribution channel and a 9% increase in price. The increases in chargebacks during the year ended March 31, 2012, as compared to the year ended March 31, 2011 wasprimarily due to the increase in the price of VIVITROL and increased 340B/PHS pricing discounts.

We expect VIVITROL sales to continue to grow as we continue to penetrate the opioid dependence indication market in the U.S. In addition, we anticipate that Janssen-Cilag will increase sales of VIVITROL in Russia and the CIS, which are recorded as manufacturing and royalty revenues, and there exists the potential to launch the product in other countries around the world. A number of companies, including us, are working to develop products to treat addiction, including alcohol and opioid dependence, that may compete with VIVITROL, which may negatively impact future sales of VIVITROL. Increased competition may lead to reduced unit sales of VIVITROL, as well as increasing pricing pressure. VIVITROL is covered by a patent that will expire in the U.S. in 2029 and in Europe in 2021 and, as such, we do not anticipate any generic versions of this product in the near-term.

Research and Development Revenue

(in millions)	Years Ended March 31, 2012	2011
Research and development programs:		
BYDUREON	$ 14.1	$ 0.6
Other	8.2	0.3
Research and development revenue	$ 22.3	$ 0.9

R&D revenue is generally earned for services performed and milestones achieved under arrangements with our collaborators. The increase in R&D revenue for the year ended March 31,2012, as compared to the year ended March 31, 2011, was primarily due to $14.0 million in BYDUREON milestone payments we received during the year. Under our agreement with Amylin, we received a $7.0 million milestone payment related to the first commercial sale of BYDUREON in the EU and a $7.0 million milestone payment related to the first commercial sale of BYDUREON in the U.S. During the year ended March 31, 2012, we also received a $3.0 million milestone payment upon receipt of regulatory approval for VIVITROL in Russia for the opioid dependence indication.

Costs and Expenses

Cost of Goods Manufactured and Sold

(in millions)	Years Ended March 31, 2012	2011
Cost of goods manufactured and sold	$ 127.6	$ 52.2

The increase in cost of goods manufactured and sold in the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to the addition of $70.0 million of cost of goods manufactured from the addition of EDT's portfolio of commercialized products and a $3.0 million increase in VIVITROL cost of goods manufactured and sold primarily due to an increase in the number of units sold. We expect an increase in cost of goods manufactured and sold in fiscal year 2013, as compared to fiscal year 2012, as a result of the inclusion of a full year of operations from the former EDT business as well as from an increase in production volumes to support higher sales of AMPYRA/FAMPYRA and VIVITROL, as well as various other contract manufacturing activities.

Research and Development Expense

(in millions)	Years Ended March 31, 2012	2011
Research and development	$ 141.9	$ 97.2

The increase in R&D expense in the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to the addition of $15.5 million of R&D expense for the former EDT business, and an increase in the following expenses from the Old Alkermes business: $13.6 million in clinical study and laboratory expense; $6.8 million in professional service expense; and $9.9 million in employee-related expense, partially offset by a $2.8 million decrease in license and collaboration fees. The increase in clinical study, laboratory and professional service expense was primarily due to increased activity related to our ALKS 37 and ALKS 9070 development programs, and the increase in employee-related expense is primarily due to an increase in headcount within the Old Alkermes

business and share-based compensation expense as recent equity grants were awarded with a higher grant-date fair value than older grants. The decrease in license and collaboration fees was primarily due to a decrease in expense under a collaboration agreement with Acceleron Pharma, Inc. ("Acceleron").

We expect a modest increase in R&D expense in the year ended March 31, 2013 primarily due to increased R&D investment as certain of our key development programs, notably ALKS 9070, ALKS 37 and ALKS 5461 continue to advance through the pipeline and due to the inclusion of a full year of operations from the former EDT business.

A significant portion of our R&D expenses (including laboratory supplies, travel, dues and subscriptions, recruiting costs, temporary help costs, consulting costs and allocable costs such as occupancy and depreciation) are not tracked by project as they benefit multiple projects or our technologies in general. Expenses incurred to purchase specific services from third parties to support our collaborative R&D activities are tracked by project and are reimbursed to us by our partners. We generally bill our partners under collaborative arrangements using a negotiated Full Time Equivalent ("FTE"), or hourly rate. This rate has been established by us based on our annual budget of employee compensation, employee benefits and the billable non-project-specific costs mentioned above and is generally increased annually based on increases in the consumer price index. Each collaborative partner is billed using a negotiated FTE or hourly rate for the hours worked by our employees on a particular project, plus direct external costs, if any. We account for our R&D expenses on a departmental and functional basis in accordance with our budget and management practices.

Selling, General and Administrative Expense

	Years Ended March 31,	
(in millions)	**2012**	**2011**
Selling, general and administrative	$ 137.6	$ 82.8

The increase in selling, general and administrative ("SG&A") costs for the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to an increase of $24.7 million in professional service expense, $8.0 million in employee-related expenses and $3.0 million in marketing expense from the Old Alkermes business, as well as the addition of $18.3 million of SG&A expense for the former EDT business. The increase in professional service was primarily due to costs incurred in connection with the Business Combination. The increase in employee-related expense was primarily due to an increase in headcount and share-based compensation expense as recent equity grants were awarded with a higher grant-date fair value than older grants, and the increase in marketing expenses was due to an analysis we performed to determine the marketability of our existing products and product candidates.

We expect an increase in SG&A expense in the year ended March 31, 2013 as a result of the inclusion of a full year of operations from the former EDT business.

Amortization and Impairment of Acquired Intangible Assets

	Years Ended March 31,	
(in millions)	**2012**	**2011**
Amortization and impairment of acquired intangible assets	$ 71.2	$ —

In connection with the Business Combination, we acquired certain amortizable intangible assets with a fair value of $643.2 million, which are expected to be amortized over 12 to 13 years. We amortize our amortizable intangible assets using the economic use method, which reflects the pattern

that the economic benefits of the intangible assets are consumed as revenue is generated from the underlying patent or contract. During the year ended March 31, 2012, we had $25.4 million of amortization expense related to the intangible assets acquired as part of the Business Combination. Based upon our most recent analysis, amortization of intangible assets included within our consolidated balance sheet at March 31, 2012, is expected to be in the range of approximately $40.0 million to $70.0 million annually through fiscal year 2017.

In connection with the Business Combination, we acquired IPR&D of $45.8 million, including Megestrol for use in Europe at a value of $28.8 million. During the fourth quarter of fiscal year 2012, and after finalization of the purchase accounting for the Business Combination, the Company identified events and changes in circumstance, such as correspondence from regulatory authorities and further clinical trial results related to three product candidates, including Megestrol for use in Europe, acquired as part of the Business Combination which indicated that the assets may be impaired. Accordingly, we performed an analysis to measure the amount of the impairment loss, if any. We performed the valuation of the IPR&D from the viewpoint of a market participant through the use of a discounted cash flow model. The model contained certain key assumptions including the cost to bring the products through the clinical trial and regulatory approval process; the gross margin a market participant would likely earn if the product were approved for sale; the cost to sell the approved product and a discount factor based on an industry average weighted average cost of capital. Based on the analysis performed, we determined that the IPR&D was impaired and recorded an impairment charge of $45.8 million within "Amortization and impairment of acquired intangible assets."

We also acquired $92.7 million of goodwill in connection with the Business Combination, which is considered an indefinite-lived asset and is not amortized, but is subject to an annual review for impairment or when circumstances indicate the fair value may be below its carrying value. As a result of a qualitative assessment we performed as of October 31, 2011, we determined that it was not more-likely-than-not that the fair value of the reporting unit was less than its carrying amount, and an impairment of our goodwill was not recorded.

Other (Expense) Income

	Years Ended March 31,	
(in millions)	**2012**	**2011**
Interest income	$ 1.5	$ 2.7
Interest expense	(28.1)	(3.3)
Other income (expense), net	0.5	(0.3)
Total other expense	$ (26.1)	$ (0.9)

The increase in interest expense for the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to our entry into $450.0 million of term loan financing in July 2011. The $310.0 million First Lien Term Loan has a principal amount of $310.0 million and an interest rate of three-month LIBOR plus 5.25%, and the $140.0 million Second Lien Term Loan has a principal amount of $140.0 million and an interest rate of three-month LIBOR plus 8.00%. Under the Term Loans, three-month LIBOR is subject to an interest rate floor of 1.50%. The Term Loans became effective upon the closing of the Business Combination in September 2011. Included in interest expense during the year ended March 31, 2012 are commitment fees of $5.9 million which were incurred during the period from when we priced the Term Loans to when the Term Loans were funded.

We expect interest expense to increase in fiscal year 2013, as fiscal year 2013 will include a full year of interest expense on the $450.0 million principal balance of the Term Loans. Beyond fiscal year

2013, we anticipate that interest expense will decrease as the Term Loans are paid down, assuming a consistent LIBOR rate.

Provision for Income Taxes

(in millions)	Years Ended March 31, 2012	2011
Income tax benefit	$ (0.7)	$ (1.0)

Our income tax benefit for the year ended March 31, 2012 consists of a current income tax provision of $14.0 million and a deferred income tax benefit of $14.7 million. The current income tax provision is primarily due to a provision of $13.1 million on the taxable transfer of the BYDUREON intellectual property from the U.S. to Ireland The deferred tax benefit is primarily due to a benefit of $4.6 million from the partial release of the Irish deferred tax liability relating to acquired intellectual property that was established in connection with the Business Combination and a benefit of $9.9 million due to the partial release of an existing U.S. Federal valuation allowance as a consequence of the Business Combination. In connection with the Business Combination, we were incorporated, and are headquartered, in Dublin, Ireland. As a result, our statutory tax rate decreased from 34% in the U.S. to 12.5% in Ireland.

As of March 31, 2012, we had $441.4 million of Irish NOL carryforwards, $107.3 million of U.S. federal NOL carryforwards, $15.4 million of state NOL carryforwards, and $18.7 million of other foreign NOL and capital loss carryforwards, which either expire on various dates through 2032 or can be carried forward indefinitely. These loss carryforwards are available to reduce certain future Irish, U.S. and foreign taxable income, if any. These loss carryforwards are subject to review and possible adjustment by the appropriate taxing authorities. These loss carryforwards, which may be utilized in any future period, may be subject to limitations based upon changes in the ownership of our shares. We have performed a review of ownership changes in accordance with the U.S. Internal Revenue Code and have determined that it is more likely than not that, as a result of the Business Combination, we have experienced a change of ownership. As a consequence, our U.S. federal NOL carryforwards and tax credit carryforwards are subject to an annual limitation of $127.0 million.

Liquidity and Capital Resources

Our financial condition is summarized as follows:

(in millions)	March 31, 2012	March 31, 2011
Cash at bank and in-hand	$ 83.6	$ 38.4
Investments—short-term	106.8	162.9
Investments—long-term	55.7	93.4
Total cash and investments	$ 246.1	$ 294.7
Working capital	$ 250.0	$ 204.9
Outstanding borrowings—current and long-term	$ 444.5	$ —

Our cash flows for the years ended March 31, 2012, 2011 and 2010 were as follows:

(in millions)	Years Ended March 31, 2012	2011
Cash at bank and in-hand, beginning of period	$ 38.4	$ 79.3
Cash (used in) operating activities	(2.5)	(5.9)
Cash (used in) provided by investing activities	(417.1)	5.6
Cash provided by (used in) financing activities	464.8	(40.6)
Cash at bank and in-hand, end of period	$ 83.6	$ 38.4

The decrease in cash used in operating activities during the year ended March 31, 2012, as compared to the year ended March 31, 2011 was due to an increase in the amount of cash received from our customers, partially offset by an increase in the amount of cash paid to our employees and suppliers. Both the increase in cash from our customers and cash payments to our suppliers and employees is primarily due to the Business Combination. The increase in cash used by investing activities in the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to the $500.0 million of cash we paid to acquire EDT and a $7.6 million increase in cash used to acquire property, plant and equipment, partially offset by a $79.7 million increase in the net sales of investments. The increase in cash provided by financing activities during the year ended March 31, 2012, as compared to the year ended March 31, 2011, was primarily due to our entry into the Term Loans and an increase of $12.4 million in the amount of cash received related to the issuance of ordinary shares related to our share-based arrangements.

At March 31, 2012, our investments consisted of the following:

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Investments—short-term	$ 106.7	$ 0.1	$ —	$ 106.8
Investments—long-term available-for-sale	54.5	0.8	(0.8)	54.5
Investments—long-term held-to-maturity	1.2	—	—	1.2
Total	$ 162.4	$ 0.9	$ (0.8)	$ 162.5

Our investment objectives are, first, to preserve liquidity and conservation of capital and, second, to obtain investment income. Our available-for-sale investments consist primarily of short and long-term U.S. government and agency debt securities, debt securities issued by foreign agencies and backed by foreign governments, corporate debt securities and strategic equity investments, which include the common shares of public companies we have or had a collaborative arrangement with. Our held-to-maturity investments consist of investments that are restricted and held as collateral under certain letters of credit related to certain of our lease agreements. Our primary sources of liquidity are cash provided by past operating activities, payments we have received under R&D arrangements and other arrangements with collaborators and private placements of debt securities.

We classify available-for-sale investments in an unrealized loss position which do not mature within the upcoming 12 months as long-term investments. We have the intent and ability to hold these investments until recovery, which may be at maturity, and it is more likely than not that we would not be required to sell these securities before recovery of their amortized cost. At March 31, 2012, we performed an analysis of our investments with unrealized losses for impairment and determined that they were temporarily impaired. At March 31, 2012, 7% of our investments were valued using unobservable, or Level 3, inputs to determine fair value as they were not actively trading and fair

values could not be derived from quoted market prices. The illiquidity of our Level 3 investments does not have a material impact on our overall liquidity, operations, financial flexibility or stability.

We expect to incur significant additional R&D costs and other costs as we expand the development of our proprietary product candidates, including costs related to preclinical studies and clinical trials. Our costs, including R&D costs for our product candidates, manufacturing, and sales, marketing and promotional expenses for any current or future products marketed by us or our collaborators, if any, may exceed revenues in the future, which may result in losses from operations. We believe that our current cash and cash equivalents and short and long-term investments, combined with anticipated revenues and anticipated interest income, will generate sufficient cash flows to meet our current anticipated liquidity and capital requirements for the foreseeable future.

We expect to spend approximately $25.0 million during the year ended March 31, 2013 for capital expenditures. Our capital expenditures were higher in the year ended March 31, 2012, as compared to the year ended March 31, 2011, due to the addition of the former EDT business. Our capital expenditures were higher in the year ended March 31, 2010, as compared to the years ended March 31, 2011, due to the relocation of our corporate headquarters from Cambridge, Massachusetts to Waltham, Massachusetts, which occurred during the fourth quarter of the year ended March 31, 2010.

Amounts included as construction in progress in the consolidated balance sheets primarily include costs incurred for the expansion of our manufacturing facilities in Ohio. We continue to evaluate our manufacturing capacity based on expectations of demand for our products and will continue to record such amounts within construction in progress until such time as the underlying assets are placed into service, or we determine we have sufficient existing capacity and the assets are no longer required, at which time we would recognize an impairment charge. We continue to periodically evaluate whether facts and circumstances indicate that the carrying value of these long-lived assets to be held and used may not be recoverable.

Borrowings

At March 31, 2012, our borrowings consisted of $450.0 million of term loan financing under the Term Loans. Please refer to Note 10, *Long-Term Debt*, in the accompanying Notes to Consolidated Financial Statements for a discussion of our outstanding term loans.

Contractual Obligations

The following table summarizes our obligations to make future payments under our current contracts at March 31, 2012:

Contractual Obligations	Total	Less Than One Year (Fiscal 2013)	One to Three Years (Fiscal 2014 - 2015)	Three to Five Years (Fiscal 2016 - 2017)	More than Five Years (After Fiscal 2018)
			(in thousands)		
Term Loans—Principal	$ 449,225	$ 3,100	$ 6,200	$ 6,200	$ 433,725
Term Loans—Interest	198,228	34,094	67,561	66,723	29,850
Operating lease obligations	33,473	6,190	7,841	7,442	12,000
Purchase obligations	109,738	91,761	17,977	—	—
Capital expansion programs	5,034	5,034	—	—	—
Total contractual cash obligations	$ 795,698	$ 140,179	$ 99,579	$ 80,365	$ 475,575

As the interest rate on our Term Loans is based on three-month LIBOR, we assumed LIBOR to be 1.5%, which is the LIBOR rate floor under the Term Loans for the purposes of this table. This table excludes any liabilities pertaining to uncertain tax positions as we cannot make a reliable estimate

of the period of cash settlement with the respective taxing authorities. We have $0.8 million of liabilities associated with uncertain tax positions at March 31, 2012 and we expect a net reduction in our unrecognized tax benefits in the amount of $0.5 million due to the expected resolution of certain matters over the next twelve months.

In September 2006, we entered into a license agreement with RPI which granted us exclusive rights to a family of opioid receptor compounds discovered at RPI. Under the terms of the agreement, RPI granted us an exclusive worldwide license to certain patents and patent applications relating to its compounds designed to modulate opioid receptors. We are responsible for the continued research and development of any resulting product candidates. We are obligated to pay annual fees of up to $0.2 million, and tiered royalty payments of between 1% and 4% of annual net sales in the event any products developed under the agreement are commercialized. In addition, we are obligated to make milestone payments in the aggregate of up to $9.1 million upon certain agreed-upon development events. All amounts paid to RPI to date under this license agreement have been expensed and are included in R&D expense.

In December 2009, we entered into a collaboration and license agreement with Acceleron which granted us an exclusive license to Acceleron's proprietary long-acting Fc fusion technology platform, called the MEDIFUSION™ technology, which is designed to extend the circulating half-life of proteins and peptides in exchange for a nonrefundable upfront payment of $2.0 million and an equity investment in Acceleron of $8.0 million and certain potential milestone payments and royalties. In addition, we reimburse Acceleron for any time, at an agreed-upon FTE rate, and materials expense Acceleron incurs on product development, and we are obligated to make developmental and sales milestone payments in the aggregate of up to $110.0 million per product in the event that certain development and sales goals are achieved. We are also obligated to make tiered royalty payments in the mid-single digits on annual net sales in the event any products developed under the agreement are commercialized. Since our initial investment in December 2009, we invested an additional $0.7 million in Acceleron. All amounts paid to Acceleron to date under this license and collaboration agreement have been expensed and are included in R&D expense, except for our $8.7 million equity investment which is included in other assets in our consolidated balance sheet at March 31, 2012.

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

Off-Balance Sheet Arrangements

At March 31, 2012, we were not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Financial Risk Management

We hold securities in our investment portfolio that are sensitive to market risks. Our securities with fixed interest rates may have their market value adversely impacted by a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to a fall in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our investments in debt securities as available-for-sale, no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary. Should interest rates fluctuate by 10%, our interest income would change by approximately $0.2 million over an annual period. Due to the conservative nature of our short-term and long-term

investments and our investment policy, we do not believe that we have a material exposure to interest rate risk as our investment policies specify credit quality standards for our investments and limit the amount of credit exposure from any single issue, issuer or type of investment.

We do not believe that inflation and changing prices have had a material impact on our results of operations, and as over 83% of our investments are in debt securities issued by the U.S. government and/or agencies of developed countries, our exposure to liquidity and credit risk does not appear significant.

In September 2011, we and certain of our subsidiaries, as guarantors, entered into the Term Loans with MSSF as administrative agent and as collateral agent, MSSF and HSBC as co-syndication agents, joint lead arrangers and joint bookrunners, and various other financial institutions, as lenders. The initial applicable margin for borrowings under the First Lien Term Loan is three-month LIBOR plus 5.25% and three-month LIBOR plus 8.00% under the Second Lien Term Loan. Under each of the Term Loans, LIBOR is subject to an interest rate floor of 1.50%. Commencing with completion of our first fiscal quarter ending after the Business Combination, the applicable margin under the First Lien Term Loan is subject to adjustment each fiscal quarter, based upon meeting a certain consolidated leverage ratio during the preceding quarter. The applicable margin under the Second Lien Term Loan is not subject to adjustment.

