Mallinckrodt plc
Form DEF 14A
April 04, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Filed by the Registrant ý Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12
Mallinckrodt public limited company
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of
2018 Annual General Meeting
of Shareholders and Proxy Statement

Table of Contents

April 4, 2018

Dear Shareholder,

You are cordially invited to attend the 2018 Annual General Meeting of Mallinckrodt plc, which will be held on Wednesday, May 16, 2018, at 9:30 a.m., local time, at the Sofitel London Heathrow Hotel, Terminal 5, London Heathrow Airport, London TW6 2GD, United Kingdom. Shareholders in Ireland may participate in the Annual General Meeting by audio link at the offices of Arthur Cox, Earlsfort Centre, Dublin 2, Ireland.

Details of the business to be presented at the meeting can be found in the accompanying Proxy Statement. We hope you are planning to attend the meeting. Your vote is important. Whether or not you are able to attend, I encourage you to submit your proxy as soon as possible so that your shares will be represented at the meeting.

On behalf of the Board of Directors and the management of Mallinckrodt, I extend our appreciation for your continued support.

Yours sincerely,

MELVIN D. BOOTH
Chairman

Table of Contents

MALLINCKRODT PUBLIC LIMITED COMPANY
Registered In Ireland — No. 522227
Principal Executive Office:
3 Lotus Park, The Causeway,
Staines-Upon-Thames, Surrey TW18 3AG, United Kingdom

NOTICE OF 2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 16, 2018

The 2018 Annual General Meeting of Mallinckrodt plc ("Mallinckrodt" or the "Company"), a company incorporated under the laws of Ireland, will be held on May 16, 2018, at 9:30 a.m., local time, at the Sofitel London Heathrow Hotel, Terminal 5, London Heathrow Airport, London TW6 2GD, United Kingdom, for the following purposes:

1. By separate resolutions, to elect as Directors for a period of one year, expiring at the end of the Company's Annual General Meeting of Shareholders in 2019, the following individuals:

(a) David R. Carlucci	(e) JoAnn A. Reed	(i) Kneeland C. Youngblood, M.D.
(b) J. Martin Carroll	(f) Angus C. Russell	(j) Joseph A. Zaccagnino
(c) Paul R. Carter	(g) Mark C. Trudeau	
(d) David Y. Norton	(h) Anne C. Whitaker	

2. To hold an advisory non-binding vote to approve the re-appointment of Deloitte & Touche LLP as the independent auditors of the Company and, by binding vote, to authorize the Audit Committee of the Board of Directors (also referred to in this Proxy Statement as the Board) to set the independent auditors' remuneration.
3. To hold an advisory vote to approve the Company's executive compensation.
4. To approve the Amended and Restated Mallinckrodt Pharmaceuticals Stock and Incentive Plan.
5. To approve the Board's authority to issue shares.
6. To approve the waiver of pre-emption rights (Special Resolution).
7. To authorize the Company and/or any subsidiary of the Company to make market purchases or overseas market purchases of Company shares.
8. To authorize the price range at which the Company can re-allot shares that it holds as treasury shares (Special Resolution).
9. To act on such other business as may properly come before the meeting or any adjournment thereof.

Proposals 1 through 5 and 7 are ordinary resolutions, requiring the approval of a simple majority of the votes cast at the meeting, in person or by proxy. Proposals 6 and 8 are special resolutions, requiring the approval of not less than 75% of the votes cast, in person or by proxy. The foregoing items are more fully described in the Proxy Statement accompanying this Notice of Annual General Meeting of Shareholders. Shareholders as of March 12, 2018, the record date for the Annual General Meeting, are entitled to vote on these matters.

During the meeting, following a review of the Company's affairs, management will also present and the auditors will report to shareholders on Mallinckrodt's Irish Statutory Accounts for the fifteen months ended December 29, 2017. Shareholders in Ireland may participate in the Annual General Meeting by audio link at the offices of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland, at 9:30 a.m. local time. See "General Information" for further information on participating in the Annual General Meeting in Ireland.

By Order of the Board of Directors,

Stephanie D. Miller,
Secretary
April 4, 2018

Table of Contents

Whether or not you expect to attend the Annual General Meeting in person, we encourage you to cast your vote promptly so that your shares will be represented and voted at the meeting. Any shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies, who need not be a shareholder(s) of Mallinckrodt to attend, speak and vote on your behalf. Proxies may be appointed via the internet or by phone in the manner set out in our proxy card. Alternatively, they may be appointed by depositing a signed instrument of proxy (or proxy card) with Mallinckrodt plc c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717 (which Broadridge will arrange to forward to Mallinckrodt plc's registered address electronically) or with Mallinckrodt plc, College Business & Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland, in each case at least 48 hours before the meeting. If you wish to appoint a person other than the individuals specified on our proxy card, please contact our Company Secretary and also note that your nominated proxy must attend the Annual General Meeting in person in order for your votes to be cast.

This Proxy Statement, our Annual Report on Form 10-K for the fiscal year ended December 29, 2017 and our Irish Statutory Accounts are available to shareholders of record at proxyvote.com. These materials are also available on the Investor Relations section of our website at mallinckrodt.com.

TABLE OF CONTENTS

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement, which we are making available to you on or about April 4, 2018 on the internet, or by delivering printed versions to you by mail. It does not contain all the information that you should consider in deciding whether to approve the items to be presented at the Annual General Meeting of Mallinckrodt plc ("Mallinckrodt," the "Company," "we," "our" or "us"). You should read this entire Proxy Statement carefully before voting. For information regarding our fiscal 2017 operating performance, please review our Annual Report on Form 10-K.

2018 Annual General Meeting of Shareholders

- Date and Time: May 16, 2018, at 9:30 a.m., local time
- Place: Sofitel London Heathrow Hotel, Terminal 5, London Heathrow Airport, London TW6 2GD, United Kingdom. Shareholders in Ireland may participate in the Annual General Meeting by audio link at the offices of Arthur Cox, Earlsfort Centre, Dublin 2, Ireland.
- Record Date: March 12, 2018
- Voting: If you owned Mallinckrodt ordinary shares at the close of business on the record date, then you may vote at the Annual General Meeting by following the procedures outlined in this Proxy Statement. Each ordinary share is entitled to one vote on each matter properly brought before the Annual General Meeting.
- Ordinary Shares Outstanding as of Record Date: 86,387,326
- Transfer Agent: Computershare Inc. ("Computershare")
- Place of Incorporation: Ireland

Meeting Agenda and Voting Recommendations

	Proposal	Our Board's Recommendation
1.	Elect directors (page 56)	FOR each nominee
2.	Advisory non-binding vote to approve the re-appointment of the independent auditors and binding vote to authorize the Audit Committee of the Board to set the independent auditors' remuneration (page 59)	FOR
3.	Advisory vote to approve executive compensation (page 60)	FOR
4.	Approval of the Amended and Restated Mallinckrodt Pharmaceuticals Stock and Incentive Plan (page 61)	FOR
5.	Approval of the Board's authority to issue shares (page 71)	FOR
6.	Approval of waiver of pre-emption rights (Special Resolution) (page 72)	FOR
7.	Authorization to make market purchases or overseas market purchases of Company Shares (page 73)	FOR
8.	Authorization of the price range at which the Company can re-allot shares held as treasury shares (Special Resolution) (page 74)	FOR