In accordance with the terms of the Term Loans, we entered into two interest rate cap agreements and an interest rate swap agreement to mitigate the interest rate risk on $225.0 million principal amount of the Term Loans. One interest rate cap, with a notional amount of $65.0 million protects us if three-month LIBOR were to reach 1.78% from the date of issuance through December 3, 2012. The second interest rate cap, with a notional amount of $160.0 million protects us if three-month LIBOR were to reach 3% from the date of issuance through December 13, 2013. The interest rate swap protects us if three-month LIBOR were to reach 2.057% from December 3, 2012 through September 3, 2014. As the three-month LIBOR rate was 0.47% at March 31, 2012, the LIBOR floor under the agreement is 1.50%; and as our interest rate cap fixes our interest rate at 1.78% for $65.0 million principal amount and 3.0% for $160.0 million principal amount of our term loans, we do not expect changes in the three-month LIBOR to have a material effect on our financial statements through March 31, 2013.

We do not use derivative financial instruments for speculative trading purposes. The counterparties to our interest rate cap and interest rate swap contracts are multinational commercial banks. We believe the risk of counterparty nonperformance is remote.

Currency Exchange Rate Risk

The manufacturing and royalty revenues we receive on RISPERDAL CONSTA, FAMPYRA, INVEGA SUSTENNA, TRICORE 145 and RITALIN LA are a percentage of the net sales made by our collaborative partners. A significant portion of these sales are made in countries outside the U.S. and are denominated in currencies in which the product is sold, which is predominantly the Euro. The manufacturing and royalty payments on these non-U.S. sales are calculated initially in the currency in which the sale is made and is then converted into USD to determine the amount that our partners pay us for manufacturing and royalty revenues. Fluctuations in the exchange ratio of the USD and these non-U.S. currencies will have the effect of increasing or decreasing our manufacturing and royalty revenues even if there is a constant amount of sales in non-U.S. currencies. For example, if the USD weakens against a non-U.S. currency, then our manufacturing and royalty revenues will increase given a constant amount of sales in such non-U.S. currency. For the year ended March 31, 2012, an average 10% strengthening of the USD relative to the currencies in which these products are sold would have resulted in our manufacturing and royalty revenues being reduced by approximately $11.5 million. For the year ended March 31, 2011, an average 10% strengthening of the USD relative to the currencies in

which RISPERDAL CONSTA are sold would have resulted in our manufacturing and royalty revenues being reduced by approximately $8.1 million.

As a result of the Business Combination, we incur substantial operating costs in Ireland. We face exposure to changes in the exchange ratio of the USD and the Euro arising from expenses and payables at our Irish operations that are settled in Euro. The impact of changes in the exchange ratio of the USD and the Euro on our USD denominated manufacturing and royalty revenues earned in countries other than the U.S. is partially offset by the opposite impact of changes in the exchange ratio of the USD and the Euro on operating expenses and payables incurred at our Irish operations that are settled in Euro. For the fiscal year ended March 31, 2012, an average 10% weakening in the USD relative to the Euro would have resulted in an increase to our expenses denominated in Euro of $4.7 million.

Principal Risks

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

Our revenues largely depend on the actions of our third-party collaborators, and if they are not effective, our revenues could be materially adversely affected.

The revenues from the sale of our products may fall below our expectations, the expectations of our partners or those of investors, which could have a material adverse effect on our results of operations and the price of our ordinary shares, and will depend on numerous factors, many of which are outside our control.

RISPERDAL CONSTA, AMPYRA/FAMPYRA, BYDUREON AND INVEGA SUSTENNA/XEPLION

While we manufacture RISPERDAL CONSTA and AMPYRA/FAMPYRA, we are not involved in the commercialization efforts for those products. RISPERDAL CONSTA is commercialized by Janssen. AMPYRA/FAMPYRA is commercialized by Acorda in the U.S. and by Biogen Idec outside the U.S. Our revenues depend on manufacturing fees and royalties we receive from Janssen, Acorda and Biogen Idec, each of which relates to sales of such products by or on behalf of our partners. Accordingly, our revenues will depend in large part on the efforts of our partners, and we will not be able to control this.

Pursuant to our arrangements with Amylin and Janssen, we are not responsible for the clinical development, manufacture or commercialization efforts for BYDUREON or INVEGA SUSTENNA/XEPLION, respectively. In addition, in November 2011, Lilly terminated their collaboration agreement pursuant to which they collaborated in the global development and commercialization of exenatide, including BYDUREON. Historically, Lilly and Amylin jointly commercialized exenatide products in the U.S., and Lilly solely commercialized such products outside of the U.S. Commencing on November 30, 2011, however, Amylin assumed the exclusive right to commercialize exenatide products in the U.S.. While Lilly continues to have exclusive rights to commercialize exenatide products outside of the U.S. until December 31, 2013 (or such earlier date as may be agreed by Amylin and Lilly), after that time Amylin will assume the exclusive right to commercialize exenatide products outside of the U.S. as well. This transition represents the first time that Amylin will assume sole responsibility for the commercialization of exenatide products on a global basis, and we cannot assure you that Amylin will be successful in that role.

For these and other reasons outside of our control, our revenues from the sale of RISPERDAL CONSTA, AMPYRA/FAMPYRA, BYDUREON and INVEGA SUSTENNA/XEPLION may not meet our or our partners' expectations or those of investors.

VIVITROL

In December 2007, we exclusively licensed the right to commercialize VIVITROL for the treatment of alcohol dependence and opioid dependence in Russia and other countries in the CIS to Cilag. Cilag has primary responsibility for securing all necessary regulatory approvals for VIVITROL and Janssen-Cilag, an affiliate of Cilag, has full responsibility for the commercialization of the product in these countries. We receive manufacturing revenues and royalty revenues based upon product sales. Our revenues from the sale of VIVITROL in Russia and countries of the CIS may not be significant and will depend on numerous factors, many of which are outside of our control.

REMAINING COMMERCIAL PORTFOLIO

In addition, we are not responsible for, or involved with, the sales and marketing efforts for many of our other products and, in some instances, we are also not involved in their manufacture.

We are substantially dependent on revenues from our principal product.

While our dependence on revenues from RISPERDAL CONSTA has decreased following the Business Combination, we still depend substantially upon continued sales of RISPERDAL CONSTA by our partner, Janssen. Any significant negative developments relating to this product, such as safety or efficacy issues, the introduction or greater acceptance of competing products, or adverse regulatory or legislative developments, would have a material adverse effect on our business, results of operations, cash flows and financial condition. Although we have developed and continue to develop additional products for commercial introduction, a decline in sales from this product would adversely affect our business.

We rely heavily on collaborative partners to develop and commercialize our products.

Our arrangements with collaborative partners are critical to bringing our products to the market and successfully commercializing them. We rely on these parties in various respects, including providing funding for product candidate development programs; to conduct preclinical testing and clinical trials; to participate actively in, or manage, the regulatory approval process; and to commercialize our products.

The process of establishing collaborative arrangements with third parties to develop particular products or to accelerate the development of early-stage product candidates is difficult, time-consuming and involves significant uncertainty. We face, and will continue to face, significant competition in seeking appropriate collaborative partners. If we are unable to establish and maintain collaborative arrangements on acceptable terms, we may have to delay or discontinue further development of one or more of our product candidates or manufacture, seek regulatory approval and/or undertake commercialization activities for the product at our own expense.

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

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

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

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

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

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

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

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

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

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

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

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

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

The manufacture of products and product components, including the procurement of bulk drug product, packaging, storage and distribution of our products, require successful coordination among us and multiple third-party providers. For example, we are responsible for the entire supply chain for VIVITROL, up to the sale of final product and including the sourcing of key raw materials and active pharmaceutical agents from third parties. We have limited experience in managing a complex cGMP

supply chain and product distribution network. Issues with our-third party providers, including our inability to coordinate these efforts, lack of capacity available at such third-party providers or any other problems with the operations of these third-party contractors, could require us to delay shipment of saleable products, recall products previously shipped or could impair our ability to supply products at all. This could increase our costs, cause us to lose revenue or market share and damage our reputation and have a material adverse effect on our business, financial condition, cash flows and results of operations.

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

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

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

We and our third-party providers are generally required to comply with cGMP and are subject to inspections by the FDA or comparable agencies in other jurisdictions to confirm such compliance. Any changes of suppliers or modifications of methods of manufacturing require amending our application to the FDA, and ultimate amendment acceptance by the FDA, prior to release of product to the marketplace. Our inability or the inability of our third-party service providers to demonstrate ongoing cGMP compliance could require us to withdraw or recall products and interrupt commercial supply of our products. Any delay, interruption or other issues that arise in the manufacture, formulation, packaging or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. This could increase our costs, cause us to lose revenue or market share and damage our reputation.

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

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

In both U.S. and non-U.S. markets, sales of our products depend, in part, on the availability of reimbursement from third-party payors such as state and federal governments, including Medicare and Medicaid in the U.S. and similar programs in other countries, managed care providers and private insurance plans. Deterioration in the timeliness, certainty and amount of reimbursement for our

products, including the existence of barriers to coverage of our products (such as prior authorization, criteria for use or other requirements), limitations by healthcare providers on how much, or under what circumstances, they will prescribe or administer our products or unwillingness by patients to pay any required co-payments could reduce the use of, and revenues generated from, our products and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The government-sponsored healthcare systems in Europe and many other countries are the primary payors for healthcare expenditures, including payment for drugs and biologics. While mandatory price reductions have been a recurring aspect of business for the pharmaceutical and biotechnology industries in Europe, given the current worldwide economic conditions, certain European national governments have increased the frequency and size of such mandatory price reductions to extract further cost savings. We expect that countries may take actions to reduce expenditure on drugs and biologics, including mandatory price reductions, preference for generic or biosimilar products or reduction in the amount of reimbursement. While we cannot fully predict the extent of price reductions by countries in Europe or the impact such price reductions will have on our business, such reductions in price and/or the coverage and reimbursement for our products in European countries could have a material adverse effect on our product sales and/or revenues and results of operations.

In addition, public and private insurers have pursued, and continue to pursue, aggressive cost containment initiatives, including increased focus on comparing the effectiveness, benefits and costs of similar treatments, which may result in lower reimbursement rates for our products.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law in the U.S. on March 23, 2010 and March 30, 2010, respectively. A number of the provisions of those laws require further rulemaking action by governmental agencies to implement. Among other things, this legislation imposes cost containment measures that have adversely affected the amount of reimbursement for our products. These measures include increasing the minimum rebates we pay to U.S. state Medicaid programs in the U.S. for our drugs covered by Medicaid; extending such rebates to drugs dispensed to Medicaid beneficiaries enrolled in Medicaid managed care organizations; and expanding the 340B/PHS drug discount program under which we must provide certain discounts on our drugs to eligible purchasers. Additional provisions of the healthcare reform legislation may negatively affect our revenues and prospects for profitability in the future. Beginning in 2011, a new fee also became payable by all branded prescription drug manufacturers and importers. This fee is calculated based upon each organization's percentage share of total branded prescription drugs sales to qualifying U.S. government programs, including Medicare and Medicaid. In addition, as part of the healthcare reform legislation's provisions closing a coverage gap that currently exists in the Medicare Part D prescription drug program (the "Donut Hole"), we are also required to provide a 50% discount on brand-name prescription drugs sold to beneficiaries who fall within the Donut Hole. Future rulemaking could increase rebates, reduce prices or the rate of price increases for healthcare products and services, or require additional reporting and disclosure. We cannot predict the timing or impact of any future rulemaking.

Patent protection for our products is important and uncertain.

The following factors are important to our success:

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

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

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

Because the patent positions of pharmaceutical and biotechnology companies involve complex legal and factual questions, enforceability of patents cannot be predicted with certainty. The ultimate degree of patent protection that will be afforded to biotechnology products and processes, including ours, in the U.S. and in other important markets, remains uncertain and is dependent upon the scope of protection decided upon by the patent offices, courts and lawmakers in these countries. The recently enacted America Invents Act, which reformed certain patent laws in the U.S., may create additional uncertainty. Patents, if issued, may be challenged, invalidated or circumvented. As more products are commercialized using our proprietary product platforms, or as any product achieves greater commercial success, our patents become more likely to be subject to challenge by potential competitors. The laws of certain countries may not protect our intellectual property rights to the same extent as do the laws of the U.S. Thus, any patents that we own or license from others may not provide any protection against competitors. Furthermore, others may independently develop similar technologies outside the scope of our patent coverage.

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

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

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

In part as a result of this uncertainty, there has been, and we expect that there may continue to be, significant litigation in the biotechnology industry regarding patents and other intellectual property rights. We may have to enforce our intellectual property rights against third parties who infringe our patents and other intellectual property or challenge our patent or trademark applications. For example, in the U.S., putative generics of innovator drug products (including products in which the innovation comprises a new drug delivery method for an existing product, such as the drug delivery market occupied by us) may file ANDAs and, in doing so, they are not required to include preclinical and clinical data to establish the safety and effectiveness of their drug. Instead, they would rely on such data provided in the innovator drug NDA. However, to benefit from this less costly abbreviated procedure, the ANDA applicant must demonstrate that its drug is "generic" or "bioequivalent" to the innovator drug, and, to the extent that patents protecting the innovator drug are listed in the "Orange Book," the ANDA applicant must write to the innovator NDA holder and the patent holder (to the extent that the Orange Book-listed patents are not owned by the innovator NDA holder) certifying that its product either does not infringe the innovator's and, if applicable, the patent holder's patents and/or that the relevant patents are invalid. The innovator and the patent holder may sue the ANDA applicant within 45 days of receiving the certification and, if they do so, the FDA may not approve the ANDA for 30 months from the date of certification unless, at some point before the expiry of those 30 months, a court makes a final decision in the ANDA applicant's favor. This type of litigation is commonly known as "Paragraph IV" litigation in the U.S. We and our collaborative partners are involved in a number of Paragraph IV litigations in the U.S. and similar suits in Canada and France in respect of some of our products. These litigations could result in new or additional generic competition to our marketed products and a potential reduction in product revenue.

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

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

In September 2011 we entered into a $310 million first lien term loan facility and a $140 million second lien term loan facility, which are guaranteed by certain of our subsidiaries. Our level of indebtedness and the terms of these financing arrangements could adversely affect our business by, among other things:

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

Our term loan facilities impose restrictive covenants on us and require certain payments of principal and interest over time. A failure to comply with these restrictions or to make these payments could lead to an event of default that could result in an acceleration of the indebtedness. Our future operating results may not be sufficient to ensure compliance with these covenants or to remedy any such default. In the event of an acceleration of this indebtedness, we may not have or be able to obtain sufficient funds to make any accelerated payments.

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

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

We have limited experience in the commercialization of products.

We assumed responsibility for the marketing and sale of VIVITROL in the U.S. from Cephalon in December 2008. VIVITROL is the first commercial product for which we have had sole responsibility for commercialization, including but not limited to sales, marketing, distribution and reimbursement-related activities. We are increasingly focused on maintaining rights to commercialize our leading product candidates in certain markets.

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

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

Many of our product candidates require significant additional research and development, as well as regulatory approval. To be profitable, we must develop, manufacture and market our products, either alone or by collaborating with others. It can take several years for a product candidate to be approved, and we may not be successful in bringing additional product candidates to market. A product candidate may appear promising at an early stage of development or after clinical trials and never reach the market, or it may reach the market and not sell, for a variety of reasons. The product candidate may, among other things:

- be shown to be ineffective or to cause harmful side effects during preclinical testing or clinical trials;
- fail to receive regulatory approval on a timely basis or at all;
- be difficult to manufacture on a large scale;
- be uneconomical; or
- infringe on proprietary rights of another party.

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

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

The FDA or regulatory agencies outside the U.S. may not approve our product candidates or may impose limitations upon any product approval.

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

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

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

- the FDA or other regulatory agencies may not agree with our or our partners' regulatory approval strategies or components of our or our partners' filings, such as clinical trial designs.

In addition, our product development timelines may be impacted by third-party patent litigation. Moreover, recent events, including complications experienced by patients taking FDA-approved drugs, have raised questions about the safety of marketed drugs and may result in new legislation by the U.S. Congress and increased caution by the FDA and regulatory agencies outside the U.S. in reviewing new drugs. In summary, we cannot be sure that regulatory approval will be granted for drug candidates that we submit for regulatory review. Our ability to generate revenues from the commercialization and sale of additional drug products will be limited by any failure to obtain these approvals. In addition, share prices have declined significantly in certain instances where companies have failed to obtain FDA approval of a drug candidate or if the timing of FDA approval is delayed. If the FDA's or any other regulatory agency's response to any application for approval is delayed or not favorable for any of our product candidates, our share price could decline significantly.

Even if regulatory approval to market a drug product is granted, the approval may impose limitations on the indicated use for which the drug product may be marketed and additional post-approval requirements with which we would need to comply in order to maintain the approval of such products. Our business could be seriously harmed if we do not complete these studies and the FDA, as a result, requires us to change related sections of the marketing label for our products. In addition, adverse medical events that occur during clinical trials or during commercial marketing of our products could result in legal claims against us and the temporary or permanent withdrawal of our products from commercial marketing, which could seriously harm our business and cause our share price to decline.

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

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

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

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

In addition, we often depend on independent clinical investigators, contract research organizations and other third-party service providers and our collaborators in the conduct of clinical trials for our product candidates. We rely heavily on these parties for successful execution of our clinical trials but do not control many aspects of their activities. For example, while the investigators are not our employees, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the

general investigational plan and protocols for the trial. Third parties may not complete activities on schedule or may not conduct our clinical trials in accordance with regulatory requirements or our stated protocols.

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

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

The commercial use of our products may cause unintended side effects or adverse reactions, or incidents of misuse may occur.

We cannot predict whether the commercial use of our products will produce undesirable or unintended side effects that have not been evident in the use of, or in clinical trials conducted for, such products to date. Additionally, incidents of product misuse may occur. These events, among others, could result in product recalls, product liability actions or withdrawals or additional regulatory controls (including additional regulatory scrutiny and requirements for additional labeling), all of which could have a material adverse effect on our business, results of operations, cash flows and financial condition. In addition, the reporting of adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility.

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

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

Changes in laws affecting the healthcare industry could also adversely affect our revenues and profitability, such as new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to patent protection and enforcement, healthcare availability, and product pricing and marketing. Changes in FDA regulations and regulations issued by regulatory agencies outside of the U.S., including new or different approval requirements, timelines and processes, may also delay or prevent the approval of new products, require additional safety monitoring, labeling

changes, restrictions on product distribution or other measures that could increase our costs of doing business and adversely affect the market for our products. The enactment in the U.S. of healthcare reform, new legislation or implementation of existing statutory provisions on importation of lower-cost competing drugs from other jurisdictions and legislation on comparative effectiveness research are examples of previously enacted and possible future changes in laws that could adversely affect our business.

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

We face competition in the biotechnology and pharmaceutical industries.

We face intense competition in the development, manufacture, marketing and commercialization of our products and product candidates from many and varied sources, such as academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies, including other companies with similar technologies, and we can provide no assurance that we will be able to compete successfully. Some of these competitors are also our collaborative partners, who control the commercialization of products for which we receive manufacturing and/or royalty revenues. These competitors are working to develop and market other systems, products, vaccines and other methods of preventing or reducing disease, and new small-molecule and other classes of drugs that can be used with or without a drug delivery system.

The biotechnology and pharmaceutical industries are characterized by intensive research, development and commercialization efforts and rapid and significant technological change. Many of our competitors are larger and have significantly greater financial and other resources than we do. As a result, we expect that our competitors may develop new technologies, products and processes that may be more effective than those we develop. They may also develop their products more rapidly than us, complete any applicable regulatory approval process sooner than we can or offer their newly developed products at prices lower than our prices. The development of technologically improved or different products or technologies may make our product candidates or product platforms obsolete or noncompetitive before we recover expenses incurred in connection with their development or realize any revenues from any commercialized product.

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

With respect to our proprietary injectable product platform, we are aware that there are other companies developing extended-release delivery systems for pharmaceutical products. RISPERDAL CONSTA and INVEGA SUSTENNA may compete with a number of other injectable products including ZYPREXA RELPREVV ((olanzapine) For Extended Release Injectable Suspension), which is marketed and sold by Lilly in the U.S., the EU and Australia/New Zealand, and other products currently in development, including a once-monthly injectable formulation of ABILIFY (aripiprazole) developed by Otsuka Pharmaceutical Co. Ltd. ("Otsuka"), which is currently under FDA review. RISPERDAL CONSTA and INVEGA SUSTENNA may also compete with new oral compounds currently on the market or being developed for the treatment of schizophrenia.

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

In the treatment of opioid dependence, VIVITROL competes with methadone, oral naltrexone, and SUBOXONE (buprenorphone HCl/naloxone HCl dehydrate sublingual tablets), SUBOXONE (buprenorphone/naloxone) Sublingual Film, and SUBUTEX (buprenorphine HCl sublingual tablets), each of which is marketed and sold by Reckitt Benckiser Pharmaceuticals, Inc. in the U.S. It also competes with other buprenorphine-based products on the market. Other pharmaceutical companies are developing product candidates that have shown promise in treating opioid dependence and that, if approved by the FDA, would compete with VIVITROL.

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

AMPYRA/FAMPYRA is, to our knowledge, the first product that is approved as a treatment to improve walking in patients with MS. However, there are a number of FDA-approved therapies for MS disease management that seek to reduce the frequency and severity of exacerbations or slow the accumulation of physical disability for people with certain types of MS. These products include AVONEX® from Biogen Idec, BETASRON® from Bayer HealthCare Pharmaceuticals, COPAXONE® from Teva Pharmaceutical Industries Ltd., REBIF® from Merck Serono, TYSABRI® from Biogen Idec and Elan, and GILENYA™ and EXTAVIA® from Novartis AG.

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

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

We may not become profitable on a sustained basis.

At March 31, 2012, our accumulated deficit was $524.9 million, which was primarily the result of net losses incurred from 1987, the year we were founded, through March 31, 2012, partially offset by net income over previous fiscal years. There can be no assurance we will achieve sustained profitability.

A major component of our revenue is dependent on our partners' and our ability to commercialize, and our ability to manufacture economically, our marketed products.

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

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

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

- the progress of our research and development programs for our product candidates and for our partnered product candidates, including clinical trials;
- the time and expense that will be required to pursue FDA and/or non-U.S. regulatory approvals for our products and whether such approvals are obtained;
- the time and expense required to prosecute, enforce and/or challenge patent and other intellectual property rights;
- the cost of building, operating and maintaining manufacturing and research facilities;
- the cost of third-party manufacture;
- the number of product candidates we pursue, particularly proprietary product candidates;
- how competing technological and market developments affect our product candidates;
- the cost of possible acquisitions of technologies, compounds, product rights or companies;

- the cost of obtaining licenses to use technology owned by others for proprietary products and otherwise;
- the costs of potential litigation; and

- the costs associated with recruiting and compensating a highly skilled workforce in an environment where competition for such employees may be intense.

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

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

We may require additional funds to complete any of our programs, and we may seek funds through various sources, including debt and equity offerings, corporate collaborations, bank borrowings, arrangements relating to assets, sale of royalty streams we receive on our products or other financing methods or structures. The source, timing and availability of any financings will depend on market conditions, interest rates and other factors. If we are unable to raise additional funds on terms that are favorable to us or at all, we may have to cut back significantly on one or more of our programs or give up some of our rights to our product platforms, product candidates or licensed products. If we issue additional equity securities or securities convertible into equity securities to raise funds, our shareholders will suffer dilution of their investment, and it may adversely affect the market price of our ordinary shares.

Our products or product candidates may cause or contribute to injury or dangerous drug interactions, and we may not learn about or understand those effects until the product or product candidate has been administered to patients for a prolonged period of time.

Claims for or from such injuries or interactions may be brought by consumers, clinical trial participants, our collaborative partners or third parties selling the products. We currently carry product liability insurance coverage in such amounts as we believe are sufficient for our business. However, this coverage may not be sufficient to satisfy any liabilities that may arise. As our development activities progress and we continue to have commercial sales, this coverage may be inadequate, we may be unable to obtain adequate coverage at an acceptable cost or at all, or our insurer may disclaim coverage as to a future claim. This could prevent or limit our commercialization of our products. We may not be successful in defending ourselves in the litigation and, as a result, our business could be materially harmed. These lawsuits may result in large judgments or settlements against us, any of which could have a negative effect on our financial condition and business if in excess of our insurance coverage. Additionally, lawsuits can be expensive to defend, whether or not they have merit, and the defense of these actions may divert the attention of our management and other resources that would otherwise be engaged in managing our business.

Additionally, product recalls may be issued at our discretion or at the direction of the FDA, other government agencies or other entities having regulatory control for pharmaceutical product sales. We cannot assure you that product recalls will not occur in the future or that, if such recalls occur, such recalls will not adversely affect our business, results of operations, cash flows and financial condition or reputation.

Our business involves environmental, health and safety risks.

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

costs of compliance with environmental, health and safety laws and regulations are significant. Any violations, even if inadvertent or accidental, of current or future environmental, health or safety laws or regulations, the cost of compliance with any resulting order or fine and any liability imposed in connection with any contamination for which we may be responsible could adversely affect our business, financial condition, cash flows and results of operations.

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

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

Currency exchange rates may affect revenue.

We conduct a large portion of our business in international markets. For example, we derive a majority of our RISPERDAL CONSTA revenues and all of our FAMPYRA and XEPLION revenues from sales in countries other than the U.S. and these sales are denominated in non-U.S. dollar ("USD") currencies. Such revenues fluctuate when translated to USD as a result of changes in currency exchange rates. We currently do not hedge this exposure. An increase in the USD relative to other currencies in which we have revenues will cause our non-USD revenues to be lower than with a stable exchange rate. A large increase in the value of the USD relative to such non-USD currencies could have a material adverse affect on our revenues, results of operations, cash flows and financial condition.

As a result of the Business Combination, we incur substantial operating costs in Ireland. We face exposure to changes in the exchange ratio of the USD and the Euro arising from expenses and payables at our Irish operations that are settled in Euro. The impact of changes in the exchange ratio of the USD and the Euro on our USD denominated manufacturing and royalty revenues earned in countries other than the U.S. is partially offset by the opposite impact of changes in the exchange ratio of the USD and the Euro on operating expenses and payables incurred at our Irish operations that are settled in Euro. For the fiscal year ended March 31, 2012, an average 10% weakening in the USD relative to the Euro would have resulted in an increase to our expenses denominated in Euro of $4.7 million.

We may not be able to retain our key personnel.

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

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

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

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

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

If we are unable to successfully integrate the companies, businesses or properties that we acquire, we could experience a material adverse effect on our business, financial condition or results of operations. Merger and acquisition transactions, including the recent Business Combination of Old Alkermes with EDT involve various inherent risks, including:

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

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

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

The recent Business Combination of Old Alkermes and EDT created numerous risks and uncertainties, and we may fail to realize the expected benefits of the Business Combination.

Strategic transactions like the recent Business Combination of Old Alkermes and EDT create numerous risks and uncertainties. This Business Combination entailed many changes, including the

integration of EDT and its personnel with those of Old Alkermes, and changes in systems and employee benefit plans. These transition activities are complex, and we may encounter unexpected difficulties or incur unexpected costs, including:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining the business of EDT with that of Old Alkermes;
- difficulties in the integration of operations and systems;
- difficulties in managing a significantly larger business;
- challenges in controlling additional costs and expenses incurred as a result of the Business Combination;
- difficulties in the assimilation of employees; and
- deterioration of general industry and business conditions.

If any of these factors limits our ability to integrate the operations of EDT with those of Old Alkermes successfully or on a timely basis, the expectations of future results of operations, including certain cost savings and synergies expected to result from the Business Combination, might not be met. As a result, we may not be able to realize the expected benefits that we sought to achieve from the Business Combination. In addition, we may be required to spend additional time or money on integration that otherwise would be spent on the development and expansion of our business.

In addition, the market price of our ordinary shares may decline if the integration of EDT and Old Alkermes is unsuccessful, takes longer than expected or fails to achieve financial benefits to the extent anticipated by financial analysts or investors, or if the effect of the Business Combination on our financial results is otherwise not consistent with the expectations of financial analysts or investors.

Our actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this Annual Report.

The pro forma financial data contained in this Annual Report are presented for illustrative purposes only and may not be an indication of what our financial condition or results of operations would have been had the Business Combination been completed on the dates indicated. The pro forma financial data have been derived from the audited and unaudited historical financial statements of Old Alkermes and EDT, and certain adjustments and assumptions have been made regarding the combined company after giving effect to the Business Combination. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. For example, the pro forma financial data do not reflect all costs that we expect to incur in connection with the Business Combination. Accordingly, the actual financial condition and results of operations of the combined company following the Business Combination may not be consistent with, or evident from, this pro forma financial data.

In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition or results of operations. Any potential decline in our financial condition or results of operations may cause significant variations in our share price.

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

In connection with the accounting for the Business Combination, we recorded a significant amount of goodwill and other intangible assets. Under accounting principles generally accepted in the U.S.

("GAAP"), we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets have been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders' equity in future periods.

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

As of March 31, 2012, a significant amount of our investments were invested in U.S. government treasury and agency securities. Our investment objectives are, first, to preserve liquidity and conserve capital and, second, to generate investment income. Should our investments cease paying or reduce the amount of interest paid to us, our interest income would suffer. In addition, general credit, liquidity, market and interest risks associated with our investment portfolio may have an adverse effect on our financial condition.

Our effective tax rate may increase.

As a global biotechnology company, we are subject to taxation in a number of different jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of these places. Our effective tax rate may fluctuate depending on a number of factors, including the distribution of our profits or losses between the jurisdictions where we operate, differences in interpretation of tax laws, etc. In addition, the tax laws of any jurisdiction in which we operate may change in the future which could impact our effective tax rate. Tax authorities in the jurisdictions in which we operate may audit the Company. If we are unsuccessful in defending any tax positions adopted in our submitted tax returns, we may be required to pay taxes for prior periods, interest, fines or penalties, and may be obligated to pay increased taxes in the future, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

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

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

In addition, Section 7874 provides that if a corporation organized outside the U.S. acquires substantially all of the assets of a corporation organized in the U.S., the taxable income of the U.S. corporation during the period beginning on the date the first assets are acquired as part of the acquisition, through the date which is ten years after the last date assets are acquired as part of the acquisition, shall be no less than the income or gain recognized by reason of the transfer during such period or by reason of a license of property by the expatriated entity after such acquisition to a foreign affiliate during such period, which is referred to as the "inversion gain," if shareholders of the acquired

U.S. corporation own at least 60% (of either the voting power or the value) of the shares of the acquiring foreign corporation after the acquisition by reason of holding shares in the domestic corporation, and the "expanded affiliated group" of the acquiring corporation does not have substantial business activities in the country in which it is organized. In connection with the Business Combination, Old Alkermes transferred certain intellectual property to one of our Irish subsidiaries, and it is expected that Old Alkermes had sufficient net operating loss carryforwards available to substantially offset any taxable income generated from this transfer. If this rule was to apply to the Business Combination, among other things, Old Alkermes would not have been able to use any of the approximately $274 million of U.S. Federal net operating loss ("NOL") and $38 million of U.S. state NOL carryforwards that it had as of March 31, 2011 to offset any taxable income generated as part of the Business Combination or as a result of the transfer of intellectual property. We do not believe that either of these limitations should apply as a result of the Business Combination. However, the U.S. Internal Revenue Service (the "IRS") could assert a contrary position, in which case we could become involved in tax controversy with the IRS regarding possible additional U.S. tax liability. If we were to be unsuccessful in resolving any such tax controversy in our favor, we could be liable for significantly greater U.S. federal and state income tax than we anticipate being liable for through the Business Combination, including as a result of the transfer of intellectual property, which would place further demands on our cash needs.

Transfers of our ordinary shares may be subject to Irish stamp duty.

In certain circumstances, the transfer of shares in an Irish incorporated company will be subject to Irish stamp duty, which is a legal obligation of the buyer to pay. This duty is currently charged at the rate of 1.0% of the higher of the price paid and the market value of the shares acquired. However, transfers of book-entry interests in the Depository Trust Company ("DTC") representing our ordinary shares should not be subject to Irish stamp duty. Accordingly, transfers by shareholders who hold their ordinary shares beneficially through brokers, which in turn hold those shares through DTC, should not be subject to Irish stamp duty on transfers to holders who also hold through DTC. This treatment is available because our ordinary shares are traded on a recognized stock exchange in the U.S.

In relation to any transfer of our ordinary shares that is subject to Irish stamp duty, our articles of association allow us, in our absolute discretion, to create an instrument of transfer and pay (or procure the payment of) any stamp duty payable by a buyer or otherwise require an instrument of transfer to be executed to effect a transfer. In the event of any such payment, we are (on our behalf or on behalf of our affiliates) entitled to, at our discretion (i) seek reimbursement from the buyer or seller, (ii) set-off the amount of the stamp duty against future dividends payable to the buyer or seller and (iii) claim a first and permanent lien against the ordinary shares on which it has paid stamp duty. Our lien shall extend to all dividends paid on those shares.

Litigation and/or arbitration may result in financial losses or harm our reputation and may divert management resources.

We may be the subject of certain claims, including product liability claims and those asserting violations of securities laws and derivative actions. We cannot predict with certainty the eventual outcome of any future litigation, arbitration or third-party inquiry. We may not be successful in defending ourselves or asserting our rights in new lawsuits, investigations or claims that may be brought against us and, as a result, our business could be materially harmed. These lawsuits, arbitrations, investigations or claims may result in large judgments or settlements against us, any of which could have a negative effect on our financial performance and business. Additionally, lawsuits, arbitrations and investigations can be expensive to defend, whether or not the lawsuit, arbitration or investigation has merit, and the defense of these actions may divert the attention of our management and other resources that would otherwise be engaged in running our business.

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

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

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

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

Likely Future Developments

We expect to invest in research and development expenditures associated with internal initiatives in conjunction with external acquisitive investments and to focus these investments on products that we believe will offer the greatest potential for near and long-term growth. We plan to invest in areas in which we can benefit from our core competencies and global infrastructure. We plan to allocate resources to support the product lines that are faster-growing, higher-margin businesses in which we have or can develop a global competitive advantage. In 2012, we plan to continue to analyze our business portfolio, which may lead to the acquisition or divestiture of businesses.

Company Books of Account

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

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

Significant Events Since Year End

There have been no significant events affecting the Company since the year-end.

Directors and Secretary

The names of the persons who were directors or secretary at any time during the year ended March 31, 2012 or since March 31, 2012 are set out below.

Directors	
David W. Anstice	(Appointed 16 September 2011)
Floyd E. Bloom	(Appointed 16 September 2011)
Robert A. Breyer	(Appointed 16 September 2011)
Wendy L. Dixon	(Appointed 16 September 2011)
Geraldine Henwood	(Appointed 16 September 2011)
Paul J. Mitchell	(Appointed 16 September 2011)
Richard F. Pops	(Appointed 16 September 2011)
Alexander Rich	(Retired 16 September 2011)
Mark B. Skaletsky	(Appointed 16 September 2011)
Michael A. Wall	(Retired 16 September 2011)
Secretary	
Kathryn L. Biberstein	(Appointed 16, September 2011)

Directors' and Secretary's Interests in Shares

No director, the secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 22 the consolidated financial statements. The interests of the directors and secretary in office at March 31, 2012 and September 16, 2011 (or date of appointment if later) in the ordinary share capital of Alkermes plc are shown in the table below.

	Ordinary Shares(1) At 16 September 2011			Ordinary Shares(1) At 31 March 2012		
	Shares	Options	Restricted Share Units	Shares	Options	Restricted Share Units
Directors						
David W. Anstice	10,000	80,000	—	10,000	105,000	—
Floyd E. Bloom	120,375	180,000	—	100,375	205,000	—
Robert A. Breyer	61,131	163,425	—	58,106	175,400	—
Wendy L. Dixon	—	35,000	—	—	60,000	—
Geraldine Henwood	—	198,000	—	—	165,000	—
Paul J. Mitchell	8,000	188,000	—	8,000	213,000	—
Richard F. Pops	418,104	3,891,250	338,125	335,932	3,581,250	311,625
Mark B. Skaletsky	5,000	159,000	—	5,000	184,000	—
Company Secretary						
Kathryn L. Biberstein	30,459	592,125	41,875	32,934	592,125	37,625

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

Political Donations

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

Subsidiary Companies and Branches

Information regarding our subsidiaries is provided in Note 24 to the consolidated financial statements.

Going Concern

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

AGM

The Annual General Meeting of the Company will take place at Connaught House, 1 Burlington Road, Dublin 4, Ireland on August 1, 2012. The notice of meeting and a description of the business to be transacted is available on the Company's website at www.alkermes.com.

Auditors

PricewaterhouseCoopers (PwC) were appointed as auditors during the year and have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

On behalf of the Directors

/s/ RICHARD F. POPS	/s/ PAUL J. MITCHELL
Richard F. Pops	Paul J. Mitchell
Chairman	*Director*

June 13, 2012

ALKERMES PLC
STATEMENT OF DIRECTORS' REPONSIBILITIES

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

Irish company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group financial statements in accordance with applicable Irish law and accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in Section 1(1) of the Companies (Miscellaneous Provisions) Act 2009, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder. The directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Principles in Ireland (Irish GAAP), comprising the financial reporting standards issued by the Accounting Standards Board (ASB) and published by the Institute of Chartered Accountants in Ireland (ICAI) together with the Companies Acts, 1963 to 2009. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group 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 estimates that are reasonable and prudent;
- state that the Group financial statements comply with U.S. GAAP to the extent that it does not contravene Irish Company Law and that the Company financial statements comply with the accounting standards issued by the Accounting Standards Board and Irish GAAP.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Irish Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of Alkermes plc

We have audited the group financial statements of Alkermes plc for the year ended 31 March 2012 which comprise the Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Reconciliation of Movement in Shareholders' Funds, the Consolidated Statement of Cash Flows and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Alkermes plc for the period ended 31 March 2012.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements, in accordance with applicable Irish law and accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in Section 1(1) of the Companies (Miscellaneous Provisions) Act 2009, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder, are set out in the Statement of Directors' Responsibilities on page 55.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with U.S. GAAP to the extent that the use of those principles in the preparation of the group financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder, and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts) Regulations 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit. We also report to you our opinion as to whether the directors' report is consistent with the group financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion the group financial statements:

- give a true and fair view, in accordance with U.S. GAAP to the extent that the use of those principles in the preparation of the group financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder, of the state of the group's affairs as at 31 March 2012 and of the loss and cash flows of the group for the year then ended; and

- have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts) Regulations 1992.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the information given in the directors' report is consistent with the group financial statements.