PROXY STATEMENT SUMMARY

Our Director Nominees

Name	Age	Director Since	Principal Occupation	Committee Memberships	Other Public Company Boards
David R. Carlucci*	63	2013	Former Chairman, Chief Executive Officer and President of IMS Health	Human Resources and Compensation (Chair)	1
J. Martin Carroll*	68	2013	Former President and Chief Executive Officer of Boehringer Ingelheim Corporation	Compliance (Chair); Nominating and Governance; Portfolio	2
Paul R. Carter*	57	Nominee	Former Executive Vice President, Commercial Operations of Gilead Sciences, Inc.	N/A - First time nominee	2
David Y. Norton*	66	2017	Former Company Group Chairman, Global Pharmaceuticals of Johnson & Johnson	Human Resources and Compensation; Portfolio	1
JoAnn A. Reed*	62	2013	Healthcare services consultant and former Senior Vice President, Finance and Chief Financial Officer of Medco Health Solutions	Audit (Chair)	2
Angus C. Russell*	62	2014	Former Chief Executive Officer of Shire plc	Portfolio (Chair); Audit	3
Mark C. Trudeau	56	2013	President and Chief Executive Officer of Mallinckrodt plc		1
Anne C. Whitaker*	50	Nominee	President and Chief Executive Officer of KNOW Bio, LLC	N/A - First time nominee	1
Kneeland C. Youngblood, M.D.*	62	2013	Founding Partner of Pharos Capital Group	Compliance; Nominating and Governance	2
Joseph A. Zaccagnino*	71	2013	Former President and Chief Executive Officer of Yale New Haven Health System	Nominating and Governance (Chair); Compliance	0

* Independent Director or Director Nominee

Melvin D. Booth, age 73, and Diane H. Gulyas, age 61, are retiring from the Board and, therefore, are not standing for re-election and will no longer serve as members of the Board of Directors following the 2018 Annual General Meeting on May 16, 2018. Following the 2018 Annual General Meeting, Mr. Russell will succeed Mr. Booth as Chairman of the Board and Mr. Norton will succeed Mr. Russell as Chair of the Portfolio Committee. It is also expected that, if elected, Mr. Carter will be appointed to the Audit Committee and Ms. Whitaker will be appointed to the Human Resources and Compensation Committee.

GENERAL INFORMATION

Questions and Answers about Proxy Materials, Voting, Attending the Meeting and Other General Information

Why did I receive this Proxy Statement?

We are making this Proxy Statement available to you on or about April 4, 2018 on the internet, or by delivering printed versions to you by mail, because our Board of Directors is soliciting your proxy to vote at our 2018 Annual General Meeting on May 16, 2018. This Proxy Statement contains information about the items being voted on at the Annual General Meeting and important information about Mallinckrodt.

This Proxy Statement and the following documents relating to the 2018 Annual General Meeting are available on the Investor Relations section of our website at mallinckrodt.com:

- Our Notice of Internet Availability of Proxy Materials;
- Our Annual Report on Form 10-K for the fiscal year ended December 29, 2017; and
- Our Irish Statutory Accounts for the fifteen months ended December 29, 2017 and the reports of the Directors and auditors thereon.

How do I access the proxy materials and vote my shares?

The instructions for accessing proxy materials and voting can be found in the information you received either by mail or e-mail.

For shareholders who received a notice by mail about the internet availability of proxy materials: You may access the proxy materials and voting instructions over the internet via the web address provided in the notice. In order to access this material and vote, you will need the control number provided on the notice you received in the mail. You may vote by following the instructions on the notice or on the website.

For shareholders who received a notice by e-mail: You may access the proxy materials and voting instructions over the internet via the web address provided in the e-mail. In order to vote, you will need the control number provided in the e-mail. You may vote by following the instructions in the e-mail or on the website.

For shareholders who received the proxy materials by mail: You may vote your shares by following the instructions provided on the proxy card or voting instruction form. If you vote by internet or telephone, you will need the control number provided on the proxy card or voting instruction form. If you vote by mail, please complete, sign and date the proxy card or voting instruction form and mail it in the accompanying pre-addressed envelope.

Who may vote at the Annual General Meeting and how many votes do I have?

If you owned our ordinary shares at the close of business on the record date, March 12, 2018, then you may vote at the Annual General Meeting by following the procedures outlined in this Proxy Statement. At the close of business on the record date, we had 86,387,326 ordinary shares outstanding and entitled to vote. Each ordinary share is entitled to one vote on each matter properly brought before the Annual General Meeting.

May I vote my shares in person at the Annual General Meeting?

Yes, you may vote your shares in person at the Annual General Meeting as follows:

If you are a shareholder of record and you wish to vote in person at the Annual General Meeting, you may do so. If you do not wish to attend yourself, you may also appoint a proxy or proxies to attend, speak and vote in your place. A proxy does not need to be one of our shareholders. You are not precluded from attending, speaking or voting at the Annual General Meeting, even if you have completed a proxy form. To appoint a proxy other than our designated officers, please contact our Company Secretary.

If you are a beneficial owner of shares and you wish to vote in person at the Annual General Meeting, you must obtain a legal proxy from the bank, brokerage firm or nominee that holds your shares. You will need to bring the legal proxy with you to the meeting and hand it in with a signed ballot that you can request at the meeting. You will not be able to vote your shares at the Annual General Meeting without a legal proxy and a signed ballot.

GENERAL INFORMATION

Even if you plan to attend the Annual General Meeting, we recommend that you also vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

What is the deadline for voting my shares if I do not vote in person at the Annual General Meeting?

If you are a shareholder of record, you may vote by internet or by telephone until 11:59 p.m., United States Eastern Time, on May 15, 2018.

If you are a beneficial owner of shares held through a bank or brokerage firm, please follow the voting instructions provided by your bank or brokerage firm.

What is the difference between holding shares as a shareholder of record and as a beneficial owner of shares held in street name?

Shareholder of Record. If you hold ordinary shares and your name appears in the Register of Members of Mallinckrodt, you are considered the shareholder of record of those shares.

Beneficial Owner of Shares Held in Street Name. If your ordinary shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in "street name." As a beneficial owner, you have the right to direct your bank or brokerage firm how to vote the shares held in your account.

Can I change my vote after I have submitted my proxy?

Yes. You have the right to revoke your proxy before it is voted at the Annual General Meeting. You may vote again on a later date within the proxy voting deadlines described above by internet or by telephone (only your latest proxy submitted prior to the meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the meeting and voting in person. However, your attendance at the Annual General Meeting will not automatically revoke a previously submitted proxy unless you actually vote in person at the meeting or file a written instrument with our Company Secretary prior to the start of the meeting requesting that your prior proxy be revoked.

What happens if I do not give specific voting instructions when I deliver my proxy?