Alisa Hayden
for and behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

13 June 2012

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year Ended March 31, 2012	2011
		(In thousands, except per share amounts)	
Manufacturing and royalty turnover		$ 326,444	$ 156,840
Product sales, net		41,184	28,920
Research and development turnover		22,349	880
Total revenues		389,977	186,640
Cost of sales		127,578	52,185
Gross profit		262,399	134,455
Research and development expense		141,893	97,239
Selling, general and administrative expense		137,632	82,847
Amortization and impairment of acquired intangible assets	8	71,155	—
Operating loss		(88,281)	(45,631)
Interest income		1,516	2,728
Interest expense		(28,111)	(3,298)
Other income (expense), net		484	(290)
Total other expense, net		(26,111)	(860)
Loss on ordinary activities, before income taxes		(114,392)	(46,491)
Provision (benefit) for income taxes	15	(714)	(951)
Loss on ordinary activities, after tax		$ (113,678)	$ (45,540)
LOSS PER ORDINARY SHARE:			
Basic	11	$ (0.99)	$ (0.48)
Diluted	11	$ (0.99)	$ (0.48)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING:			
Basic		114,702	95,610
Diluted		114,702	95,610

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

The Consolidated Financial Statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Year Ended March 31,	
	2012	2011
	(In thousands)	
NET LOSS	$ (113,678)	$ (45,540)
Unrealized losses on marketable securities:		
Holding gains (losses), net of tax	627	379
Unrealized gains (losses) on marketable securities	627	379
Unrealized losses on derivative contracts, net of tax	(327)	—
COMPREHENSIVE LOSS	$ (113,378)	$ (45,161)

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

The Consolidated Financial Statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	Note	March 31, 2012	March 31, 2011
		(In thousands)	
ASSETS			
Fixed Assets			
Intangible assets—Goodwill	8	$ 92,740	$ —
Intangible assets—Other	8	617,845	—
Tangible fixed assets	7	302,995	95,020
Current Assets			
Stock	6	39,759	20,425
Debtors	17	135,740	42,273
Investments	4	162,537	256,336
Cash at bank and in-hand		83,601	38,394
TOTAL ASSETS		$ 1,435,217	$ 452,448
LIABILITIES			
Equity Shareholders' Funds			
Share capital, $0.01 par value		$ 1,300	$ 1,059
Share premium		74,148	936,295
Profit and loss account		753,073	(411,228)
Treasury shares		(571)	(131,095)
Other reserves		25,902	(3,013)
Total equity shareholders' funds		853,852	392,018
Creditors			
Debt	9	444,460	—
Creditors	18	136,905	60,430
Total for creditors		581,365	60,430
TOTAL LIABILITIES		$ 1,435,217	$ 452,448

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

The Consolidated Financial Statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended March 31,	
	2012	2011
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(113,678)	$ (45,540)
Adjustments to reconcile net loss to cash flows from operating activities:		
Share-based compensation expense	28,826	19,832
Depreciation and amortization	93,684	8,652
Deferred income taxes	(14,556)	—
Loss on purchase of non-recourse RISPERDAL CONSTA secured 7% Notes	—	841
Other non-cash charges	4,342	1,861
Changes in assets and liabilities, excluding the effect of acquisitions:		
Receivables	(14,014)	2,347
Inventory, prepaid expenses and other assets	(4,879)	5,211
Accounts payable and accrued expenses	11,217	6,954
Deferred revenue	6,068	635
Other long-term liabilities	508	(88)
Payment or purchase of non-recourse RISPERDAL CONSTA secured 7% notes attributable to original issue discount	—	(6,611)
Cash flows used in operating activities	(2,482)	(5,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(16,988)	(9,401)
Proceeds from the sale of equipment	35	395
Acquisition of Elan Drug Technologies, net of cash acquired	(494,774)	—
Investment in Acceleron Pharmaceuticals, Inc.	(231)	(501)
Purchases of investments	(228,229)	(370,375)
Sales and maturities of investments	323,028	385,511
Cash flows (used in) provided by investing activities	(417,159)	5,629
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of ordinary shares for share-based compensation arrangements	17,188	4,744
Excess tax benefit from share-based compensation	4,335	—
Proceeds from the issuance of long-term debt	444,100	—
Principal payments of long-term debt	(775)	—
Payment or purchase of non-recourse RISPERDAL CONSTA secured 7% notes	—	(45,397)
Purchase of ordinary shares for treasury	—	—
Cash flows provided by (used in) financing activities	464,848	(40,653)
NET DECREASE IN CASH AND CASH EQUIVALENTS	45,207	(40,930)
CASH AND CASH EQUIVALENTS—Beginning of period	38,394	79,324
CASH AND CASH EQUIVALENTS—End of period	$ 83,601	$ 38,394
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 21,658	$ 1,684
Cash paid for taxes	$ 10,068	$ 60
Non-cash investing and financing activities:		
Purchased capital expenditures included in accounts payable and accrued expenses	$ 3,416	$ 424
Investment in Civitas Therapeutics, Inc.	$ 1,547	$ 1,320
Issuance of common stock used in the acquisition of Elan Drug Technologies	$ 525,074	$ —

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

The Consolidated Financial Statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS	/s/ PAUL J. MITCHELL
Richard F. Pops *Chairman*	Paul J. Mitchell *Director*

ALKERMES PLC AND SUBSIDIARIES

CONSOLIDATED RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share Capital	Share Premium	Profit and Loss Account	Treasury Shares	Other Reserves	Total
	(In thousands)					
BALANCE—March 31, 2015	$1,051	$ 910,326	$ (365,688)	$(129,681)	$ (3,392)	$ 412,616
Net loss	—	—	(45,540)	—	—	(45,540)
Other comprehensive income	—	—	—	—	379	379
Share-based compensation	—	19,819	—	—	—	19,819
Shares issued under employee stock plans	8	4,736	—	—	—	4,744
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share based awards	—	1,414	—	(1,414)	—	—
BALANCE—March 31, 2016	$1,059	$ 936,295	$ (411,228)	$(131,095)	$ (3,013)	$ 392,018
Net loss	—	—	(113,678)	—	—	(113,678)
Other comprehensive income	—	—	—	—	300	300
Share-based payment reserve	—	—	—	—	28,615	28,615
Shares issued under employee stock plans	24	17,164	—	—	—	17,188
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share based awards	—	—	3,676	(3,676)	—	—
Issuance of ordinary shares to Elan Corporation, plc in connection						

with the purchase of Elan Drug Technologies	319	524,755	—	—	—	525,074
Reduction in share premium account			—	—	—	—
Excess tax benefit from share-based compensation	—	—	4,335	—	—	4,335
Cancellation of treasury shares	(102)	(134,098)	—	134,200	—	—
Transfer to profit and loss account	—	(1,269,968)	1,269,968	—	—	—
BALANCE —March 31, 2012	$1,300	$ 74,148	$ 753,073	$ (571)	$25,902	$ 853,852

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

The Consolidated Financial Statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The directors have elected to prepare the consolidated financial statements of Alkermes and its consolidated subsidiaries in accordance with applicable Irish law and GAAP, as defined in Section 1(1) of the Companies (Miscellaneous Provisions) Act 2009, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Acts or of any regulations made thereunder.

The separate financial statements of the Company have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009, and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The loss attributable to equity shareholders dealt with in the financial statements of the Company was $115.6 million. In accordance with Section 3(2) of the Companies Amendment Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies.

The financial statements are presented in U.S. dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Alkermes plc and its wholly-owned subsidiaries: Alkermes Ireland Holdings Limited, Alkermes Pharma Ireland Limited, Alkermes U.S. Holdings, Inc., Alkermes, Inc., Eagle Holdings USA, Inc., Alkermes Gainesville LLC, Alkermes Controlled Therapeutics, Inc., Alkermes Europe, Ltd., Alkermes Finance Ireland Limited, Alkermes Finance S.A R.L. and Alkermes Finance Ireland (No. 2) Limited. Intercompany accounts and transactions have been eliminated.

Use of Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash at Bank and In-Hand

The Company values its cash at bank and in-hand at cost plus accrued interest, which the Company believes approximates their market value. The Company considers only those investments which are highly liquid, readily convertible into cash and that mature within three months from the date of purchase to be cash.

Investments

The Company has investments in various types of securities including U.S. government and agency obligations, debt securities issued by foreign agencies and backed by foreign governments and corporate debt securities. The Company also has strategic equity investments which includes the common shares of a public company with which the Company has a collaborative arrangement. The Company generally holds its interest-bearing investments with major financial institutions and in accordance with documented investment policies. The Company limits the amount of credit exposure to any one financial institution or corporate issuer. At March 31, 2012, substantially all these investments are classified as available-for-sale and are recorded at fair value. Holding gains and losses on these investments are considered "unrealized" and are reported within "Accumulated other comprehensive (loss) income," a component of shareholders' equity. The Company uses the specific identification method for reclassifying unrealized gains and losses into earnings when investments are sold. Certain of the Company's money market funds and held-to-maturity investments are restricted investments held as collateral under letters of credit related to certain of the Company's service provider agreements and lease agreements, respectively, and are included in "Investments—short-term" and "Investments—long-term," respectively, in the consolidated balance sheets.

The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required by GAAP. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded in accumulated other comprehensive loss.

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

For equity securities, when assessing whether a decline in fair value below the cost basis is other-than-temporary, the Company considers the fair market value of the security, the duration of the security's decline, and the financial condition of the issuer. The Company then considers its intent and ability to hold the equity security for a period of time sufficient to recover its carrying value. Where the Company has determined that it lacks the intent and ability to hold an equity security to its expected

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recovery, the security's decline in fair value is deemed to be other-than-temporary and is recorded within operations as an impairment loss.

Fair Value of Financial Instruments

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

Level 1—these valuations are based on a market approach using quoted prices in active markets for identical assets. Valuations of these products do not require a significant degree of judgment. Assets utilizing Level 1 inputs include investments in money market funds, U.S. government and agency debt securities, debt securities issued and backed by foreign governments, and strategic equity investments;

Level 2—these valuations are based on a market approach using quoted prices obtained from brokers or dealers for similar securities or for securities for which the Company has limited visibility into their trading volumes. Valuations of these financial instruments do not require a significant degree of judgment. Assets utilizing Level 2 inputs include investments in corporate debt securities that are trading in the credit markets;

Level 3—these valuations are based on an income approach using certain inputs that are unobservable and are significant to the overall fair value measurement. Valuations of these products require a significant degree of judgment. Assets utilizing Level 3 inputs primarily consist of investments in certain corporate debt securities, auction rate securities and asset backed securities that are not trading in the credit markets.

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

Stock

Stock is stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. Included in stock are raw materials used in production of pre-clinical and clinical products, which have alternative future use and are charged to R&D expense when consumed. VIVITROL® stock that is in the distribution channel is classified as "consigned-out stock."

Tangible Fixed Assets

Tangible fixed assets are recorded at cost, subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Expenditures for repairs and maintenance are charged to expense as incurred and major renewals and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

improvements are capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

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

Business Acquisitions

The Company's consolidated financial statements include the operations of an acquired business after the completion of the acquisition. The Company accounts for acquired businesses using the acquisition method of accounting. The acquisition method of accounting for acquired businesses requires, among other things, that most assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date, and that the fair value of acquired in-process research and development ("IPR&D") be recorded on the balance sheet. Also, transaction costs are expensed as incurred. Any excess of the purchase price over the assigned values of the net assets acquired is recorded as goodwill. Contingent consideration, if any, is included within the acquisition cost and is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved. Changes in fair value are recognized in earnings.

Goodwill and Intangible Assets

Goodwill represents the excess cost of the Company's investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the date of acquisition. The Company's goodwill balance solely relates to the EDT acquisition in the fiscal year ended March 31, 2012, as described in Note 3, *Acquisitions*. Goodwill is not amortized but is tested for impairment annually or when events or circumstances indicate the fair value of a reporting unit may be below its carrying value. A reporting unit is an operating segment or sub-segment to which goodwill is assigned when initially recorded.

In September 2011, the Financial Accounting Standards Board ("FASB") issued guidance related to testing goodwill for impairment. This accounting standard allows an entity to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. An entity can choose to perform the qualitative assessment on none, some or all of its reporting units. Moreover, an entity can bypass the qualitative assessment for any reporting unit in any period and proceed directly to step one of the impairment test, and then resume performing the qualitative assessment in any subsequent period. This standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. However, an entity can choose to early adopt the standard if its annual test date is before the issuance of the final standard, provided that the entity has not yet performed its 2011 annual impairment test or issued its financial statements. The Company chose to early adopt the provisions of this standard as it had not

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

yet performed its annual impairment test, which the Company performs as of October 31 each year. The adoption of this standard did not impact the Company's financial position or results of operations. As a result of the qualitative assessment performed as of October 31, 2011, the Company determined that it was not more-likely-than-not that the fair value of the reporting unit was less than its carrying amount, and an impairment of the Company's goodwill was not recorded.

The Company's finite-lived intangible assets consist of core developed technology and collaboration agreements and are recorded at fair value at the time of their acquisition and are stated within its consolidated balance sheets net of accumulated amortization and impairments. The finite-lived intangible assets are amortized over their estimated useful life using the economic use method, which reflects the pattern that the economic benefits of the intangible assets are consumed as revenue is generated from the underlying patent or contract. The useful lives of the Company's intangible assets are primarily based on the legal or contractual life of the underlying patent or contract, which does not include additional years for the potential extension or renewal of the contract or patent. IPR&D represents the fair value assigned to R&D assets that were acquired prior to their completion. IPR&D is considered an indefinite-lived asset and is not amortized but is tested for impairment annually or when events or circumstances indicate the fair value may be below its carrying value. If and when development is complete, which generally occurs when regulatory approval to market a product is obtained, the associated assets would be deemed finite-lived and would then be amortized based on their respective estimated useful lives at that point in time. The Company's intangible assets were all acquired as part of the EDT acquisition in the fiscal year ended March 31, 2012, as described in Note 3, *Acquisitions*.

Impairment of Long-Lived Assets

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

Asset Retirement Obligations

The Company recognized an asset retirement obligation for an obligation to remove leasehold improvements and other related activities at the conclusion of the Company's lease for its AIR® manufacturing facility located in Chelsea, Massachusetts, which it presently subleases. The carrying amount of the asset retirement obligation at March 31, 2012 and 2011, was $1.9 million and $1.7 million, respectively, and is included within "Other Long-Term Liabilities" in the accompanying consolidated balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table shows changes in the carrying amount of the Company's asset retirement obligation for the years ended March 31, 2012 and 2011:

(In thousands)	Carrying Amount
Balance, April 1, 2010	$ 1,537
Accretion expense	155
Balance, March 31, 2011	$ 1,692
Accretion expense	170
Balance, March 31, 2012	$ 1,862

Revenue Recognition

Collaborative Arrangements

The Company has entered into a number of collaboration agreements with pharmaceutical companies including Ortho-McNeil-Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica International, a division of Cilag International AG ("Janssen") for RISPERDAL® CONSTA® and INVEGA® SUSTENNA®/XEPLION®, Acorda Therapeutics, Inc. ("Acorda") for AMPYRA®/FAMPYRA®, Amylin Pharmaceuticals, Inc. ("Amylin") for BYDUREON™ and Cilag GmbH International ("Cilag") for the resale of VIVITROL in Russia and the other countries in the Commonwealth of Independent States ("CIS"). These collaborative arrangements typically include upfront payments, funding of R&D, payments based upon achievement of pre-clinical and clinical development milestones, manufacturing services, sales milestones and royalties on product sales.

On April 1, 2011, the Company adopted new authoritative guidance on revenue recognition for multiple element arrangements. The guidance, which applies to multiple element arrangements entered into or materially modified on or after April 1, 2011, amends the criteria for separating and allocating consideration in a multiple element arrangement by modifying the fair value requirements for revenue recognition and eliminating the use of the residual method. The fair value of deliverables under the arrangement may be derived using a "best estimate of selling price" if vendor specific objective evidence and third-party evidence is not available. Deliverables under the arrangement will be separate units of accounting provided that (i) a delivered item has value to the customer on a stand-alone basis and (ii) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the vendor. The Company did not enter into any significant multiple element arrangements or materially modify any of its existing multiple element arrangements during the year ended March 31, 2012. The Company's existing collaboration agreements continue to be accounted for under previously issued revenue recognition guidance for multiple element arrangements, as described below.

Whenever the Company determines that an arrangement should be accounted for as a single unit of accounting, the Company determines the period over which the performance obligations will be performed and revenue will be recognized. Revenue will be recognized using either a proportional performance or straight-line method. The Company recognizes revenue using the proportional performance method when the level of effort required to complete its performance obligations under an arrangement can be reasonably estimated and such performance obligations are provided on a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

best-efforts basis. Earned arrangement consideration is typically used as the measure of performance. The amount of revenue recognized under the proportional performance method is determined by multiplying the total expected payments under the contract, excluding royalties and payments contingent upon achievement of substantive milestones, by the ratio of earned arrangement consideration to estimated total arrangement consideration to be earned under the arrangement. Revenue is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the proportional performance method, as of the period ending date.

If the Company cannot reasonably estimate the total arrangement consideration to be earned under an arrangement, the Company recognizes revenue under the arrangement on a straight-line basis over the period the Company is expected to complete its performance obligations. Revenue is limited to the lesser of the cumulative amount of payments received or the cumulative amount of revenue earned, as determined using the straight-line method, as of the period ending date.

Significant management judgment is required in determining the consideration to be earned under an arrangement and the period over which the Company is expected to complete its performance obligations under an arrangement. Steering committee services that are not inconsequential or perfunctory and that are determined to be performance obligations are combined with other research services or performance obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Company expects to complete its aggregate performance obligations.

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

On April 1, 2011, the Company prospectively adopted the accounting guidance related to the milestone method of revenue recognition for R&D arrangements. Under the milestone method, contingent consideration received from the achievement of a substantive milestone is recognized in its entirety in the period in which the milestone is achieved, which the Company believes is more consistent with the substance of its performance under its various collaboration agreements. A milestone is defined as an event (i) that can only be achieved based in whole or in part on either the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved, and (iii) that would result in additional payments being due to the entity. A milestone is substantive if the consideration earned from the achievement of the milestone is consistent with the Company's performance required to achieve the milestone, or the increase in value to the collaboration resulting from the Company's performance, relates solely to the Company's past performance, and is reasonable relative to all of the other deliverables and payments within the arrangement. The Company's collaboration agreements with its partners provide for payments to the Company upon the achievement of development milestones, such as the completion of clinical trials or regulatory approval for drug candidates. As of April 1, 2011, the Company's agreements with partners included potential future payments for development milestones aggregating $17.0 million. Given the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

challenges inherent in developing and obtaining approval for pharmaceutical and biologic products, there was substantial uncertainty as to whether any such milestones would be achieved at the time these collaboration agreements were entered into. In addition, the Company evaluated whether the development milestones met the remaining criteria to be considered substantive. As a result of the Company's analysis, the Company considers $3.0 million of its development milestones to be substantive and, accordingly, the Company expects to recognize as revenue future payments received from such milestones as it achieves each milestone. The election to adopt the milestone method did not impact the Company's historical financial position at April 1, 2011. This policy election may result in revenue recognition patterns for future milestones that are materially different from those recognized for milestones received prior to adoption. During the year ended March 31, 2012, the Company recognized into revenue $3.0 million upon the achievement of developmental milestones and an aggregate of $14.0 million upon the achievement of milestones existing at April 1, 2011, where there were no remaining performance obligations under the collaborative arrangements.

Milestone payments received prior to April 1, 2011 from arrangements where the Company has continuing performance obligations have been deferred and are recognized through the application of a proportional performance model where the milestone payment is recognized over the related performance period or, in full, when there are no remaining performance obligations. The Company makes its best estimate of the period of time for the performance period. The Company will continue to recognize milestone payments received prior to April 1, 2011 in this manner. As of March 31, 2012, the Company has deferred revenue of $4.8 million from milestone payments received prior to April 1, 2011 that will be recognized through the use of a proportional performance model through 2018.

Amounts received prior to satisfying the above revenue recognition criteria are recorded as deferred revenue in the accompanying consolidated balance sheets. Although the Company follows detailed guidelines in measuring revenue, certain judgments affect the application of its revenue policy. For example, in connection with the Company's existing collaboration agreements, the Company has recorded on its balance sheet short-term and long-term deferred revenue based on its best estimate of when such revenue will be recognized. Short-term deferred revenue consists of amounts that are expected to be recognized as revenue in the next 12 months. Amounts that the Company expects will not be recognized within the next 12 months are classified as long-term deferred revenue. However, this estimate is based on the Company's current operating plan and, if its operating plan should change in the future, the Company may recognize a different amount of deferred revenue over the next 12-month period.