Shareholders of Record. If you are a shareholder of record and you:

- Indicate when voting by internet or by telephone that you wish to vote as recommended by our Board of Directors; or
- If you sign and return a proxy card without giving specific voting instructions,

then the Company-designated proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares and your bank or brokerage firm does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal. Pursuant to New York Stock Exchange ("NYSE") rules, brokers have discretionary power to vote your shares with respect to "routine" matters, but they do not have discretionary power to vote your shares on "non-routine" matters. Pursuant to NYSE rules, the election of directors, the advisory vote to approve the Company's executive compensation and the approval of the amended and restated Stock and Incentive Plan are considered non-routine matters. A bank or brokerage firm may not vote your shares with respect to non-routine matters if you have not provided instructions. This is called a "broker non-vote." We strongly encourage you to submit your proxy and exercise your right to vote as a shareholder.

GENERAL INFORMATION

What is the "quorum" requirement for the Annual General Meeting?

In order to conduct any business at the Annual General Meeting, holders of a majority of our ordinary shares outstanding and entitled to vote on the record date must be present in person or represented by valid proxies. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against or abstained, or broker non-votes, if you:

- Are present and vote in person at the meeting;
- Have voted by internet or by telephone; or
- Have submitted a proxy card or voting instruction form by mail.

Assuming there is a proper quorum of shares represented at the Annual General Meeting, how many shares are required to approve the proposals being voted upon at the Annual General Meeting?

The voting requirements for each of the proposals are as follows:

	Proposal	Vote Required
1.	Elect directors	Majority of votes cast
2.	Advisory non-binding vote to approve the re-appointment of the independent auditors and binding vote to authorize the Audit Committee of the Board to set the independent auditors' remuneration	Majority of votes cast
3.	Advisory vote to approve executive compensation	Majority of votes cast
4.	Approve the Amended and Restated Mallinckrodt Pharmaceuticals Stock and Incentive Plan	Majority of votes cast
5.	Approve the Board's authority to issue ordinary shares	Majority of votes cast
6.	Approve the waiver of pre-emption rights (Special Resolution)	75% of votes cast
7.	Authorization to make market purchases or overseas market purchases of Company shares	Majority of votes cast
8.	Authorization of the price range at which the Company can re-allot shares held as treasury shares (Special Resolution)	75% of votes cast

How are abstentions and broker non-votes treated?

Abstentions and broker non-votes are considered present for purposes of determining the presence of a quorum. Abstentions and broker non-votes will not be considered votes properly cast at the Annual General Meeting pursuant to our Articles of Association. Because the approval of all of the proposals is based on the votes properly cast at the Annual General Meeting, abstentions and broker non-votes will not have any effect on the outcome of voting on these proposals under Irish law.

However, Proposal 4 is also subject to separate NYSE rules. Under NYSE rules, abstentions will be considered votes cast while broker non-votes will not be considered votes cast. As a result, abstentions will have the effect of a vote against Proposal 4 while broker non-votes will not have any effect on Proposal 4 under NYSE rules.

Why did I receive a notice in the mail regarding the internet availability of the proxy materials instead of a paper copy of the proxy materials?

As explained in more detail below, we are using the "notice and access" system adopted by the U.S. Securities and Exchange Commission (the "SEC") relating to delivery of our proxy materials over the internet. As a result, we mailed to many of our shareholders a notice about the internet availability of the proxy materials instead of a paper copy of the proxy materials. Shareholders who received the notice will have the ability to access the proxy materials over the internet and to request a paper copy of the proxy materials by mail, by e-mail or by telephone. Instructions on how to access the proxy materials over the internet or to request a paper copy may be found on the notice. In addition, the notice contains instructions on how shareholders may request proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. This notice of internet availability of proxy materials also serves as a Notice of

Meeting.

GENERAL INFORMATION

What are the “notice and access” rules and how do they affect the delivery of the proxy materials?
The SEC’s notice and access rules allow us to deliver proxy materials to our shareholders by posting the materials on an internet website, notifying shareholders of the availability of the proxy materials on the internet and sending paper copies of proxy materials upon shareholder request. We believe that the notice and access rules allow us to use internet technology that many shareholders prefer, continue to provide our shareholders with the information they need and, at the same time, assure more prompt delivery of the proxy materials. The notice and access rules also lower our cost of printing and delivering the proxy materials and minimize the environmental impact of printing paper copies.
Why didn’t I receive a notice in the mail about the internet availability of the proxy materials?
Shareholders who previously elected to access the proxy materials over the internet will not receive a notice in the mail about the internet availability of the proxy materials. Instead, you should have received an e-mail with links to the proxy materials and the proxy voting website. Additionally, we mailed copies of the proxy materials to shareholders who previously requested to receive paper copies instead of the notice.
If you received a paper copy of the proxy materials, you may elect to receive future proxy materials electronically by following the instructions on your proxy card or voting instruction form. Choosing to receive your future proxy materials by e-mail will help us conserve natural resources and reduce the cost of printing and distributing our proxy materials. If you choose to receive future proxy materials by e-mail, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.
How do I attend the Annual General Meeting?
All shareholders are invited to attend the Annual General Meeting at the Sofitel London Heathrow Hotel, Terminal 5, London Heathrow Airport, London TW6 2GD, United Kingdom.
Shareholders in Ireland may participate in the Annual General Meeting by audio link at the offices of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland.
Shareholders of Record. For admission to the Annual General Meeting, shareholders of record should bring picture identification to the Registered Shareholders check-in area, where ownership will be verified. If you would like someone to attend on your behalf, please contact our Company Secretary prior to the meeting.
Beneficial Owners of Shares Held in Street Name. Those who have beneficial ownership of ordinary shares held by a bank, brokerage firm or other nominee should come to the Beneficial Owners check-in area. To be admitted, beneficial owners must bring picture identification, as well as proof from their banks or brokers that they owned our ordinary shares on March 12, 2018, the record date for the Annual General Meeting.
Registration will begin at 9:00 a.m., local time, and the Annual General Meeting will begin at 9:30 a.m., local time. For directions to the Annual General Meeting, please call +44 20 8757 7777.
How will voting on any other business be conducted?
Other than matters incident to the conduct of the Annual General Meeting, we do not know of any business or proposals to be considered at the Annual General Meeting other than those set forth in this Proxy Statement. If any other business is proposed and properly presented at the Annual General Meeting, the proxies received from our shareholders give the proxy holders the authority to vote on the matter at their discretion.
Who will count the votes?
Broadridge Financial Solutions, Inc. will act as the inspector of elections and will tabulate the votes.

GENERAL INFORMATION

Who will pay the costs of soliciting the proxies?
Mallinckrodt will pay the costs of soliciting proxies. Proxies may be solicited on our behalf by our directors, officers or employees in person or by telephone, facsimile or other electronic means. We have retained Innisfree M&A Incorporated ("Innisfree") to assist in solicitation of proxies and have agreed to pay Innisfree $15,000, plus out-of-pocket expenses. As required by the SEC and the NYSE, we also will reimburse brokerage firms and other custodians, nominees and fiduciaries, upon request, for their reasonable expenses incurred in sending proxies and proxy materials to beneficial owners of our ordinary shares.
Who is Mallinckrodt's transfer agent?
Mallinckrodt's transfer agent is Computershare. All communications concerning accounts of shareholders of record, including address changes, name changes, inquiries as to requirements to transfer Mallinckrodt ordinary shares and similar issues, can be handled by calling toll-free 1-877-487-1633 (U.S.) or +1-732-645-4170 (outside the U.S.) or by accessing Computershare's website at computershare.com.
Where can I find more information about Mallinckrodt?
For other information about Mallinckrodt, you can visit our website at mallinckrodt.com.
We use our website as a channel of distribution of important company information, such as press releases, investor presentations and other financial information. We also use our website to expedite public access to time-critical information regarding us in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations page of our website for important and time-critical information. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations page of our website.
We make our website content available for information purposes only. It should not be relied upon for investment purposes, and it is not incorporated by reference into this Proxy Statement.
How does the change in Mallinckrodt's fiscal year end affect this Proxy Statement?
On May 17, 2016, the Board of Directors approved a change in our fiscal year end to the last Friday in December from the last Friday in September. The change in fiscal year became effective for our 2017 fiscal year. As a result of the change in fiscal year end, we have included certain information in this Proxy Statement related to, among other things, our executive and director compensation disclosures for both the period from October 1, 2016 through December 30, 2016 (the "transition period") and the fiscal year ended December 29, 2017.

CORPORATE GOVERNANCE

Our Corporate Governance Guidelines, general approach to corporate governance and internal policies and procedures are guided by U.S. practice and applicable federal securities laws and regulations as well as NYSE requirements. Although we are an Irish public limited company that is tax resident in the United Kingdom ("U.K."), we are not subject to the listing rules of the Irish Stock Exchange or the listing rules of the U.K. Listing Authority and we are therefore not subject to, nor have we adopted, the U.K. Corporate Governance Code or any other non-statutory Irish or U.K. governance standards or guidelines. While there are many similarities and overlaps between the U.S. corporate governance standards we apply and the U.K. Corporate Governance Code and other Irish and U.K. governance standards or guidelines, there are differences, relating in particular to the extent of the authorization to issue share capital and effect share repurchases that may be granted to the Board of Directors and the criteria for determining the independence of directors.

Our Board of Directors believes that good governance requires not only an effective set of specific practices, but also a culture of responsibility throughout an organization, and governance at Mallinckrodt is intended to achieve both. The Board also believes that good governance ultimately depends on the quality of an organization's leadership, and it is committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines designed to assist Mallinckrodt and the Board in implementing effective corporate governance practices. These guidelines, which are reviewed annually by the Nominating and Governance Committee, address, among other things:

- Director responsibilities;
- Composition and selection of the Board, including qualification standards and independence guidelines;
- Majority voting for directors;
- The role of the Chairman of the Board or of an independent Lead Director;
- Board committee establishment, structure and guidelines;
- Officer and director share ownership requirements;
- Meetings of non-employee directors;
- Director orientation and continuing education;
- Board access to management and independent advisors;
- Communication with directors;
- Board and committee self-evaluations;
- Succession planning and management development reviews;
- CEO performance reviews;
- Recoupment, or "clawback", of executive compensation; and
- Ethics and conflicts of interest.

Our Corporate Governance Guidelines are posted on our website at mallinckrodt.com.

Independence of Nominees for Director

As noted above, the Corporate Governance Guidelines include criteria adopted by the Board to guide determinations regarding the independence of its members. The criteria, summarized below, are consistent with the NYSE listing standards regarding director independence. To be considered independent, a director must be determined by the Board to have no material relationship, directly or indirectly, with us. In assessing independence, the Board considers all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with us, the Board considers the issue not just from the standpoint of the director, but also from that of the persons or organizations with which the director has an affiliation. A director will not be considered independent if he or she, at the time of determination:

- Is, or has been within the prior three years, an employee of Mallinckrodt or any of its subsidiaries;
- Has an immediate family member who is, or has been within the prior three years, an executive officer of Mallinckrodt;
- Is a current partner or employee of our external auditor;
- Has an immediate family member who is a current partner of our external auditor or who is an employee of our external auditor and personally works on our audit;
- Has been, or has an immediate family member who has been, within the prior three years, a partner or employee of our external auditor who personally worked on our audit during that time;
- Is, or has an immediate family member who is, or has been within the prior three years, employed as an executive officer of another company that has or had on the compensation committee of its board of directors one of our executive officers (during the same period of time);
- Has, or has an immediate family member who has, received more than $120,000 in direct compensation from Mallinckrodt, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), in any 12-month period within the prior three years (compensation received by an immediate family member for service as an employee, other than as an executive officer, is not included for purposes of this determination);
- Is a current employee, or has an immediate family member who is a current executive officer, of a company that does business with Mallinckrodt and has made payments to, or received payments from, Mallinckrodt for property or services in an amount that, in any of the prior three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues; or
- Is, or his or her spouse is, an executive officer, director or trustee of a charitable organization to which our contributions, not including our matching of charitable contributions by employees, exceed, in any single fiscal year within the prior three years, the greater of $1 million or 2% of such organization's total charitable receipts during that year.

The Board has considered the independence of its members in light of these criteria, has reviewed our relationships with organizations with which our directors are affiliated and has determined that none of these current business relationships is material to us, any of the organizations involved, or our directors. Based on these considerations, the Board has determined that each of our directors and director nominees, other than Mark C. Trudeau, our President and Chief Executive Officer, satisfies the criteria and is independent. Each independent director is expected to notify the chair of the Nominating and Governance Committee, as soon as reasonably practicable, of changes in his or her personal circumstances that may affect the Board's evaluation of his or her independence.

Director Nominations Process

The Nominating and Governance Committee is responsible for developing the general criteria, subject to approval by the full Board, used in identifying, evaluating and selecting qualified candidates for election or re-election to the Board. The Nominating and Governance Committee periodically reviews with the Board the appropriate skills and characteristics required of Board members in the context of the then-current make-up of the Board. Final approval of director candidates is determined by the full Board, and invitations to join the Board are extended by the Chairman of the Board on behalf of the entire Board.

The Nominating and Governance Committee, in accordance with our Corporate Governance Guidelines, seeks to create and maintain a Board that is strong in its collective knowledge and has a diversity of backgrounds, skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, corporate governance and global markets. When the Nominating and Governance Committee reviews a potential new candidate, the Nominating and Governance Committee looks specifically at the candidate's qualifications in light of our needs and the needs of the Board at that time, given the then-current mix of director attributes.

As described in our Corporate Governance Guidelines:

- Directors should be individuals of the highest ethical character and integrity;
- Directors should have demonstrated management ability at senior levels in successful organizations, including as the chief executive officer of a public company or as the leader of a large, multifaceted organization, including government, educational and other non-profit organizations;
- Each director should have the ability to provide wise, informed and thoughtful counsel to senior management on a range of issues and be able to express independent opinions, while at the same time working as a member of a team;
- Directors should be free from any conflict of interest or business or personal relationship that would interfere with the duty of loyalty owed to us; and
- Directors should be independent of any particular constituency and be able to represent all of our shareholders.

The Nominating and Governance Committee assesses independence and also monitors compliance by the members of the Board with the requisite qualifications under NYSE listing standards for populating the Audit, Human Resources and Compensation and Nominating and Governance Committees. Directors may not serve on more than four public company boards of directors (including ours). If the director is employed as CEO of a publicly traded company, the director may serve on no more than three public company boards of directors (including ours).