The estimate of deferred revenue also reflects management's estimate of the periods of the Company's involvement in certain of its collaborations. The Company's performance obligations under these collaborations consist of participation on steering committees and the performance of other research and development services. In certain instances, the timing of satisfying these obligations can be difficult to estimate. Accordingly, the Company's estimates may change in the future. Such changes to estimates would result in a change in revenue recognition amounts. If these estimates and judgments change over the course of these agreements, it may affect the timing and amount of revenue that the Company recognizes and records in future periods. At March 31, 2012, the Company had short-term and long-term deferred revenue of $3.1 million and $7.6 million, respectively, related to its collaborations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Manufacturing revenues—The Company recognizes manufacturing revenues from the sale of products it manufactures for resale by its collaborative partners. Manufacturing revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred and title to the product and associated risk of loss has passed to the customer, the sales price is fixed or determinable and collectability is reasonably assured. Certain of the Company's manufacturing revenues are recognized by the Company based on information supplied to the Company by its collaborative partners and require estimates to be made. Differences between the actual manufacturing revenues and estimated manufacturing revenues are reconciled and adjusted for in the period in which they become known.

Royalty revenue—The Company recognizes royalty revenues related to the sale of products by its collaborative partners that incorporates the Company's technology. Royalties are earned under the terms of a license agreement in the period the products are sold by the Company's collaborative partner and collectibility is reasonably assured. Certain of the Company's royalty revenues are recognized by the Company based on information supplied to the Company by its collaborative partners and require estimates to be made. Differences between the actual royalty revenues and estimated royalty revenues are reconciled and adjusted for in the period in which they become known.

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

Product Sales, net

The Company's product sales consist of sales of VIVITROL in the U.S. to wholesalers, specialty distributors and specialty pharmacies. Product sales are recognized from the sale of VIVITROL when persuasive evidence of an arrangement exists, title to the product and associated risk of loss has passed to the customer, which is considered to occur when the product has been received by the customer, the sales price is fixed or determinable, and collectability is reasonably assured. The Company defers the recognition of product sales on shipments of VIVITROL to its customers until the product has left the distribution channel, as it does not yet have sufficient sales history to reasonably estimate returns related to these shipments. The Company estimates product shipments out of the distribution channel through data provided by external sources, including information on stock levels provided by its customers in the distribution channel, as well as prescription information. In order to match the cost of goods sold related to products shipped to customers with the associated revenue, the Company defers the recognition of the cost of goods sold to the period in which the associated revenue is recognized.

The Company records its product sales net of the following significant categories of sales discounts and allowances as a reduction of product sales at the time VIVITROL is shipped into the distribution channel, and are adjusted for stock in the distribution channel:

- *Medicaid Rebates*—the Company records accruals for rebates to states under the Medicaid Drug Rebate Program as a reduction of sales when the product is shipped into the distribution channel. The Company rebates individual states for all eligible units purchased under the Medicaid program based on a rebate per unit calculation, which is based on its Average Manufacturer Price ("AMP"). The Company estimates expected unit sales and rebates per unit

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

under the Medicaid program and adjusts its rebate estimates based on actual unit sales and rebates per unit.

- *Chargebacks*—wholesaler, specialty pharmacy and distributor, or intermediary, chargebacks are discounts that occur when contracted customers purchase directly from an intermediary. Contracted customers, which include federal government agencies purchasing under the federal supply schedule, generally purchase the product at its contracted price, plus a mark-up from the intermediary. The intermediary, in-turn, charges back to the Company the difference between the price initially paid by the intermediary and the contracted price paid to the intermediary by the customer. The allowance for chargebacks is based on actual and expected utilization of these programs. Chargebacks could exceed historical experience and the Company's estimates of future participation in these programs. To date, actual chargebacks have not differed materially from the Company's estimates.

- *Wholesaler Fees*—cash consideration, including sales incentives and discounts, given by the Company under distribution service agreements with a number of wholesaler, distributor and specialty pharmacy customers that provide them with the opportunity to earn discounts in exchange for the performance of certain services.

Risk-management instruments

On September 16, 2011, the Company entered into a $310.0 million first lien term loan facility (the "First Lien Term Loan") and a $140.0 million second lien term loan facility (the "Second Lien Term Loan" and, together with the First Lien Term Loan, the "Term Loans"). Interest on the Term Loans is at a rate equal to an applicable margin plus three-month LIBOR. The Company addressed its risk to exposure to fluctuations in interest rates by entering into certain derivative financial instruments, the objective of which is to limit the impact of fluctuations in interest rates on earnings. The Company's derivative activities are initiated within the guidelines of documented corporate risk management policies and do not create additional risk because gains and losses on derivative contracts offset losses and gains on the liabilities being hedged.

During the year ended March 31, 2012, the Company entered into an interest rate swap contract that was designated and qualified as a cash flow hedge. The Company reviews the effectiveness of its derivatives on a quarterly basis. The effective portion of gains or losses on the Company's cash flow hedge is reported as a component of accumulated other comprehensive loss and reclassified into earnings in the same period the hedged transaction affects earnings. Hedge ineffectiveness is immediately recognized in earnings.

During the year ended March 31, 2012, the Company entered into two interest rate cap contracts that were not designated as hedging instruments. The interest rate caps are recorded at fair value with associated gains or losses recognized in other income/(expense) during the period of change.

Foreign Currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

within "Other income (expense)" in the accompanying consolidated statement of operations and comprehensive loss. During the years ended March 31, 2012, 2011 and 2010, the Company recorded again on foreign currency translation of $0.5 million, none and none, respectively.

Concentrations

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

	2012		2011		2010	
Customer	Receivables	Revenue	Receivables	Revenue	Receivables	Revenue
Janssen	30%	48%	75%	83%	86%	83%
Acorda	11%	—	—	—	—	—

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

Geographic Information

Company revenues by geographic location, as determined by the location of the customer, and the location of its long-term assets, excluding financial instruments and deferred taxes, are as follows:

	Year Ended March 31,		
(in thousands)	2012	2011	2010
Revenue by region:			
U.S.	$ 212,859	$ 76,701	$ 81,674
Ireland	12,695	805	999
Rest of world	164,423	109,135	95,608
Total long-term assets by region:			
Ireland	$ 171,751	$ —	$ —
U.S.	117,894	106,080	108,502
Rest of world	—	—	—

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and Development Expenses

The Company's R&D expenses include internally and externally generated costs incurred in conjunction with the development of the Company's technologies, proprietary product candidates, collaborators' product candidates and in-licensing arrangements. Internally generated costs include employee compensation and benefits, laboratory supplies, temporary help costs, external research costs, consulting costs, occupancy costs, depreciation expense and other allocable costs directly related to the Company's R&D activities. External research costs relate to toxicology and pharmacokinetic studies and clinical trials that are performed for the Company under contract by external companies, hospitals or medical centers as well as upfront fees and milestones paid to collaborators.

A significant portion of the Company's internally generated R&D expenses (including laboratory supplies, travel, dues and subscriptions, recruiting costs, temporary help costs, consulting costs and allocable costs such as occupancy and depreciation) are not tracked by project as they benefit multiple projects or the Company's technologies in general. Externally generated R&D expenses are tracked by project and certain of these expenses are reimbursed to the Company by its partners. The Company accounts for its R&D expenses on a departmental and functional basis in accordance with its budget and management practices. All such costs are expensed as incurred.

Share-Based Compensation

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

Share Options

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

The fair value of share option grants is based on estimates as of the date of grant using a Black-Scholes option valuation model. The Company uses historical data as the basis for estimating option terms and forfeitures. Separate groups of employees that have similar historical share option exercise and forfeiture behavior are considered separately for valuation purposes. The ranges of expected terms disclosed below reflect different expected behavior among certain groups of employees. Expected share volatility factors are based on a weighted average of implied volatilities from traded options on the Company's ordinary shares and historical share price volatility of the Company's ordinary shares, which

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

is determined based on a review of the weighted average of historical daily price changes of the Company's ordinary shares. The risk-free interest rate for periods commensurate with the expected term of the share option is based on the U.S. treasury yield curve in effect at the time of grants. The dividend yield on the Company's ordinary shares is estimated to be zero as the Company has not paid and does not expect to pay dividends. The exercise price of options granted prior to October 7, 2008 equals the average of the high and low of the Company's ordinary shares traded on the NASDAQ Select Stock Global Market on the date of grant. Beginning with the adoption of the Alkermes, Inc. 2008 Stock Option and Incentive Plan (the "2008 Plan"), the exercise price of option grants made after October 7, 2008 is equal to the closing price of the Company's ordinary shares traded on the NASDAQ Select Stock Global Market on the date of grant.

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

	Year Ended March 31,		
	2012	2011	2010
Expected option term	5 - 7 years	5 - 7 years	5 - 7 years
Expected stock volatility	47% - 51%	46% - 51%	38% - 49%
Risk-free interest rate	0.82% - 2.5%	1.11% - 3.42%	1.83% - 3.05%
Expected annual dividend yield	—	—	—

Time-Vested Restricted Share Units

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

Performance-Based Restricted Share Units

The Company had RSUs that vested upon the achievement of certain performance criteria and RSUs that vested upon the achievement of a market condition. Shares of the Company's ordinary shares were delivered to the employee upon vesting, subject to payment of applicable withholding taxes. The estimated fair value of the RSUs that vested upon the achievement of certain performance criteria was based on the market value of the Company's shares on the date of grant. The estimated fair value of the RSUs that vested upon the achievement of a market condition was determined through the use of a Monte Carlo simulation model, which utilizes input variables that determine the probability of satisfying the market condition stipulated in the award and calculates the fair market value for the performance award.

Compensation expense for RSUs that vest upon the achievement of performance criteria is recognized from the moment the Company determines the performance criteria will be met to the date the Company deems the event is likely to occur. Cumulative adjustments are recorded quarterly to reflect subsequent changes in the estimated outcome of performance-related conditions until the date results are determined. Compensation expense for RSUs that vest upon the achievement of a market

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

condition is recognized over a derived service period as determined by the Monte Carlo simulation model. The vesting of these awards is subject to the respective employees' continued employment. Both of these awards had been fully expensed prior to the beginning of the year ended March 31, 2012 and both awards vested during the year ended March 31, 2012.

Income Taxes

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

Comprehensive Loss

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

Loss per Share

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

Segment Information

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

Employee Benefit Plans

401(K) Plan

The Company maintains a 401(k) retirement savings plan (the "401(k) Plan"), which covers substantially all of its U.S. based employees. Eligible employees may contribute up to 100% of their eligible compensation, subject to certain Internal Revenue Service limitations. Through March 31, 2012,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the Company matched 50% of the first 6% of employee pay and beginning April 1, 2012, the Company matches 100% of employee contributions up to the first 5% of employee pay, up to IRS limits. Employee and Company contributions are fully vested when made. During the years ended March 31, 2012, 2011 and 2010, the Company contributed $2.5 million, $2.0 million and $1.8 million, respectively, to match employee deferrals under the 401(k) Plan.

Defined Contribution Plan

The Company maintains a defined contribution plan for its Ireland based employees (the "defined contribution plan"). The defined contribution plan provides for eligible employees to contribute up to the maximum of 40% of their total taxable earnings, depending upon their age, or €115,000. The Company provides a match of up to 18% of taxable earnings depending upon an individual's contribution level. During the years ended March 31, 2012, 2011 and 2010, the Company contributed $1.8 million, none and none, respectively, in contributions to the defined contribution plan. At March 31, 2012, $0.5 million of the Company's contributions were included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

New Accounting Pronouncements

In January 2010, the Company adopted accounting guidance issued by the FASB related to fair value measurements that requires additional disclosure related to transfers in and out of Levels 1 and 2 of the fair value hierarchy. In addition, effective for the Company beginning on April 1, 2011, this standard further requires an entity to present disaggregated information about activity in Level 3 fair value measurements on a gross basis, rather than as one net amount. As this accounting standard only requires enhanced disclosure, the adoption of this newly issued accounting standard did not impact the Company's financial position or results of operations.

In May 2011, the FASB issued accounting guidance that clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This standard was effective on a prospective basis for the Company on January 1, 2012. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued guidance related to the presentation of comprehensive income. This accounting standard (1) eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity; (2) requires the consecutive presentation of the statement of net income and other comprehensive income; and (3) requires an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income. The amendments in this accounting standard do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income nor do the amendments affect how earnings per share is calculated or presented. This standard is required to be applied retrospectively and is effective for fiscal years and interim periods within those years beginning after December 15, 2011. As this accounting standard only requires enhanced disclosure, the adoption of this standard is not expected to have an impact the Company's financial position or results of operations.

In December 2011, the FASB issued accounting guidance that requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial position as well as instruments and transactions executed under a master netting or similar arrangement. The standard was issued to enable users of financial statements to understand the effects or potential effects of those arrangements on its financial position. This standard is required to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. As this accounting standard only requires enhanced disclosure, the adoption of this standard is not expected to have an impact on the Company's financial position or results of operations.

3. ACQUISITIONS

On September 16, 2011, the Company acquired EDT from Elan in a transaction accounted for under the acquisition method of accounting for business combinations, in exchange for $500.0 million in cash and 31.9 million ordinary shares of Alkermes, valued at $525.1 million, based on a share price of $16.46 per share on the acquisition date. Under the acquisition method of accounting, the assets acquired and liabilities assumed were recorded as of the acquisition date, at their respective fair values. The reported consolidated financial condition and results of operations after completion of the acquisition reflect these fair values. EDT's results of operations are included in the consolidated financial statements from the date of acquisition.

Prior to the acquisition, EDT, which was a division of Elan, developed and manufactured pharmaceutical products that deliver clinical benefits to patients using EDT's experience and proprietary drug technologies in collaboration with other pharmaceutical companies worldwide. EDT's two principal drug technology platforms are the oral controlled release platform ("OCR") and the bioavailability enhancement platform, including EDT's NanoCrystal® technology. The Company acquired EDT to diversify its commercialized product portfolio and pipeline candidates, enhance its financial resources in order to invest in its proprietary drug candidates, pursue additional growth opportunities and reduce its cost of capital.

During the year ended March 31, 2012, the Company incurred approximately $29.1 million in expenses related to the EDT acquisition, which primarily consist of banking, legal, accounting and valuation-related expenses. These expenses have been recorded within "Selling, general and administrative" expense in the accompanying consolidated statement of operations and comprehensive loss. During the year ended March 31, 2012, the Company's results of operations included revenues of $165.0 million and net loss of $6.3 million from the acquired EDT business.

The purchase price of the EDT business was as follows (in thousands):

Upfront payment in accordance with the merger agreement	$ 500,000
Equity consideration in accordance with the merger agreement	525,074
Total purchase price	$ 1,025,074

3. ACQUISITIONS (Continued)

The purchase price allocation resulted in the following amounts being allocated to the assets acquired and liabilities assumed at the acquisition date based upon their respective fair values summarized below (in thousands):

Cash	$ 5,225
Receivables	59,398
Inventory	29,669
Prepaid expenses and other current assets	1,806
Property plant and equipment	210,558
Acquired identifiable intangible assets	689,000
Goodwill	92,740
Other assets	4,360
Accounts payable and accrued expenses	(18,650)
Deferred tax liabilities	(48,448)
Other long-term liabilities	(584)
Total	$ 1,025,074

Asset categories acquired in the EDT acquisition included working capital, fixed assets and identifiable intangible assets, including IPR&D.

The intangible assets acquired included the following (in thousands):

Collaboration agreements	$ 499,700
NanoCrystal technology	74,600
OCR technology	66,300
In-process research and development	45,800
Trademark	2,600
Total	$ 689,000

Intangible assets associated with collaboration agreements relate to the several collaboration agreements EDT has in place with third-party pharmaceutical companies related to the development and commercialization of products or an improvement to existing products based on EDT's experience with drug delivery systems and their technology platforms. The estimated useful life of the collaboration agreements is 12 years. The NanoCrystal and OCR technologies are platform technologies that are used in both currently marketed products and potential future products currently under development. The estimated fair value of these technologies was determined using the relief from royalty method, an approach under which fair value is estimated to be the present value of royalties saved because the Company owns the intangible assets and therefore does not have to pay a royalty for its use. The estimated useful lives of the NanoCrystal and OCR technologies are 13 and 12 years, respectively.

Intangible assets associated with IPR&D relate to three EDT product candidates, including Megestrol for use in Europe, which had a value of $28.8 million. The estimated fair value for the collaboration agreements and IPR&D was determined using the excess earnings approach. The excess earnings approach includes projecting revenue and costs attributable to the associated collaboration agreement or product candidate and then subtracting the required return related to other contributory

3. ACQUISITIONS (Continued)

assets used in the business to determine any residual excess earnings attributable to the collaboration agreement or product candidate. The after-tax excess earnings are then discounted to present value using an appropriate discount rate. During the fourth quarter of fiscal year 2012, and after finalization of the purchase accounting for the Business Combination, the Company identified events and changes in circumstance, such as correspondence from regulatory authorities and further clinical trial results related to three product candidates, including Megestrol for use in Europe, acquired as part of the Business Combination which indicated that the assets may be impaired. Accordingly, the Company recorded an impairment charge of $45.8 million within "Amortization expense" in the accompanying statement of operations and comprehensive loss. See Note 8, *Goodwill and Intangible Assets* for additional details.

The estimated fair value of the EDT trademark was determined using the relief from royalty method. The Company does not expect to use the EDT trademark beyond March 31, 2012 and, as a result, the Company amortized the full value of the trademark during the year ended March 31, 2012.

The excess of purchase price over the fair value amounts assigned to the assets acquired and liabilities assumed represents the goodwill amount resulting from the acquisition. The Company does not expect any portion of this goodwill to be deductible for tax purposes. The goodwill attributable to the acquisition of EDT has been recorded as a noncurrent asset and is not amortized, but is subject to an annual review for impairment. The factors that contributed to the recognition of goodwill included the synergies that are specific to the Company's business and not available to market participants, including the Company's unique ability to leverage its knowledge in the areas of drug delivery and development of innovative medicines to improve patients' lives, the acquisition of a talented workforce that brings translational medicine expertise to the Company's preclinical compounds and the Company's ability to utilize its research capacity to develop additional compounds using the acquired technologies.

Pro forma financial information (unaudited)

The following unaudited pro forma information presents the combined results of operations for years ended March 31, 2012, 2011 and 2010 as if the acquisition of EDT had been completed on April 1, 2009. The unaudited pro forma results do not reflect any material adjustments, operating efficiencies or potential cost savings which may result from the consolidation of operations but do reflect certain adjustments expected to have a continuing impact on the combined results.

	Year Ended December 31,	
(In thousands, except per share data)	**2012**	**2011**
Revenues	$ 500,105	$ 450,222
Net (loss) income	$ (108,782)	$ 10,265
Basic and diluted (loss) earnings per common share	$ (0.84)	$ 0.08

4. INVESTMENTS

Investments consist of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less than One Year	Gross Unrealized Losses Greater than One Year	Estimated Fair Value
March 31, 2012					
Short-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	$ 62,925	$ 67	$ (17)	$ —	$ 62,975
International government agency debt securities	25,646	22	(2)	—	25,666
Corporate debt securities	12,324	27	—	—	12,351
	100,895	116	(19)	—	100,992
Held-to-maturity securities:					
Certificates of deposit	4,236	—	—	—	4,236
U.S. government obligations	417	—	—	—	417
	4,653	—	—	—	4,653
Money market funds	1,201	—	—	—	1,201
Total short-term investments	106,749	116	(19)	—	106,846
Long-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	35,493	—	(70)	—	35,423
International government agency debt securities	10,257	—	(20)	—	10,237
Corporate debt securities	8,009	—	—	(660)	7,349
Strategic investments	644	838	—	—	1,482
	54,403	838	(90)	(660)	54,491
Held-to-maturity securities:					
Certificates of deposit	1,200	—	—	—	1,200
Total long-term investments	55,603	838	(90)	(660)	55,691
Total investments	$ 162,352	$ 954	$ (109)	$ (660)	$ 162,537
March 31, 2011					
Short-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	$ 117,298	$ 129	$ (1)	$ —	$ 117,426
Corporate debt securities	20,973	48	—	(4)	21,017
International government agency debt securities	23,048	236	—	—	23,284
	161,319	413	(1)	(4)	161,727
Money market funds	1,201	—	—	—	1,201
Total short-term investments	162,520	413	(1)	(4)	162,928
Long-term investments:					
Available-for-sale securities:					
U.S. government and agency debt securities	57,709	—	(804)		56,905
International government agency debt securities	15,281	—	(93)		15,188
Corporate debt securities	15,140	—	(29)	(328)	14,783
Strategic investments	644	31	—	—	675
	88,774	31	(926)	(328)	87,551
Held-to-maturity securities:					
Certificates of deposit	5,440	—	—	—	5,440
U.S. government obligations	417	—	—	—	417
	5,857	—	—	—	5,857
Total long-term investments	94,631	31	(926)	(328)	93,408
Total investments	$ 257,151	$ 444	$ (927)	$ (332)	$ 256,336

4. INVESTMENTS (Continued)

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

	Year Ended March 31,		
(In thousands)	2012	2011	2010
Proceeds from the sales and maturities of marketable securities	$ 323,028	$ 385,511	$ 516,935
Realized gains	$ 47	$ 77	$ 251
Realized losses	$ 11	$ 32	$ 43

The Company's available-for-sale and held-to-maturity securities at March 31, 2012 have contractual maturities in the following periods:

	Available-for-sale		Held-to-maturity	
(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$ 60,828	$ 60,840	$ 5,853	$ 5,853
After 1 year through 5 years	93,826	93,161	—	—
Total	$ 154,654	$ 154,001	$ 5,853	$ 5,853

At March 31, 2012, the Company believes that the unrealized losses on its available-for-sale investments are temporary. The investments with unrealized losses consist primarily of corporate debt securities. In making the determination that the decline in fair value of these securities was temporary, the Company considered various factors, including but not limited to: the length of time each security was in an unrealized loss position; the extent to which fair value was less than cost; financial condition and near-term prospects of the issuers; and the Company's intent not to sell these securities, and the assessment that it is more likely than not that the Company would not be required to sell these securities before the recovery of their amortized cost basis.

The Company's investment in Acceleron Pharma, Inc. ("Acceleron") was $8.7 million and $8.5 million at March 31, 2012 and 2011, respectively, which is recorded within "Other assets" in the accompanying consolidated balance sheets. The Company accounts for its investment in Acceleron under the cost method as Acceleron is a privately-held company over which the Company does not exercise significant influence. The Company continues to monitor this investment to evaluate whether any decline in its value has occurred that would be other-than-temporary, based on the implied value from any recent rounds of financing completed by Acceleron, market prices of comparable public companies and general market conditions.

The Company's investment in Civitas Therapeutics, Inc. ("Civitas") was $2.0 million and $1.3 million at March 31, 2012 and 2011, respectively, which is recorded within "Other assets" in the accompanying consolidated balance sheets. The Company accounts for its investment in Civitas under the equity method as the Company has an approximately 11% ownership position in Civitas, has a seat on the board of directors and believes it may be able to exercise significant influence over the operating and financial policies of Civitas.

4. INVESTMENTS (Continued)

During the year ended March 31, 2012, Civitas issued 14.3 million shares of Series A preferred shares in exchange for $12.5 million. The Company did not participate in the financing, however, it received 12.4% of these Series A preferred shares in accordance with the terms of its arrangement with Civitas and recorded an increase to its investment in Civitas of $1.5 million. The Company has deferred the recognition of the gain on its investment in Civitas and will recognize it into "Other income", ratably over a period of approximately four years, in the Company's consolidated statement of operations and comprehensive loss. In addition, during the year ended March 31, 2012, the Company recorded a reduction in its investment in Civitas of $0.9 million, which represented the Company's proportionate share of Civitas' net losses for this period.

5. FAIR VALUE

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

(In thousands)	March 31, 2012	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 1,201	$ 1,201	$ —	$ —
U.S. government and agency debt securities	98,398	98,398	—	—
International government agency debt securities	35,903	30,902	—	5,001
Corporate debt securities	19,700	—	14,045	5,655
Strategic equity investments	1,482	1,482	—	—
Interest rate cap contracts	20	—	20	—
Total	$ 156,704	$ 131,983	$ 14,065	$ 10,656
Liabilities:				
Interest rate swap contract	$ (522)	—	(522)	—
Total	$ (522)	$ —	$ (522)	$ —

	March 31, 2011	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 1,303	$ 1,303	$ —	$ —
U.S. government and agency debt securities	174,331	174,331	—	—
Corporate debt securities	35,801	—	34,754	1,047
International government agency debt securities	38,471	38,471	—	—
Strategic equity investments	675	675	—	—
Total	$ 250,581	$ 214,780	$ 34,754	$ 1,047

5. FAIR VALUE (Continued)

The following table is a rollforward of the fair value of the Company's investments whose fair value was determined using Level 3 inputs at March 31, 2012:

(In thousands)	Fair Value
Balance, April 1, 2011	$ 1,047
Investments transferred into Level 3 from Level 1	4,995
Investments transferred into Level 3 from Level 2	7,586
Investments transferred out of Level 3 to Level 2	(2,762)
Total unrealized losses included in comprehensive loss	(210)
Balance, March 31, 2012	$ 10,656

The Company transfers its financial assets and liabilities measured at fair value on a recurring basis between the fair value hierarchies at the end of each reporting period. During the year ended March 31, 2012, there was one investment in corporate debt securities transferred into Level 3 from Level 2 as trading in this security ceased during the period. Also, during the year ended March 31, 2012, there was one investment in an international government agency debt security transferred into Level 3 from Level 1 as trading in this security ceased during the period. During the period, there were two corporate debt securities that were transferred into Level 2 from Level 3as trading in these securities resumed during the period. There were no transfers of investments between Level 1 and Level 2 during the year ended March 31, 2012.

In September and December 2011, the Company entered into interest rate cap agreements, and in September 2011, the Company entered into an interest rate swap agreement. These agreements are described in greater detail in Note 11, *Derivative Instruments*. The fair value of the Company's interest rate cap and interest rate swap agreements were based on an income approach, which excludes accrued interest, and takes into consideration then-current interest rates and then-current creditworthiness of the Company or the counterparty, as applicable.

Substantially all of the Company's corporate debt securities have been classified as Level 2. These securities were initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing market observable data. The market observable data includes reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. The Company validates the prices developed using the market observable data by obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active.

The Company used a discounted cash flow model to determine the estimated fair value of its Level 3 securities. The assumptions used in the discounted cash flow model included estimates for interest rates, timing of cash flows, expected holding periods and risk-adjusted discount rates, which include provisions for default and liquidity risk, which the Company believes to be the most critical assumptions utilized within the analysis. When available, the Company considers bid and ask prices in valuing its Level 3 securities.

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

5. FAIR VALUE (Continued)

instruments not currently recognized at fair value on the Company's consolidated balance sheets consist of the Term Loans. The estimated fair value of the Term Loans, which was based on quoted market price indications, is as follows:

(In thousands)	Carrying Value	Estimated Fair Value
First Lien Term Loan	$ 306,822	$ 314,265
Second Lien Term Loan	$ 137,638	$ 144,550

6. STOCK

Stock consists of the following:

	March 31,	
(In thousands)	2012	2011
Raw materials	$ 12,841	$ 3,100
Work in process	9,569	5,843
Finished goods(1)	16,968	11,127
Consigned-out inventory(2)	381	355
Inventory	$ 39,759	$ 20,425

(1) At March 31, 2012 and 2011, the Company had $1.3 million and $2.0 million, respectively, of finished goods stock located at its third party warehouse and shipping service provider.

(2) At March 31, 2012 and 2011, consigned-out stock relates to VIVITROL stock in the distribution channel for which the Company had not recognized revenue.

The estimated replacement cost of stock did not differ significantly from the amounts shown above.

7. TANGIBLE FIXED ASSETS

Tangible fixed assets consist of the following:

(In thousands)	Land and Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Construction in Progress	Total
Cost					
At April 1, 2011	$ 37,093	$ 62,660	$ 44,779	$ 42,194	$ 186,726
Additions at cost	984	10,669	279	9,498	21,430
Acquisitions	92,308	115,451	—	1,349	209,108
Transfers	6,089	1,444	740	(8,273)	—
Disposals		(962)		—	(962)
At March 31, 2012	$ 136,474	$ 189,262	$ 45,798	$ 44,768	$ 416,302
Accumulated Depreciation					
At April 1, 2011	$ (10,127)	$ (46,850)	$ (34,729)	$ —	$ (91,706)
Charged during the year	(3,913)	(17,480)	(1,154)	—	(22,547)
Disposals	—	946	—	—	946
At March 31, 2012	$ (14,040)	$ (63,384)	$ (35,883)	$ —	$ (113,307)
Net Book Amount					
At March 31, 2012	122,434	125,878	9,915	44,768	302,995
At March 31, 2011	26,966	15,810	10,050	42,194	95,020

Depreciation expense was $22.5 million, $8.7 million and $25.0 million for the years ended March 31, 2012, 2011 and 2010, respectively. The Company has $0.5 million of fully depreciated equipment acquired under a capital lease at March 31, 2012 and 2011, respectively.

During the year ended March 31, 2012, the Company wrote off furniture, fixtures and equipment that had a carrying value of less than $0.1 million at the time of disposition and received proceeds from the sales of furniture, fixtures and equipment of less than $0.1 million. During the year ended March 31, 2011, the Company wrote off furniture, fixtures and equipment that had a carrying value of $0.1 million at the time of disposition and received proceeds from the sales of furniture, fixtures and equipment of $0.4 million.

Amounts included as construction in progress in the consolidated balance sheets primarily include costs incurred for the expansion of the Company's manufacturing facilities in Ohio. The Company continues to evaluate its manufacturing capacity based on expectations of demand for its products and will continue to record such amounts within construction in progress until such time as the underlying assets are placed into service, or the Company determines it has sufficient existing capacity and the assets are no longer required, at which time the Company would recognize an impairment charge. The Company continues to periodically evaluate whether facts and circumstances indicate that the carrying value of these long-lived assets to be held and used may not be recoverable.

8. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consists of the following:

(in thousands)	Goodwill	Collaboration Agreements	NanoCrystal Technology	OCR Technology	Trademark	IPR&D	Total
Cost:							
At April 1, 2011	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Acquisitions	92,740	499,700	74,600	66,300	2,600	45,800	781,740
Impairment	—	—	—	—	—	(45,800)	(45,800)
At March 31, 2012	$92,740	$ 499,700	$ 74,600	$ 66,300	$ 2,600	$ —	$735,940
Accumulated Amortization:							
At April 1, 2011	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Expensed during the year	—	(17,734)	(1,839)	(3,182)	(2,600)	—	(25,355)
At March 31, 2012	$ —	$ (17,734)	$ (1,839)	$ (3,182)	$ (2,600)	$ —	$ (25,355)
Net Book Amount							
At March 31, 2011	$ —	$ —	$ —	$ —	$ —	$ —	$ —
At March 31, 2012	$92,740	$ 481,966	$ 72,761	$ 63,118	$ —	$ —	$710,585

The Company's goodwill balance solely relates to the Business Combination. As a result of the qualitative assessment performed as of October 31, 2011, the Company determined that it was not more-likely-than-not that the fair value of the reporting unit was less than its carrying amount, and an impairment of the Company's goodwill was not recorded.

During the fourth quarter of fiscal year 2012 and after finalization of the purchase accounting for the Business Combination, the Company identified events and changes in circumstance, such as correspondence from regulatory authorities and further clinical trial results related to three product candidates, including Megestrol for use in Europe, acquired as part of the Business Combination which indicated that the assets may be impaired. As such, the Company performed an analysis to measure the amount of the impairment loss, if any. The Company performed the valuation of its IPR&D from the viewpoint of a market participant through the use of a discounted cash flow model. The model contained certain key assumptions, including the cost to bring the pre-clinical products through the clinical trial and regulatory approval process, the gross margin a market participant would expect to earn if the products were approved for sale, the cost to sell the approved product and a discount factor based on an industry average weighted average cost of capital. Based on the analysis performed, the Company determined that the IPR&D was impaired and recorded an impairment charge of $45.8 million within "Amortization of acquired intangible assets" in the accompanying statement of operations and comprehensive loss.

The Company recorded $25.4 million of amortization expense related to its finite-lived intangible assets during the year ended March 31, 2012. Based upon the Company's most recent analysis, amortization of intangible assets included within its consolidated balance sheet at March 31, 2012 is expected to be in the range of approximately $40.0 million to $70.0 million annually through fiscal year 2017.

9. LONG-TERM DEBT

Long-term debt consists of the following:

(In thousands)	March 31, 2012	March 31, 2011
First Lien Term Loan, due September 16, 2017	$ 306,822	$ —
Second Lien Term Loan, due September 16, 2018	137,638	—
Total	444,460	—
Less: current portion	(3,100)	—
Long-term debt	$ 441,360	$ —

Term Loans

On September 16, 2011, the Company entered into the Term Loans with certain of its subsidiaries, as guarantors, Morgan Stanley Senior Funding, Inc., ("MSSF") as administrative agent and as collateral agent, MSSF and HSBC Securities (USA) Inc., ("HSBC") as co-syndication agents, joint lead arrangers and joint bookrunners, and various other financial institutions, as lenders. The First Lien Term Loan was issued with an original issue discount of $3.1 million, has a term of six years and is secured by a first priority lien on substantially all of the assets and properties of the Company and the guarantors. The Second Lien Term Loan was issued with an original issue discount of $2.8 million, has a term of seven years and is secured by a second priority lien on substantially all of the assets and properties of the Company and the guarantors.

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

Fiscal Year:	
2013	$ 3,100
2014	3,100
2015	3,100
2016	3,100
2017	3,100
Thereafter	433,725
Total	$ 449,225

The initial applicable margin for borrowings under the First Lien Term Loan is three-month LIBOR plus 5.25% and three-month LIBOR plus 8.00% under the Second Lien Term Loan. Under each of the Term Loans, LIBOR is subject to an interest rate floor of 1.50%. Commencing upon the completion of the Company's first fiscal quarter ending after the Business Combination, the applicable margin under the First Lien Term Loan is subject to adjustment each fiscal quarter, based upon meeting a certain consolidated leverage ratio during the preceding quarter. The applicable margin under the Second Lien Term Loan is not subject to adjustment.

Required quarterly principal payments of $0.8 million on the First Lien Term Loan began on March 31, 2012. In addition, beginning in fiscal year 2013, the Company is required to make principal payments on the First Lien Term Loan for amounts up to 50% of excess cash flows as defined in the First Lien Term Loan credit agreement. The principal amount of the Second Lien Term Loan is due

9. LONG-TERM DEBT (Continued)

and payable in full on the maturity date. The Company may make prepayments of principal without penalty; however, no principal payments may be made on the Second Lien Term Loan until the First Lien Term Loan has been repaid in full. If prepayments are made prior to September 16, 2012, the Company may be subject to prepayment premium of 1% of the amount of the term loans being repaid if the prepayment is made in connection with a refinancing transaction or 1% of the amount of the outstanding term loans if the prepayment is made in connection with an amendment to the agreement resulting in a refinancing transaction.

Each of the Term Loans has incremental capacity in an amount of $50.0 million, plus additional amounts so long as the Company meets certain conditions, including a specified leverage ratio. The agreements governing the Term Loans include a number of restrictive covenants that, among other things, and subject to certain exceptions and baskets, impose operating and financial restrictions on Alkermes, Inc., the Company and the restricted subsidiaries. These financing agreements also contain customary affirmative covenants and events of default. The Company was in compliance with its debt covenants at March 31, 2012.

As part of the Term Loans, the Company is required to enter into and thereafter maintain hedge agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the Term Loans is subject to either a fixed interest rate or interest rate protection for a period of not less than three years. Pursuant to this requirement, the Company entered into an interest rate swap agreement and interest rate cap agreements, which are discussed in greater detail in Note 11, *Derivative Instruments.*

The Company incurred $11.8 million of offering costs associated with the issuance of the Term Loans which were recorded under the caption "Other assets" in the accompanying consolidated balance sheets. The offering costs and original issue discount related to the Term Loans are being amortized to interest expense over the estimated repayment terms using the effective interest method. During the year ended March 31, 2012, the Company had amortization expense of $3.5 million related to the offering costs and original issue discount.

Non-Recourse RISPERDAL CONSTA Secured 7% Notes

On February 1, 2005, the Company, pursuant to the terms of a purchase and sale agreement, sold, assigned and contributed to Royalty Sub the rights of the Company to collect certain royalty payments and manufacturing fees earned under the license and manufacturing and supply agreements with Janssen, in exchange for approximately $144.2 million in cash. Concurrently with the purchase and sale agreement, on February 1, 2005, Royalty Sub issued an aggregate principal amount of $170.0 million of its non-recourse 7% Notes to certain institutional investors in a private placement, for net proceeds of approximately $144.2 million, after the original issue discount and offering costs of approximately $19.7 million and $6.1 million, respectively. The yield to maturity at the time of the offer was 9.75%. The annual cash coupon rate was 7% and was payable quarterly, beginning on April 1, 2005, however, portions of the principal amount that were not paid off in accordance with the expected principal repayment schedule would have accrued interest at 9.75% per annum. Through January 1, 2009, the holders received only quarterly cash interest payments. Beginning on April 1, 2009, principal payments were made to the holders, subject to certain conditions, and the non-recourse 7% Notes were scheduled to mature on January 1, 2012.

9. LONG-TERM DEBT (Continued)

On July 1, 2010, in addition to the scheduled principal payment of $6.4 million, the Company fully redeemed the balance of the non-recourse 7% Notes for $39.2 million, representing 101.75% of the outstanding principal balance in accordance with the terms of the Indenture for the non-recourse 7% Notes. As a result of this transaction, the Company recorded charges of $1.4 million relating to the write-off of the unamortized portion of deferred financing costs and $0.8 million primarily related to the premium paid on the redemption of the non-recourse 7% Notes within "Interest expense" in the accompanying consolidated statement of operations. During the years ended March 31, 2012, 2011 and 2010, amortization of the original issue discount and offering costs, which were being amortized over the expected principal repayment period ending January 1, 2012, totaled zero, $1.7 million, and $1.7 million, respectively.

10. DERIVATIVE INSTRUMENTS

In December 2011, the Company entered into an interest rate cap agreement with Morgan Stanley Capital Services LLC ("MSCS") at a cost of $0.1 million to mitigate the impact of fluctuations in the three-month LIBOR rate at which the Company's Term Loans bear interest. The interest rate cap agreement expires in December 2013, has a notional value of $160.0 million and is not designated as a hedging instrument. The Company recorded a loss of $0.1 million within "Other expense, net" in the accompanying consolidated statements of operations and comprehensive loss due to the decrease in value of this contract during the year ended March 31, 2012.

In July 2011, the Company entered into an interest rate cap agreement with HSBC Bank USA at a cost of less than $0.1 million to mitigate the impact of fluctuations in the three-month LIBOR rate at which the Company's Term Loans bear interest. The interest rate cap agreement became effective upon the issuance of the Term Loans, expires in December 2012, has a notional value of $65.0 million and is not designated as a hedging instrument. The Company recorded an immaterial amount of loss within "Other expense, net" in the accompanying consolidated statements of operations and comprehensive loss due to the decline in value of this contract during the year ended March 31, 2012.