As provided in its charter, the Nominating and Governance Committee will consider nominations submitted by shareholders. To recommend a nominee, a shareholder should write to our Company Secretary at our registered address, Mallinckrodt plc, College Business & Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland. Any such recommendation must include:

- The name and address of the candidate;
- A brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements set forth above; and
- The candidate's signed consent to serve as a director if elected and to be named in our Proxy Statement.

The recommendation must also include documentary evidence of ownership of our ordinary shares if the shareholder is a beneficial owner, as well as the date the shares were acquired and the name and address of the shareholder, as required by our Articles of Association.

To be considered by the Nominating and Governance Committee for nomination and inclusion in our Proxy Statement for the 2019 Annual General Meeting, a shareholder recommendation for director must be received by our Company Secretary not earlier than the close of business on January 16, 2019 and not later than the close of business on February 15, 2019. Once our Company Secretary receives the recommendation, we will deliver a questionnaire to the candidate requesting additional information about the candidate's independence, qualifications and other information that would assist the Nominating and Governance Committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in our Proxy Statement, if nominated. Candidates must complete and return the questionnaire within the time frame provided to be considered for nomination by the Nominating and Governance Committee.

The Nominating and Governance Committee also receives suggestions for director candidates from Board members and, in its discretion, may also employ a third-party search firm to assist in identifying candidates for director. Mr. Norton, Mr. Carter and Ms. Whitaker were each recommended to our Nominating and Governance Committee by a third-party search firm. Eight of our nominees for director are current members of the Board, whereas Mr. Carter and Ms. Whitaker are being nominated for election to the Board for the first time at the Annual General Meeting. In evaluating candidates for director, the Nominating and Governance Committee uses the guidelines described above, and evaluates shareholder candidates in the same manner as candidates proposed from all other sources. Based on its evaluation, the Nominating and Governance Committee recommended each of

the nominees for election by the shareholders. More information regarding each director nominee’s qualifications can be found in Proposal 1 later in this Proxy Statement.

Majority Vote for Election of Directors

Directors are elected by the affirmative vote of a majority of the votes cast by shareholders at the Annual General Meeting (present in person or by proxy) and serve for one-year terms. Any nominee for director who does not receive a majority of the votes cast is not elected to the Board and the position that would have been filled by such nominee will become vacant. Given that Irish law does not recognize the concept of a holdover director, incumbent directors who do not receive a majority of the votes cast at the Annual General Meeting are not re-elected to the Board, and immediately following the Annual General Meeting, will no longer be members of the Board.

Irish law does require, however, a minimum of two directors at all times. If an election results in either only one or no directors receiving the required majority vote, either the nominee or each of the two nominees receiving the greatest number of votes in favor of his or her election shall, in accordance with our Articles of Association, hold office until his or her successor(s) is elected.

Executive Sessions of the Board

The independent directors meet in executive session, without members of management present, at each regularly scheduled Board meeting and at such other times as may be deemed appropriate. These executive sessions also may include a discussion with our Chief Executive Officer.

Board Leadership Structure

Since our separation from Covidien plc (“Covidien”) in June 2013, the positions of Chairman of the Board and Chief Executive Officer have been held by separate people, and Mr. Booth has served as Chairman of the Board for this entire period. However, since Mr. Booth is not standing for re-election and thus will no longer be able to serve as Chairman of the Board, the Board has determined that Mr. Russell will succeed Mr. Booth as Chairman of the Board following the 2018 Annual General Meeting.

The Chairman of the Board provides leadership to the Board and works with the Board to define its structure and activities in the fulfillment of its responsibilities. The Chairman of the Board sets the Board agendas with Board and management input, facilitates communication among directors, provides an appropriate information flow to the Board and presides at meetings of the Board and shareholders. The Chairman of the Board works with other Board members to provide strong, independent oversight of our management and affairs. We believe that having a non-executive, independent Chairman of the Board is in the best interests of the Company and our shareholders at this time. The separation of the roles of Chairman of the Board and Chief Executive Officer allows our Chief Executive Officer to focus on managing the Company’s business and operations, and allows our Chairman of the Board to focus on Board matters, especially in light of the high level of regulation and scrutiny of public company boards. Further, we believe that separation of these roles ensures the independence of the Board in its oversight role of evaluating and assessing the Chief Executive Officer and management generally. Future modification of the Board leadership structure will be made at the sole discretion of the Board. A more detailed description of the role and responsibilities of the Chairman of the Board are set forth in our Corporate Governance Guidelines.

Code of Ethics

We have adopted the Mallinckrodt Guide to Business Conduct, which applies to all of our employees, officers and directors and meets the requirements of a “code of ethics” as defined by SEC regulations. We review and revise the Guide to Business Conduct from time to time, most recently in December 2017, to more closely align to our vision. The Guide to Business Conduct also meets the requirements of a code of business conduct and ethics under the listing standards of the NYSE. The Guide to Business Conduct is posted on our website, mallinckrodt.com. We will disclose any material amendments to the Guide to Business Conduct, as well as any waivers for executive officers or directors, on our website.

CORPORATE GOVERNANCE

Board Risk Oversight

Our Board oversees an enterprise-wide approach to risk management designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks we face and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. The involvement of the full Board in approving our business strategy is a key part of its assessment of management's appetite for risk and the determination of what constitutes an appropriate level of risk for us. In this process, risk is assessed throughout the business, focusing on three primary areas: financial risk, legal/compliance risk and operational/strategic risk.

While the full Board has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls over financial reporting and receives an annual risk assessment report from our internal auditors. The Compliance Committee assists the Board in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect us and work closely with our legal and regulatory groups. In addition, in setting compensation, the Human Resources and Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with our business strategy. The Compliance Committee conducts an annual assessment of the risk management process and reports its findings to the Board.

Compensation Risk Assessment

At the direction of the Human Resources and Compensation Committee, representatives of our human resources department, along with our Chief Compliance Officer, conducted a risk assessment of our compensation policies and practices during fiscal 2017. This risk assessment consisted of a review of cash and equity compensation provided to our employees, with a focus on compensation payable to senior executives and incentive compensation plans that provide variable compensation to other employees based upon Company and individual performance, with a particular focus on sales compensation. The Human Resources and Compensation Committee and its independent consultant reviewed the findings of this assessment and agreed with the conclusion that our compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on us. The following characteristics of our compensation programs support this finding:

- Our use of different types of compensation vehicles that provide a balance of long- and short-term incentives with fixed and variable components;
- Our use of a variety of performance metrics, both absolute (e.g., adjusted earnings per share ("EPS")) and relative to our peers (e.g., total shareholder return);
- Our practice of looking beyond results-oriented performance in assessing the contributions of a particular executive;
- Our share ownership requirements;
- Our executive compensation clawback policy; and
- The ability of the Human Resources and Compensation Committee to reduce incentive payouts if deemed appropriate.

Transactions with Related Persons

The Nominating and Governance Committee is responsible for the review and, if appropriate, approval or ratification of "related-person transactions" involving us or our subsidiaries and related persons. Under SEC rules, a related person is a director, nominee for director, executive officer or a beneficial owner of 5% or more of our ordinary shares and their immediate family members. The Board has adopted written policies and procedures that apply to any transaction or series of transactions in which we or one of our subsidiaries is a participant, the amount involved exceeds $120,000 and a related person has a direct or indirect material interest.

Communications with the Board of Directors

The Board has established a process for interested parties to communicate with members of the Board. If you have a concern, question or complaint regarding our compliance with any policy or law, or would otherwise like to contact the Board, you may reach the Board via e-mail at board.directors@mnk.com. A direct link to this e-mail address can be found on our website. You may also submit communications in writing or by phone. Please refer to the Board contact information that can be found at mallinckrodt.com/Company_Contacts/. All concerns and inquiries are received and reviewed promptly by the Office of the General Counsel. Any significant concerns relating to accounting, internal controls over financial reporting or audit matters are reviewed with the Audit Committee.

All concerns will be addressed by the Office of the General Counsel, unless otherwise instructed by the Audit Committee or the Chairman of the Board. The status of all outstanding concerns is reported to the Chairman of the Board and the Audit Committee on a quarterly basis, and any concern that is determined to pose an immediate threat to us or concern one of our senior officials (any executive officer or any direct report to the President and Chief Executive Officer) is immediately communicated to the Chair of the Audit Committee. The Chairman of the Board or the Audit Committee may determine that certain matters should be presented to the full Board and may direct the retention of outside counsel or other advisors in connection with any concern addressed to them. The Mallinckrodt Guide to Business Conduct prohibits any employee from retaliating against anyone for raising or helping to resolve an integrity question.

BOARD OF DIRECTORS AND BOARD COMMITTEES

General

Our business, property and affairs are managed under the direction of the Board of Directors. Directors are kept informed about our business through discussions with the Chairman of the Board and the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. During the transition period and fiscal 2017, the Board held eight meetings. All of our current directors attended over 75% of the total of all meetings of the Board and the committees on which they served during their terms in office during the transition period and fiscal 2017. Our Corporate Governance Guidelines provide that Board members are expected to attend each Annual General Meeting. All of our Board members attended our 2017 Annual General Meeting, with the exception of Mr. Virgil Thompson. Mr. Thompson did not stand for re-election at our 2017 Annual General Meeting and therefore did not attend.

Board Committees

The Board has a separately designated Audit Committee established in accordance with the Securities Exchange Act of 1934, as amended ("Exchange Act"), as well as a Human Resources and Compensation Committee, a Nominating and Governance Committee, a Compliance Committee and a Portfolio Committee. Membership and chairs of the committees are recommended by the Nominating and Governance Committee and selected by the Board. The committees report on their activities to the Board at each regular Board meeting.

The table below provides Board and committee membership information as of the date of this Proxy Statement.

	Audit Committee	Human Resources and Compensation Committee	Nominating and Governance Committee	Compliance Committee	Portfolio Committee
Non-Employee Directors					
Melvin D. Booth					
David R. Carlucci					
J. Martin Carroll					
Diane H. Gulyas					
David Y. Norton					
JoAnn A. Reed					
Angus C. Russell					
Kneeland C. Youngblood, M.D.					
Joseph A. Zaccagnino					
Employee Director					
Mark C. Trudeau					
Number of Meetings Held in Transition Period	2	2	1	1	1
Number of Meetings Held in Fiscal 2017	11	4	5	4	8

Chairman of the Board   Chairperson Member

Mr. Booth, age 73, and Ms. Gulyas, age 61, are retiring from the Board and, therefore, are not standing for re-election and will no longer serve as members of the Board of Directors following the 2018 Annual General Meeting on May 16, 2018. Following the 2018 Annual General Meeting, Mr. Russell will succeed Mr. Booth as Chairman of the Board and Mr. Norton will succeed Mr. Russell as Chair of the Portfolio Committee. It is also expected that, if elected, Mr. Carter will be appointed to the Audit Committee and Ms. Whitaker will be appointed to the Human Resources and Compensation Committee.

Audit Committee

The Audit Committee monitors the integrity of our financial statements, the independence and qualifications of the independent auditors, the performance of our internal auditors and independent auditors, our compliance with certain legal and regulatory requirements and the effectiveness of our internal controls. The Audit Committee is responsible for selecting, retaining, evaluating, setting the remuneration of and, if appropriate, recommending the termination of our independent auditors. The current members of the Audit Committee are Ms. Reed, Mr. Booth, and Mr. Russell. Ms. Gulyas served as a member of the Audit Committee until November 17, 2016. If elected, it is anticipated that Mr. Carter will serve as a member of the Audit Committee. Each of them is independent under SEC rules and NYSE listing standards applicable to audit committee members. Ms. Reed is the Chair of the Audit Committee. The Board has determined that Ms. Reed is an audit committee financial expert. The Audit Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee reviews and approves compensation and benefits policies and objectives, determines whether our officers and employees are compensated according to those objectives and carries out the Board's responsibilities relating to executive compensation. The current members of the Human Resources and Compensation Committee are Mr. Carlucci, Ms. Gulyas and Mr. Norton, each of whom is independent under NYSE listing standards applicable to compensation committee members. Mr. Thompson served as a member of the Human Resources and Compensation Committee until March 1, 2017 while Ms. Gulyas and Mr. Norton were appointed to serve on the Human Resources and Compensation Committee on November 17, 2016 and September 20, 2017, respectively. If elected, it is anticipated that Ms. Whitaker will serve as a member of the Human Resources and Compensation Committee. Mr. Carlucci is the Chair of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members, recommending to the Board the director nominees for election at the Annual General Meeting, developing and recommending to the Board our Corporate Governance Guidelines and taking a general leadership role in our corporate governance. The Nominating and Governance Committee also reviews the succession planning process relating to the Chief Executive Officer. The members of the Nominating and Governance Committee are Mr. Zaccagnino, Mr. Carroll and Dr. Youngblood, each of whom is independent under NYSE listing standards. Mr. Zaccagnino is the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

Compliance Committee

The Compliance Committee assists the Board in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect us. The members of the Compliance Committee are Mr. Carroll, Dr. Youngblood and Mr. Zaccagnino, each of whom is independent under NYSE listing standards. Mr. Carroll serves as the Chair of the Compliance Committee. The Compliance Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

Portfolio Committee

The Portfolio Committee is appointed by the Board of Directors to assist in fulfilling its oversight responsibility by reviewing, monitoring and advising the full Board on major corporate actions including external business development, portfolio refinement and divestitures, and internal research and development investments and activities. The members of the Portfolio Committee are Mr. Booth, Mr. Carroll, Mr. Norton and Mr. Russell, all of whom are independent under NYSE listing standards. Mr. Carroll and Mr. Norton were appointed to serve on the Portfolio Committee on March 2, 2017 and September 20, 2017, respectively. Mr. Russell currently serves as the Chair of the Portfolio Committee but it is anticipated that Mr. Norton will serve as the Chair of the Portfolio Committee following the 2018 Annual General Meeting of Shareholders. The Portfolio Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

The Board of Directors has approved a compensation structure for non-employee directors consisting of equity awards, an annual cash retainer and supplemental cash retainers. This compensation structure was determined in conjunction with the Nominating and Governance Committee, after reviewing data and analyses from the Nominating and Governance Committee’s independent compensation consultant, Willis Towers Watson.