In July 2011, the Company entered into an interest rate swap agreement with MSCS to mitigate the impact of fluctuations in the three-month LIBOR rate at which the Company's Term Loans bear interest. The interest rate swap agreement becomes effective in December 2012, expires in December 2014 and has a notional value of $65.0 million. This contract has been designated as a cash flow hedge and accordingly, to the extent effective, any unrealized gains or losses on this interest rate swap contract is reported in accumulated other comprehensive loss. To the extent the hedge is ineffective, hedge transaction gains and losses are reported in "Other expense, net" when the interest payment on the related debt is recognized.

The following table summarizes the fair value and presentation in the consolidated balance sheets for derivatives designated and not designated as hedging instruments:

(In thousands)	Balance Sheet Location	Fair Value at March 31, 2012
Interest rate swap		
Liability derivative designated as a cash flow hedge	Other long-term liabilities	$ (522)
Interest rate caps		
Asset derivatives not designated as a hedging instruments	Other long-term assets	$ 20

10. DERIVATIVE INSTRUMENTS (Continued)

The following table summarizes the effect of derivatives designated as hedging instruments on the consolidated statements of operations and comprehensive loss:

(In thousands)	Amount Recognized in Accumulated Other Comprehensive Loss (Effective Portion)	Amount Reclassified from Accumulated Other Comprehensive Loss into Earnings (Effective Portion)	Amount of Loss Recorded (Ineffective Portion)
March 31, 2012	$ (522)	$ —	$ —

The cash flow hedge was deemed to be effective at March 31, 2012. Accordingly, the Company included the loss incurred during the year ended March 31, 2012 within accumulated other comprehensive loss. The Company expects that when this contract matures any amounts in accumulated other comprehensive loss is to be reported as an adjustment to interest expense. The Company considers the impact of its and MSCS' credit risk on the fair value of the contract as well as the ability of each party to execute its obligations under the contract. At March 31, 2012, credit risk did not materially change the fair value of the Company's interest rate swap contract.

11. LOSS PER SHARE

Basic loss per common share is calculated based upon net loss available to holders of common shares divided by the weighted average number of shares outstanding. Diluted loss per common share is based upon the weighted-average number of common shares outstanding during the period plus additional weighted-average common equivalent shares outstanding during the period when the effect is dilutive. Common equivalent shares result from the assumed exercise of outstanding share options (the proceeds of which are then assumed to have been used to repurchase outstanding share using the treasury stock method) and the vesting of unvested restricted share units. Common equivalent shares have not been included in the net loss per common share calculations because the effect would have been anti-dilutive.

The potential common equivalent shares consisted of the following:

	Year Ended March 31,		
(In thousands)	2012	2011	2010
Denominator:			
Stock options	8,299	13,357	17,675
Restricted stock units	1,205	936	419
Total	9,504	14,293	18,094

12. EQUITY SHAREHOLDERS' FUNDS

Share Repurchase Programs

On September 16, 2011, the board of directors authorized the continuation of the Alkermes, Inc., share repurchase program to repurchase up to $215.0 million of the Company's ordinary shares at the discretion of management from time to time in the open market or through privately negotiated transactions. The objective of the repurchase program is to improve shareholders' returns. At

12. EQUITY SHAREHOLDERS' FUNDS (Continued)

March 31, 2012, approximately $101.0 million was available to repurchase ordinary shares pursuant to the repurchase program. All shares repurchased are recorded as treasury shares, at cost and are included within the Shareholders' equity section. The repurchase program has no set expiration date and may be suspended or discontinued at any time. During the year ended March 31, 2012 and 2011, the Company did not acquire any shares of outstanding ordinary shares under the repurchase program.

During the years ended March 31, 2012, 2011 and 2010, the Company acquired, by means of net share settlements, 205,901, 123,943 and 100,449 shares of Alkermes ordinary shares, at an average price of $17.85, $11.41 and $8.68 per share, respectively, related to the vesting of employee share awards to satisfy withholding tax obligations. In addition, during the year ended March 31, 2010, the Company acquired 7,961 shares of Alkermes ordinary shares, at an average price of $12.56 per share, tendered by former and current employees as payment of the exercise price of share options granted under the Company's equity compensation plans. During the years ended March 31, 2012 and 2011, there were no shares tendered by former or current employees as payment of the exercise price of share options granted under the Company's equity compensation plans.

On November 8, 2011, the High Court in Ireland approved the reduction of the company's share premium. Refer to Note 5 in the Alkermes PLC Notes to the Company Balance Sheet for additional information.

At March 31, 2012 and 2011, the Company held 35,078 and 10,069,208 ordinary shares at a cost of $0.6 million and $131.1 million, respectively Distributable reserves have been reduced by $0.6 million being the consideration paid for these shares. These ordinary shares have been reflected as treasury shares in the consolidated balance sheets.

13. SHARE-BASED COMPENSATION

Share-based Compensation Expense

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

	Year Ended March 31,		
(In thousands)	2012	2011	2010
Cost of goods manufactured and sold	$ 2,962	$ 1,725	$ 1,506
Research and development	8,784	6,218	3,489
Selling, general and administrative	17,080	11,889	8,926
Total share-based compensation expense	$ 28,826	$ 19,832	$ 13,921

At March 31, 2012, 2011 and 2010, $0.4 million, $0.6 million and $0.6 million, respectively, of share-based compensation cost was capitalized and recorded as "Stock" in the consolidated balance sheets.

Share-based Compensation Plans

The Company has two compensation plans pursuant to which awards are currently being made, the 2011 Stock Option and Incentive Plan (the "2011 Plan"), and the 2008 Plan. The Company has five share-based compensation plans pursuant to which outstanding awards have been made, but from which

13. SHARE-BASED COMPENSATION (Continued)

no further awards can or will be made: (i) the 1996 Stock Option Plan for Non-Employee Directors (the "1996 Plan"); (ii) the 1998 Equity Incentive Plan (the "1998 Plan"); (iii) the 1999 Stock Option Plan (the "1999 Plan"); (iv) the 2002 Restricted Stock Award Plan (the "2002 Plan"); and (v) the 2006 Stock Option Plan for Non-Employee Directors (the "2006 Plan"). The 2011 Plan and the 2008 Plan provides for issuance of non-qualified and incentive share options, restricted shares, restricted share units, cash-based awards and performance shares to employees, officers and directors of, and consultants to, the Company in such amounts and with such terms and conditions as may be determined by the compensation committee of the Company's board of directors, subject to provisions of the 2011 Plan and the 2008 Plan.

At March 31, 2012, there were 9.4 million shares of ordinary shares available for issuance under the Company's share plans. The 2011 Plan provides that awards other than share options will be counted against the total number of shares available under the plan in a 1.8-to-1 ratio and the 2008 Plan provides that awards other than share options will be counted against the total number of shares available under the plan in a 2-to-1 ratio.

Share Options

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

	Number of Shares	Weighted Average Exercise Price
Outstanding, April 1, 2011	16,985,009	$ 13.45
Granted	3,802,100	$ 16.41
Exercised	(1,798,349)	$ 11.63
Forfeited	(227,025)	$ 13.50
Expired	(1,401,975)	$ 21.60
Outstanding, March 31, 2012	17,359,760	$ 13.68
Exercisable, March 31, 2012	11,018,060	$ 13.54

The weighted average grant date fair value of share options granted during the years ended March 31, 2012, 2011 and 2010 was $8.00, $5.92 and $4.46, respectively. The aggregate intrinsic value of share options exercised during the years ended March 31, 2012, 2011 and 2010 was $11.1 million, $2.0 million and $2.6 million, respectively.

At March 31, 2012, there were 6.1 million share options expected to vest with a weighted average exercise price of $13.87 per share, a weighted average contractual remaining life of 8.6 years and an aggregate intrinsic value of $28.4 million. At March 31, 2012, the aggregate intrinsic value of share options exercisable was $56.6 million with a weighted average remaining contractual term of 4.2 years. The number of share options expected to vest is determined by applying the pre-vesting forfeiture rate to the total outstanding options. The intrinsic value of a share option is the amount by which the market value of the underlying share exceeds the exercise price of the share option.

At March 31, 2012, there was $23.3 million of unrecognized compensation cost related to unvested share options, which is expected to be recognized over a weighted average period of approximately

13. SHARE-BASED COMPENSATION (Continued)

2.1 years. Cash received from option exercises under the Company's award plans during the years ended March 31, 2012 and 2011 was $17.2 million and $4.7 million, respectively. The Company issued new shares upon option exercises during the years ended March 31, 2012 and 2011.

Time-Vested Restricted Share Units

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

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested, April 1, 2011	1,870,515	$ 10.69
Granted	883,100	$ 17.91
Vested	(544,989)	$ 11.17
Forfeited	(94,450)	$ 13.54
Novested, March 31, 2012	2,114,176	$ 13.45

The weighted average grant date fair value of time-vested RSUs granted during the years ended March 31, 2012, 2011 and 2010 was $17.91, $11.74 and $8.83, respectively. The total fair value of time-vested RSUs that vested during the years ended March 31, 2012, 2011 and 2010 was $6.1 million, $4.0 million and $2.4 million, respectively.

At March 31, 2012, there was $12.5 million of total unrecognized compensation cost related to unvested time-vested RSUs, which will be recognized over a weighted average remaining contractual term of 1.9 years.

Performance-Based Restricted Share Units

In May 2009, the board of directors awarded 45,000 RSUs to certain of the Company's executive officers under the 2006 Plan that vest upon the approval of BYDUREON by the U.S. Food and Drug Administration ("FDA"), provided the approval by the FDA occurs at least one year after the date of grant. During the year ended March 31, 2010, 20,000 RSU's were forfeited upon the resignation of an executive officer. The grant date fair value of the award was $8.55 per share, which was the market value of the Company's share on the date of grant. During the year ended March 31, 2012, the performance condition was met and the award vested.

In May 2008, the board of directors awarded 40,000 RSUs to certain of the Company's executive officers under the 2002 Plan that vest upon the achievement of a market condition specified in the award terms. During the year ended March 31, 2010, 10,000 RSU's were forfeited upon the resignation of an executive officer. The grant date fair value of $9.48 per share was determined through the use of a Monte Carlo simulation model. The compensation cost for the award's grant date fair value of $0.4 million was recognized over a derived service period of 1.4 years. During the year ended March 31, 2012, the market condition was met and the awards vested.

14. COLLABORATIVE ARRANGEMENTS

The Company's business strategy includes forming collaborations to develop and commercialize its products, and to access technological, financial, marketing, manufacturing and other resources. The Company significant collaborative arrangements are described below:

Janssen

RISPERDAL CONSTA

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

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

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

INVEGA SUSTENNA/XEPLION

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

Under its license agreement, the Company receives certain development milestone payments from Janssen and tiered royalty payments between 5% and 9% of INVEGA SUSTENNA net sales in each

14. COLLABORATIVE ARRANGEMENTS (Continued)

country where the license is in effect, with the exact royalty percentage determined based on worldwide net sales. These royalty payments may be reduced in any country based on lack of patent coverage or patent litigation, or where competing products achieve certain minimum sales thresholds. The licenses granted to Janssen expire on a country-by-country basis upon the later of (i) March 31, 2019 or (ii) the expiration of the last of the patents claiming the product in such country. After expiration, Janssen retains a non-exclusive, royalty-free license to develop, manufacture and commercialize the products.

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

During the years ended March 31, 2012, 2011 and 2010, the Company recognized $186.6 million, $154.4 million, and $148.8 million, respectively, of revenue from its arrangements with Janssen.

Acorda

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

Acorda has the right to terminate the license agreement upon 90 days' written notice. The Company has the right to terminate the license agreement for countries in which Acorda fails to launch a product within a specified time after obtaining the necessary regulatory approval or fails to file regulatory approvals within a commercially reasonable time after completion and receipt of positive data from all preclinical and clinical studies required for filing a marketing authorization application. If the Company terminates Acorda's license in any country, the Company is entitled to a license from Acorda of its patent rights and know-how relating to the product as well as the related data, information and regulatory files, and to market the product in the applicable country, subject to an initial payment equal to Acorda's cost of developing such data, information and regulatory files and to ongoing royalty payments to Acorda. Subject to the termination of the license agreement, licenses granted under the license agreement terminate on a country-by-country basis on the later of (i) September 2018 or (ii) the expiration of the last to expire of our patents or the existence of a threshold level of competition in the marketplace.

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

14. COLLABORATIVE ARRANGEMENTS (Continued)

party. In addition, subject to early termination of the supply agreement noted above, the supply agreement terminates upon the expiry or termination of the license agreement.

In January 2011, the Company entered into a development and supplemental agreement to its amended and restated license agreement with Acorda. Under the terms of this agreement, the Company granted Acorda the right, either with it or with a third party, in each case in accordance with certain terms and conditions, to develop new formulations of dalfampridine or other aminopyridines. Under the terms of the agreement, Acorda has the right to select either a formulation developed by the Company or by a third party for commercialization. If Acorda selects and commercializes a formulation developed by the Company, the Company is entitled to development fees, milestone payments (for new indications if not previously paid), license revenues and royalties in accordance with its amended and restated license agreement, and either manufacturing fees as a percentage of net selling price for product manufactured by the Company or compensating fees for product manufactured by third parties. If Acorda selects a formulation not developed by the Company, then the Company will be entitled to various compensation payments and have the first option to manufacture such third-party formulation. The agreement expires upon the expiry or termination of the amended and restated license agreement or may be earlier terminated by either party following an uncured breach of the agreement by the other party.

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

During the years ended March 31, 2012, 2011 and 2010, the Company recognized $25.8 million, none and none respectively, of revenue from its arrangements with Acorda.

Amylin

In May 2000, the Company entered into a development and license agreement with Amylin for the development of exendin products falling within the scope of its patents, which includes the once-weekly formulation of exenatide, BYDUREON. Pursuant to the development and license agreement, Amylin has an exclusive, worldwide license to the Company's polymer-based microsphere technology for the development and commercialization of injectable extended-release formulations of exendins and other related compounds. The Company receives funding for research and development and milestone payments consisting of cash and warrants for Amylin common shares upon achieving certain development and commercialization goals and will also receive royalty payments based on future product sales. In October 2005 and in July 2006, the Company amended the development and license agreement. Under the amended agreement, the Company is responsible for formulation and is principally responsible for non-clinical development of any products that may be developed pursuant to the agreement and for manufacturing these products for use in early-phase clinical trials.

Amylin is responsible for commercializing exenatide products, including BYDUREON, in the U.S. and for U.S. regulatory matters relating to BYDUREON. Lilly, Amylin's former worldwide collaboration partner with respect to exenatide products, continues to have exclusive rights to commercialize exenatide products outside of the U.S. until December 31, 2013 or such earlier date as agreed by the parties pursuant to the terms of their transition agreement, following which Amylin will

14. COLLABORATIVE ARRANGEMENTS (Continued)

have such exclusive rights. Subject to these arrangements with Lilly, Amylin is responsible for conducting clinical trials, securing regulatory approvals and marketing any products resulting from the collaboration on a worldwide basis.

In conjunction with the 2005 amendment of the development and license agreement with Amylin, the Company reached an agreement regarding Amylin's construction of a manufacturing facility for BYDUREON and certain technology transfer related thereto. The facility and technology transfer of the Company's manufacturing processes was completed in 2009. Amylin will be responsible for the manufacture of BYDUREON and will operate the facility.

Until December 31 of the tenth full calendar year following the year in which the first commercial sale of BYDUREON occurs, the Company will receive royalties equal to 8% of net sales from the first 40 million units of BYDUREON sold in any particular year and 5.5% of net sales from units sold beyond the first 40 million units for that year. Thereafter, during the term of the development and license agreement, the Company will receive royalties equal to 5.5% of net sales of products sold. The Company received a $7.0 million milestone payment in each of July 2011 and March 2012 upon the first commercial sale of BYDUREON in the EU and U.S., respectively.

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

During the years ended March 31, 2012, 2011 and 2010, the Company recognized $18.8 million, $2.9 million and $4.1 million, respectively, of revenue from its arrangements with Amylin.

Cilag

In December 2007, the Company entered into a license and commercialization agreement with Cilag to commercialize VIVITROL for the treatment of alcohol dependence and opioid dependence in Russia and other countries in the CIS. Under the terms of the agreement, Cilag has primary responsibility for securing all necessary regulatory approvals for VIVITROL and Janssen-Cilag, an affiliate of Cilag, commercializes the product. The Company is responsible for the manufacture of VIVITROL and receives manufacturing and royalty revenues based upon product sales.

Cilag has paid the Company $6.0 million to date in nonrefundable payments, and the Company's agreement provides that it could be eligible for up to an additional $33.0 million in milestone payments upon the receipt of regulatory approvals for the product, the occurrence of certain agreed-upon events and the achievement of certain VIVITROL sales levels.

14. COLLABORATIVE ARRANGEMENTS (Continued)

Commencing five years after the effective date of the agreement, Cilag will have the right to terminate the agreement at any time by providing 90 days' written notice to the Company, subject to certain continuing rights and obligations between the parties. Cilag will also have the right to terminate the agreement at any time upon 90 days' written notice to it if a change in the pricing and/or reimbursement of VIVITROL in Russia and other countries of the CIS has a material adverse effect on the underlying economic value of commercializing the product such that it is no longer reasonably profitable to Cilag. In addition, either party may terminate the agreement upon a material breach by the other party, which is not cured within 90 days after receipt of written notice specifying the material breach or, in certain circumstances, a 30-day extension of that period.

During the year ended March 31, 2012, 2011 and 2010, the Company recognized $5.1 million, $0.4 million and $0.8 million of revenue from its arrangement with Cilag, respectively.

15. INCOME TAXES

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

	Year Ended March 31,		
(In thousands)	2012	2011	2010
Current income tax provision (benefit):			
U.S. Federal	$ 7,321	$ (756)	$ (3,318)
U.S. State	6,649	30	75
Rest of world	28	—	—
Deferred income tax (benefit) provision:			
Ireland	(4,551)	—	—
U.S. Federal	(10,024)	(206)	(1,674)
U.S. State	(137)	(19)	(158)
Total tax benefit	$ (714)	$ (951)	$ (5,075)

The current income tax provision for the year ended March 31, 2012 is primarily due to a provision of $13.1 million on the taxable transfer of the BYDUREON intellectual property from the U.S. to Ireland, partially offset by a $4.3 million benefit recorded to additional paid-in capital related to the utilization of certain NOL carryforwards resulting from the exercise of employee share options. The current income tax benefit for the year ended March 31, 2011 is primarily related to a tax benefit for bonus depreciation pursuant to the *Small Business Jobs Act of 2010*. The current income tax benefit for the year ended March 31, 2010 is primarily the result of a carryback of the Company's 2010 AMT NOL pursuant to the *Worker, Homeownership and Business Act* of 2009. This law increased the carryback period for certain NOLs from two years to five years. Prior to the adoption of this law, the Company had recorded a full valuation allowance against the credits that were established in prior periods when the Company was subject to AMT provisions.

The deferred tax provision for the year ended March 31, 2012 is primarily due to a benefit of $4.6 million from the partial release of the Irish deferred tax liability relating to acquired intellectual property that was established in connection with the Business Combination and a benefit of $9.9 million due to the partial release of an existing U.S. federal valuation allowance as a consequence of the Business Combination. The deferred tax benefits for the years ended March 31, 2011 and 2010 are

15. INCOME TAXES (Continued)

primarily due to the recognition of $0.2 million and $1.8 million of income tax expense associated with the increase in the value of certain securities that it carried at fair market value during the year ended March 31, 2011 and 2010, respectively.

No provision for income tax has been provided on undistributed earnings of the Company's foreign subsidiaries because the Company considers such earnings to be indefinitely reinvested. Cumulative unremitted earnings of overseas subsidiaries totaled approximately $10 million at March 31, 2012. In the event of distribution of those earnings in the form of dividends or otherwise, the Company would be subject to income taxes, subject to an adjustment, if any, for foreign tax credits, and foreign withholding taxes payable to certain foreign tax authorities. Determination of the amount of income tax liability that would be incurred is not practicable because of the complexities associated with this hypothetical calculation; however, unrecognized foreign tax credit carryforwards may be available to reduce some portion of the tax liability, if any.