Cash Retainers

Board members. The cash retainers are paid in quarterly installments at the end of each quarter. Directors joining the Board other than on the first day of a quarter receive a cash retainer pro-rated for the number of days served during their initial quarter of service. During fiscal 2017, the annual cash retainer for all directors was $100,000.

Committee Chairs. The Chair of the Audit Committee receives a supplemental annual cash retainer of $25,000. The Chair of the Human Resources and Compensation Committee receives a supplemental annual cash retainer of $20,000. The Chairs of the Compliance Committee, the Nominating and Governance Committee and the Portfolio Committee each receive a supplemental annual cash retainer of $15,000.

Committee Members. Each member of a committee (excluding committee chairs) receives a supplemental annual cash retainer of $5,000.

Non-Executive Chairman of the Board. Our non-executive Chairman receives a supplemental annual cash retainer of $50,000.

Transition Period. To cover services performed during the transition period, our non-employee directors received retainers representing one-fourth of the annual amounts to reflect the three-month duration of the transition period.

Equity Awards

Restricted Units. On October 1, 2016, each non-employee director received a grant of restricted units with a value of $73,750 which vested on October 1, 2017, representing a pro-rated annual equity grant to cover services performed during the transition period. At the time of our 2017 Annual General Meeting, each non-employee director received an annual grant of restricted units with a value of $295,000. Additionally, our non-executive Chairman received, at the time of our 2017 Annual General Meeting, additional restricted units with a value of $112,000. The 2017 awards vested on March 1, 2018.

New directors receive a pro-rated annual equity grant. A pro-rated annual equity grant will not be granted to any new director who commences service less than three months prior to the vesting date.

Other

Pursuant to our company-wide Matching Gift Program, we match employee and director contributions to charitable organizations up to $2,500 (which was extended to $3,000 for the period of October 1, 2016 through December 31, 2017 in connection with our transition to a new fiscal year end). Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending Board meetings, committee meetings and shareholder meetings. Directors are provided with chartered private or commercial aircraft in order to travel to and from such meetings.

Director Share Retention and Ownership Guidelines

As set forth in our Corporate Governance Guidelines, all non-employee directors are required to hold Mallinckrodt ordinary shares with a market value of at least five times the annual cash retainer. In determining a director’s ownership, shares held directly as well as shares underlying restricted units subject to time-based vesting (less a 40% tax assumption) are included. Shares underlying unexercised stock options are not included in the calculation. Until the required ownership level is achieved, the non-employee directors are required to retain net after tax shares received upon vesting of restricted units.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

The following table provides information concerning the compensation paid by us to each of our non-employee directors for the transition period and the fiscal year ended December 29, 2017. Compensation for Mark C. Trudeau, our President and Chief Executive Officer, is shown in the Summary Compensation Table. Mr. Trudeau receives no additional compensation for his services as a director.

2017 Director Compensation Table

Name	Period	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Melvin D. Booth	2017	160,000	407,000	3,000	570,000
	Transition Period	40,000	73,750	—	113,750
David R. Carlucci	2017	120,000	295,000	—	415,000
	Transition Period	30,000	73,750	—	103,750
J. Martin Carroll	2017	124,167	295,000	1,750	420,917
	Transition Period	30,000	73,750	1,250	105,000
Diane H. Gulyas	2017	105,000	295,000	3,000	403,000
	Transition Period	26,250	73,750	—	100,000
David Y. Norton (3)	2017	30,522	193,179	—	223,701
	Transition Period	—	—	—	—
JoAnn A. Reed	2017	125,000	295,000	—	420,000
	Transition Period	31,250	73,750	—	105,000
Angus C. Russell	2017	120,000	295,000	—	415,000
	Transition Period	30,000	73,750	—	103,750
Virgil D. Thompson (4)	2017	17,500	—	—	17,500
	Transition Period	26,250	73,750	—	100,000
Kneeland C. Youngblood, M.D.	2017	110,000	295,000	—	405,000
	Transition Period	27,500	73,750	—	101,250
Joseph A. Zaccagnino	2017	120,000	295,000	—	415,000
	Transition Period	30,000	73,750	—	103,750

(1) The amounts reported reflect the aggregate grant date fair value of restricted units granted in fiscal 2017, calculated in accordance with Accounting Standards Codification 718. The grant date fair value does not necessarily correspond to the actual value that will be recognized by each director, which will likely vary based on a number of factors, including our financial performance, stock price fluctuations and applicable vesting. As of December 29, 2017, Mr. Booth had 7,896 unvested restricted units outstanding, Mr. Norton had 5,601 unvested restricted units outstanding and each other current director listed in the table above had 5,723 unvested restricted units outstanding.

(2) Reflects Company match of directors' charitable contributions pursuant to Mallinckrodt's Matching Gift Program.

(3) Mr. Norton was appointed to the Board on September 20, 2017.

(4) Mr. Thompson retired from the Board on March 1, 2017.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

Our Named Executive Officers

For purposes of the Compensation Discussion and Analysis ("CD&A") and executive compensation disclosures, the individuals listed below are referred to collectively as our named executive officers ("NEOs").

- Mark C. Trudeau, President and Chief Executive Officer.
- Matthew K. Harbaugh, Executive Vice President and Chief Financial Officer.
- Steven Romano, M.D., Executive Vice President and Chief Scientific Officer.
- Dr. Frank Scholz, Executive Vice President of Global Operations and President, Specialty Generics.
- Hugh M. O'Neill, Executive Vice President and President, Autoimmune and Rare Diseases.

Fiscal 2017 Company Performance Highlights

In 2017, we made strong progress in strategically reshaping our business to become an innovation-focused specialty pharmaceutical company. With the recent acquisitions of Sucampo Pharmaceuticals, Inc. and other transactions building out our roster of marketed brands as well as our branded pipeline, we are poised to begin fulfilling the promise of the innovative development portfolio we've built.

In the last five years we've divested declining non-core assets and invested in not only a cadre of strong marketed brands that have established platforms in the hospital and rare diseases spaces, but have also brought in mid- and late-stage development programs that, if approved, will serve patient populations with complex, often devastating conditions and create a company whose success will be driven by patient-centric innovation.