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

	Year Ended March 31,		
(In thousands)	2012	2011	2010
Ireland	$ (36,711)	$ —	$ —
U.S.	(84,858)	(46,491)	(44,701)
Rest of world	7,177	—	—
Loss before provision for income taxes	$ (114,392)	$ (46,491)	$ (44,701)

The components of the Company's net deferred tax liabilities are as follows:

	March 31,	
(In thousands)	2012	2011
Deferred tax assets:		
Irish NOL carryforwards	$ 55,175	$ —
Tax benefit from the exercise of stock options	22,089	35,440
Share-based compensation	21,992	18,137
Tax credit carryforwards	12,294	18,038
U.S. federal and state NOL carryforwards	7,365	54,555
Alkermes Europe, Ltd. NOL carryforward	4,675	5,049
Deferred revenue	1,778	2,016
Other	9,774	6,459
Less: valuation allowance	(107,128)	(133,212)
Total deferred tax assets	28,014	6,482
Deferred tax liablilities:		
Intangible assets	(42,857)	—
Property, plant and equipment	(19,049)	(6,482)
Total deferred tax liabilities	(61,906)	(6,482)
Net deferred tax liabilities	$ (33,892)	$ —

15. INCOME TAXES (Continued)

As of March 31, 2012, the Company had $441.4 million of Irish NOL carryforwards, $107.3 million of U.S. federal NOL carryforwards, $15.4 million of state NOL carryforwards, and $18.7 million of other foreign NOL and capital loss carryforwards, which either expire on various dates through 2032 or can be carried forward indefinitely. These loss carryforwards are available to reduce certain future Irish and foreign taxable income, if any. These loss carryforwards are subject to review and possible adjustment by the appropriate taxing authorities. These loss carryforwards, which may be utilized in any future period, may be subject to limitations based upon changes in the ownership of the company's shares. The Company has performed a review of ownership changes in accordance with the U.S. Internal Revenue Code and the Company has determined that it is more likely than not that, as a result of the Business Combination, the Company has experienced a change of ownership. As a consequence, the Company's U.S. federal NOL carryforwards and tax credit carryforwards are subject to an annual limitation of $127.0 million.

The Company records a deferred tax asset or liability based on the difference between the financial statement and tax basis of assets and liabilities, as measured by enacted tax rates assumed to be in effect when these differences reverse. In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative income in the most recent fiscal years, changes in the business in which the Company operates and its forecast of future taxable income. In determining future taxable income, the Company is responsible for assumptions utilized including the amount of Irish, U.S. and other foreign pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that the Company is using to manage the underlying businesses. As of March 31, 2012, the Company determined that it is more likely than not that a significant portion of the deferred tax assets will not be realized and a valuation allowance has been recorded. The $26.1 million decrease in the valuation allowance from the year ended March 31, 2011 to the year ended March 31, 2012 was primarily due to the utilization of NOLs. The Company has a $33.9 million deferred tax liability as of March 31, 2012 which is primarily related to book over tax basis differences in acquired intellectual property.

The tax benefit from share option exercises included in the table above represents benefits accumulated prior to the adoption of Accounting Standards Codification ("ASC") Topic 718 ("ASC 718") that have not been realized. Subsequent to the adoption of ASC 718 on April 1, 2006, an additional $17.1 million of tax benefits from share option exercises, in the form of NOL carryforwards and tax credit carryforwards, have not been recognized in the financial statements and will be once they are realized. In total, the Company has approximately $39.2 million related to certain NOL carryforwards and tax credit carryforwards resulting from the exercise of employee share options, the tax benefit of which, when recognized, will be accounted for as a credit to additional paid-in capital rather than a reduction of income tax expense.

15. INCOME TAXES (Continued)

As part of the Business Combination, Alkermes plc was incorporated and is headquartered in Dublin, Ireland. The statutory tax rate for trading income in Ireland is 12.5%. A reconciliation of the Company's statutory tax rate to its effective rate is as follows:

	Year Ended March 31,		
	2012	2011	2010
Statutory rate	12.5%	34.0%	34.0%
U.S. State income taxes, net of U.S. federal benefit	(6.8)%	—%	(0.1)%
R&D credit	—%	1.4%	0.8%
Share-based compensation	(0.7)%	(2.6)%	(2.9)%
Other permanent items	—%	(0.6)%	(0.5)%
Change in valuation allowance	47.3%	(30.1)%	(19.9)%
Foreign rate differential	(51.7)%	—%	—%
Effective tax rate	0.6%	2.1%	11.4%

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

(In thousands)	Unrecognized Tax Benefits
Balance, April 1, 2010	$ 1,835
Additions based on tax positions related to prior periods	49
Balance, March 31, 2011	1,884
Additions based on tax positions related to prior periods	624
Decreases due to lapse of statute of limitations	(68)
Balance, March 31, 2012	$ 2,440

Included in unrecognized tax benefits at March 31, 2012 is $2.4 million of tax benefits that, if recognized, would affect the Company's annual effective tax rate. Of this balance, $1.7 million relates to deferred tax assets for which a full valuation allowance would be recorded, offsetting any tax benefits that would be realized. The Company expects a net reduction in its unrecognized tax benefits in the amount of $0.5 million due to the expected resolution of certain matters over the next twelve months. The Company has elected to include interest and penalties related to uncertain tax positions as a component of its provision for taxes. For the year ended March 31, 2012, the Company's accrued interest and penalties related to uncertain tax positions was not significant.

Our major taxing jurisdictions include Ireland and the U.S. (federal and state). These jurisdictions have varying statutes of limitations. In the U.S., the 2007 through 2012 fiscal years remain subject to examination by the respective tax authorities. In Ireland, fiscal years 2008 to 2012 remain subject to examination by the Irish tax authorities. Additionally, because of our Irish and U.S. loss carryforwards, certain tax returns from fiscal years 1998 onward may also be examined. These years generally remain open for three to four years after the loss carryforwards have been utilized. Fiscal years, 2007, 2008 and 2010 for Alkermes, Inc., are currently under examination by the U.S. Internal Revenue Service.

16. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases certain of its offices, research laboratories and manufacturing facilities under operating leases with initial terms of one to twenty years, expiring through the year 2020. Certain of the leases contain provisions for extensions of up to ten years. These lease commitments are primarily related to the Company's corporate headquarters in Ireland and its corporate offices and manufacturing facility in Massachusetts. As of March 31, 2012, the total future annual minimum lease payments under the Company's non-cancelable operating leases are as follows:

(In thousands)	Payment Amount
Fiscal Years:	
2013	$ 6,190
2014	3,773
2015	4,068
2016	3,970
2017	3,472
Thereafter	12,000
	33,473
Less: estimated sublease income	(4,582)
Total future minimum lease payments	$ 28,891

Rent expense related to operating leases charged to operations was $4.2 million, $5.4 million and $11.2 million for the years ended March 31, 2012, 2011 and 2010, respectively. These amounts are net of sublease income of $9.2 million, $7.3 million and $3.5 million earned in the years ended March 31, 2012, 2011 and 2010, respectively. In addition to its lease commitments, the Company has open purchase orders totaling $114.8 million at March 31, 2012.

Litigation

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

17. DEBTORS

	March 31,	
	2012	2011
	(In thousands)	
Amounts falling due within one year		
Trade receivables	$ 96,381	$ 22,969
Deferred income taxes	656	—
Prepaid expenses and other current assets	11,910	8,244
	108,947	31,213
Amounts falling due after more than one year		
Other debtors	26,793	11,060
Total	$ 135,740	$ 42,273

18. CREDITORS

	March 31,	
	2012	2011
	(In thousands)	
Amounts falling due within one year		
Accounts payable and accrued expenses	$ 76,354	$ 43,999
Deferred revenue	6,910	3,123
Income taxes	940	—
Value added tax	286	—
Corporate tax	50	—
Other taxes	1,524	935
	86,064	48,057
Amounts falling due after more than one year		
Deferred income taxes	34,512	—
Deferred revenue	7,578	4,837
Other long-term liabilities	8,751	7,536
Total	$ 136,905	$ 60,430

19. CAPITAL EXPENDITURE COMMITMENTS

The directors have authorized the Company to spend $25.0 million for capital expenditures in the year ended March 31, 2013.

20. RELATED PARTY DISCLOSURES

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

20. RELATED PARTY DISCLOSURES (Continued)

Subsidiaries and Associates

The consolidated financial statements include the results of operations, financial positions and cash flows of the Company and its subsidiaries and associates over which the Company has control. A listing of principal subsidiaries and associates is provided in Note 24, *Subsidiaries*.

Trading Transactions

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

Compensation of Key Management Personnel of the Group

Key management personnel are the Company's executive and non-executive directors and their compensation is disclosed in Note 22, *Directors' Remuneration*.

21. EMPLOYEES

The average number of persons employed by the Company during each year was as follows:

	March 31,	
	2012	2011
Manufacturing	489	267
Research and development	220	141
Selling, general and administrative	198	185
Total	907	593

Employee costs during each year consist of the following:

	March 31,	
	2012	2011
	(In thousands)	
Wages and salaries	$ 110,124	$ 72,630
Social security(1)	25,189	14,938
Share based compensation	28,826	19,832
	$ 164,139	$ 107,400

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

22. DIRECTORS' REMUNERATION

Directors' remuneration is set forth in the table below. Mr. Pops, the Company's Chairman and Chief Executive Officer, is not compensated for his services as a director. Accordingly, the amounts below include compensation for Mr. Pops' service as Chief Executive Officer (referred to as

22. DIRECTORS' REMUNERATION (Continued)

"Managerial Services") as well as compensation for all non-employee directors in their capacities as such (referred to as "Director Services").

	March 31,	
	2012	2011
	(In thousands)	
Managerial Services(1)	$ 6,321	$ 3,905
Director Services(2)	1,916	1,931

(1) Includes cash payments for salary, the non-equity incentive plan compensation earned during the year ended March 31, 2012 and 2011, thegrant date fair value for option and equity awards granted during the year ended March 31, 2012 and 2011 and contributions to the Company's 401(k) plan

(2) Includes cash payments and the grant date fair value of option awards granted during the year ended March 31, 2012 and 2011. The amount also includes $39,723 and $79,445 of compensation for Mr. Wall's during the years ended March 31, 2012 and 2011, respectively, for services he performed for us outside of his capacity as a director.

23. AUDITORS' REMUNERATION

Total auditors' remuneration paid to PWC and its affiliated firms for the years ended March 31, 2012 and 2011 are as follows:

	2012	2011
Audit and review of financial statements(1)	$ 1,514,654	$ 579,112
Audit-related fees(2)	598,592	66,000
Tax fees(3)	1,167,362	245,824
All other fees(4)	8,020	1,500
Total	$ 3,288,628	$ 892,436

(1) In the year ended March 31, 2012, consists of fees for services related to the audit of our annual consolidated financial statements, statutory audits, and the review of our quarterly consolidated financial statements, including the review of our internal controls over financial reporting as well as procedures related to our S-4 and S-1 registration filings. In the year ended March 31, 2011, consists of fees for services related to the audit of our annual consolidated financial statements and the review of our quarterly consolidated financial statements, including the review of our internal controls over financial reporting.

(2) In the year ended March 31, 2012, consists of fees for due diligence procedures performed in connection with the acquisition of EDT and a royalty audit of one of our collaboration agreements. In the year ended March 31, 2011, consists of fees for audit procedures performed in connection with one of our collaboration agreements.

(3) In the years ended March 31, 2012 and 2011, consists of fees for tax advisory services, primarily related to the acquisition of EDT, other than those related to the audit of our

23. AUDITORS' REMUNERATION (Continued)

annual consolidated financial statements and review of our quarterly consolidated financial statements.

(4) In the year ended March 31, 2012, consists of fees for remuneration surveys performed for our Irish entity and payment for access to the PWC on-line accounting research database. In the year ended March 31, 2011, consists of fees for access to the PWC on-line accounting research database.

Total fees paid to PWC Ireland in respect of the audit of the group accounts were $0.5 million during the year ended March 31, 2012. In addition, PWC Ireland received $0.6 million for tax advisory services during the year ended March 31, 2012 and less than $0.1 million in all other fees.

24. SUBSIDIARIES

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

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

Independent auditors' report to the members of Alkermes plc

We have audited the parent company financial statements of Alkermes plc for the period ended 31 March 2012 on pages 110-115. These parent company financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 111-112.

We have reported separately on the group financial statements of Alkermes plc for the year ended 31 March 2012.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting of the company; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

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Chartered Accountants

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion the parent company financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 March 2012; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 110 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 March 2012 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Alisa Hayden
for and behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

13 June 2012

ALKERMES PLC

COMPANY BALANCE SHEET

	Note	March 31, 2012	2011
		(In thousands)	
ASSETS			
Financial Fixed Assets			
Investment in subsidiaries	3	$ 1,964,890	$ —
Current Assets			
Amounts due from subsidiaries		185,022	—
Prepayments and other debtors		1,073	—
Cash at bank and in-hand		15,291	—
TOTAL ASSETS		$ 2,166,276	$ —
LIABILITIES			
Equity Shareholders' Funds			
Share capital, $0.01 par value	4	$ 1,300	$ —
Share premium	5	74,148	—
Profit and loss account	5	2,039,851	—
Other reserves	5	18,463	—
Total equity shareholders' funds		2,133,762	—
Creditors			
Intercompany loan payable—non-current		15,000	—
Intercompany loan payable—current		17,201	—
Accruals and other creditors		313	—
Total for creditors		32,514	—
TOTAL LIABILITIES		$ 2,166,276	$ —

The Notes to the Company Balance Sheet are an integral part of this statement.

The financial statements were approved by the Board of Directors on June 13, 2012 and signed on its behalf by:

/s/ RICHARD F. POPS

Richard F. Pops
Chairman

/s/ PAUL J. MITCHELL

Paul J. Mitchell
Director

ALKERMES PLC

NOTES TO COMPANY BALANCE SHEET

1. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Acts, 1963 to 2009 and Generally Accepted Accounting Practice in the Republic of Ireland ("Irish GAAP"). The accompanying balance sheet of Alkermes plc (the "Company") is presented on a stand-alone basis, including related party transactions. The financial statements are presented in the United States dollars, which is the Company's functional and presentation currency.

Investment in Subsidiaries

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

Share Based Payments

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

Share Premium

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

Profit and loss account

In accordance with Section 3(2) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting the individual profit and loss account. Alkermes plc's loss for the year ended March 31, 2012 was $22.5 million.

Cash flow statement

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

1. Summary of Significant Accounting Policies (Continued)

Treasury Shares

Ordinary Shares acquired by the Company are deducted from profit and loss account reserves and presented within the profit and loss account at cost.

Foreign Currency

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

Taxation

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

2. History and Description of the Company

On May 9, 2011, Alkermes plc, Alkermes, Inc., Elan and certain of their respective subsidiaries entered into the Business Combination Agreement and Plan of Merger (the "Business Combination Agreement") pursuant to which Alkermes, Inc., and EDT agreed to combine their businesses under the Company in a cash and share transaction (the "Business Combination"). EDT, which operated as a business unit of Elan with its principal assets predominantly located in Ireland, developed and manufactured pharmaceutical products using its proprietary drug technologies in collaboration with pharmaceutical companies worldwide. On May 4, 2011, the Company was incorporated by Elan as Antler Science Two plc in connection with the negotiation and execution of the Business Combination Agreement solely to effect the Business Combination. Following the execution of the Business Combination Agreement, Elan contributed the assets and legal entities that comprised the EDT business to the Company through a combination of asset transfers, share transfers and other inter-company transactions, following which the EDT business was contained in several subsidiaries under the Company. On September 14, 2011, the Company changed its name to Alkermes plc.

On September 16, 2011, the business of Alkermes, Inc., and EDT were combined under the Company. As part of the Business Combination, a wholly owned subsidiary of the Company merged with and into Alkermes, Inc., with Alkermes, Inc., surviving as a wholly owned subsidiary of the Company. At the effective time of the Business Combination, (i) each share of Alkermes, Inc., common shares then issued and outstanding and all associated rights were canceled and automatically converted

2. History and Description of the Company (Continued)

into and became the right to receive one ordinary share of Alkermes and (ii) all issued and outstanding options and share awards to purchase Alkermes, Inc., common shares granted under any equity compensation plan were converted into options and share awards to purchase on substantially the same terms and conditions the same number of Alkermes ordinary shares at the same exercise price. We paid Elan $500.0 million in cash and issued Elan 31.9 million ordinary shares of the Company, which had a fair value of approximately $525.1 million on the closing date, for the EDT business. Upon consummation of the Business Combination, the former shareholders of Old Alkermes owned approximately 75% of the Company, with the remaining approximately 25% of the Company owned by a subsidiary of Elan. At March 31, 2012, Elan owned approximately 6% of the Company's outstanding ordinary shares.

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

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

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

3. Investment in Subsidiaries

	(In thousands)
Balance—as at date of incorporation	$ —
Additions—corporate incorporation	1,632,700
Additions—corporate reorganization	315,000
Capital contribution in respect of share-based payment plans	17,190
Balance—March 31, 2012, at cost	$ 1,964,890

During the year ended March 31, 2012, Alkermes plc was formed. Refer to Note 2, *History and Description of the Company* for a description of this transaction.

4. Share Capital

($ in thousands, except per share amounts)	March 31, 2012	2011
Authorized:		
40,000 ordinary shares of €1 par value	$ —	$ —
50,000,000 preferred shares of $0.01 par value	500,000	—
450,000,000 ordinary shares of $0.01 par value	4,500,000	—
	$ 5,000,000	$ —

	(In thousands)
Allotted, called-up and fully paid equity:	
As at date of incorporation	$ —
Shares issued on incorporation	40
Shares redeemed	(40)
Issuance of 97,668,780 ordinary shares of $0.01 par value as part of corporate reorganization	975
Issuance of 31,900,000 ordinary shares of $0.01 par value to Elan Corporation, plc., in connection with the purchase of EDT	319
643,750 ordinary shares of $0.01 par value issued in respect of share based payment plans	6
At March 31, 2012	$ 1,300

See Note 12 to the Consolidated Financial Statements for additional information regarding equity shareholders' funds. 40,000 ordinary shares were allotted for €1each on incorporation, and were later redeemed by the company for €40,000.

5. Reserves

	Share Premium	Profit and Loss Account	Other Reserves	Total
		(In thousands)		
BALANCE—as at date of incorporation	$ —	$ —	$ —	$ —
Conversion of Alkermes, Inc., common stock to Alkermes plc ordinary shares	1,606,651	—	—	1,606,651
Issuance of ordinary shares to Elan Corporation, plc in connection with the purchase of EDT	524,755	—	—	524,755
Reduction in share premium account	(2,062,932)	2,062,932	—	—
Net loss	—	(22,510)	—	(22,510)
Share-based payment reserve	—	—	18,463	18,463
Shares issued under employee share plans	5,103	—	—	5,103
Receipt of Alkermes' shares for the purchase of share options or to satisfy minimum tax withholding obligations related to share based awards	571	(571)	—	—
BALANCE—March 31, 2012	$ 74,148	$ 2,039,851	$ 18,463	$ 2,132,462

5. Reserves (Continued)

On November 8, 2011, the High Court in Ireland approved the reduction of the company's share premium by $2.1 billion. As such, this amount has been transferred from share premium to distributable reserves. See Note 12 to the Consolidated Financial Statements for additional information regarding the acquisition of the Company's ordinary shares.

6. Related Party Transactions

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

7. Contingencies

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

8. Auditors' Remuneration

(In thousands)	2012	2011
Audit of the Company's individual accounts	$ 10	$ —
Other assurance services	451	—
Tax advisory services	605	—
Other non-audit services	6	—
Total	$ 1,072	$ —

See Note 23 to the Consolidated Financial Statements for additional information regarding fees paid to PWC and its affiliated firms by the Company.