2017 Key performance highlights: You should refer to the more comprehensive discussions contained in our our Annual Report on Form 10-K for the fiscal year ended December 29, 2017 for additional information about these highlights. Key performance highlights for fiscal 2017 include:

- Net sales were $3.222 billion, compared with $3.381 billion in the prior year, representing a 4.7% decrease.
- Income from continuing operations was $1.771.2 million, compared with $489.0 million in fiscal 2016.
- Reduced interest-bearing deferred tax liabilities to $554 million from $1,801 million at December 30, 2016.
- Diluted earnings per share from continuing operations were $18.09, compared with $4.39 in fiscal 2016.
- Net cash provided by operating activities was $727.3 million, compared with $1,184.6 million in fiscal 2016.
- Expanded our Specialty Brands business through the acquisitions of InfaCare Pharmaceutical Corporation, Ocera Therapeutics, Inc. and Sucampo Pharmaceuticals, Inc., including their commercial and developmental products MNK-6105 (OCR-002), AMITIZA® (lubiprostone), RESCULA® (unoprostone isopropyl ophthalmic solution) 0.15%, VTS-270 and CPP-1X/sulindac and the license of NeuroproteXeon Inc.'s investigational, pharmaceutical-grade xenon gas for inhalation therapy.
- Completed the divestiture of our Nuclear Imaging and Intrathecal businesses and entered into an agreement to sell two of our hemostasis products. Further, we made preparations for and announced in early 2018 the commencement of a process to dispose a portion of our business which is referred to as "the Specialty Generics Disposal Group" to further our strategic evolution to being a brands-focused innovation-driven specialty pharmaceutical growth company.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

We believe the executive compensation practices put in place by our Board play a key role in driving our performance. These practices are designed to maximize long-term shareholder value and return. These practices reward performance when financial, operational and strategic performance goals are achieved that drive long-term value for our shareholders through the delivery of innovative clinical solutions to providers and diverse patient populations with unmet medical needs. Our compensation practices are heavily weighted toward long-term stock-based compensation (83% for our CEO and an average of 71% for our other NEOs) that aligns the long-term interests of executives with those of shareholders. As such actual realized compensation is higher when we overperform and lower when we underperform. We expect our executives to be fully accountable in pursuing our short and long-term objectives, and have implemented policies and practices that provide appropriate checks and balances to ensure proper compliance and discourage excessive risk-taking behavior.

Management and the Board believe in and apply sound executive compensation practices to promote the alignment of all stakeholders:

What We Do

ü Align to a peer group that reflects our business model
ü Engage Independent and expert compensation committee consultants
ü Ensure the majority of compensation is at risk and paid on performance
ü Link a substantial portion of total executive compensation to performance and shareholder value creation
ü Establish challenging threshold performance goals and maximum performance goals that reflect stretch levels of performance
ü Cap annual cash incentive and long-term performance unit payouts for corporate performance measures at 200% of the target award
ü Allow for little overlap in performance metrics between annual and long-term incentives, with the exception of revenue which is key strategic focus for the company
ü Include both relative and absolute performance metrics in our long-term performance units program
ü Provide minimum vesting of three years on equity awards for executives
ü Require robust stock ownership guidelines with retention requirement
ü Require termination of employment in addition to a change in control for accelerated equity vesting (double trigger)
ü Require non-competition, non-solicitation and confidentiality agreement for eligibility in severance and change in control plans
ü Ensure freedom for Human Resources and Compensation Committee (“HRCC”) discretion to apply negative adjustments to incentive awards
ü Have an executive compensation clawback policy that allows us to recover performance-based cash and equity incentive compensation paid to executives in various circumstances, including for misconduct
ü Review annually our compensation programs and policies to ensure they do not encourage excessive risk-taking
ü Conduct annual “say-on-pay” advisory votes

What We Don’t Do

û Enter into long-term employment contracts with our executive officers (except as required outside the United States)
û Provide excessive executive perquisites
û Reprice or exchange equity awards without shareholder approval
û Allow hedging and pledging of company securities
û Provide change of control excise tax gross-ups
û Provide any other tax gross-ups to our executives, with the exception of relocation expenses, limited business-related benefits or in connection with expatriate / international assignments

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Philosophy

Our compensation philosophy provides a governance framework for our executive compensation practices. The HRCC in its process of governance applies sound judgment and discretion in the application of the following:

- Compensation should strongly align the interests of executive officers with those of patients, employees and shareholders;
- Compensation policies and practices should support effective governance;
- Compensation should align management with the long-term financial interests of shareholders through the use of stock-based compensation and executive stock ownership;
- The focus should be on total compensation opportunity (base salary, annual incentive compensation and long-term incentive compensation) with an explicit role for each element;
- Compensation should be competitive, but not excessive, in order to attract and retain talented executive officers who can achieve our long-term strategic goals and create shareholder value;
- Compensation earned should be aligned with company performance and investor returns;
- Compensation should reward corporate, group and individual performance to encourage collaboration and collective interests, while rewarding key contributors;
- Compensation should support our business strategy in the areas of patient focus, customer focus, globalization, operational excellence and innovation, as well as our talent strategy;
- The reward elements should be balanced, with an emphasis on performance-based compensation;
- Compensation goals and practices should be transparent and easy to communicate, both internally and externally;
- Goal setting is a key activity and should be conducted in a rigorous manner resulting in targets that reflect stretch, yet achievable, levels of performance; and
- Pay programs and oversight of these programs should avoid excessive compensation risk that could adversely impact the Company.

Transition Period

On May 17, 2016, our Board of Directors approved a change in our fiscal year end from the last Friday in September to the last Friday in December. As a result, we have included disclosures in certain tables below, including our Summary Compensation Table, covering the three-month transition period of October 1, 2016 through December 30, 2016 (in addition to the twelve-month period of December 31, 2016 through December 29, 2017). Unless otherwise stated, all references to “fiscal 2017” pertain to the twelve-month period covering December 31, 2016 through December 29, 2017, all references to the “transition period” pertain to the three-month period covering October 1, 2016 through December 30, 2016, all references to “fiscal 2016” pertain to the twelve-month period covering September 26, 2015 through September 30, 2016 and all references to “fiscal 2015” pertain to the twelve-month period covering September 27, 2014 through September 25, 2015.

COMPENSATION DISCUSSION AND ANALYSIS

2017 Compensation Program

The following table summarizes the three major elements of our executive compensation program and the objective of each element. They are designed to work together, and the HRCC views the executive compensation program as an integrated total compensation program. The mix of compensation elements varies based on an executive's position and responsibilities.

Element	Key Features	Objective
Base salary	Fixed cash compensation	Offer a stable income, intended to reflect the market value of the executive's role, with differentiation for strategic significance, individual capability and experience
Annual incentive compensation	Market-competitive, performance-based cash bonus opportunity tied to achievement of Company and individual goals Initial calculation for each executive's annual cash incentive is based on performance versus pre-determined goals tied to financial performance measures. In addition, each executive's individual performance can modify the amount received	Focus executives on pre-set patient, employee and shareholder value objectives each year and drive specific behaviors that foster short- and long-term growth and profitability
Long-term incentive compensation	Awards of stock options, restricted units and performance units Stock options generally have ten-year terms and vest in four equal installments on each anniversary of the grant date Restricted units generally vest in four equal installments on each anniversary of the grant date. Each unit is converted into one ordinary share at vesting Performance units may be earned from 0% to 200% of the target number of units, based on performance over a three-year performance period. For the fiscal 2017-2019 performance period, half of the performance units are based on our adjusted Net Revenue Compound Annual Growth Rate, while the other half are based on our relative total shareholder return versus a Total Shareholder Return (TSR) performance peer group, in each case over the performance period. To the extent earned, performance units are delivered as ordinary shares after the end of the performance period.	Align the interests of executives with the interests of shareholders in long-term growth and stock performance, reward executives for the achievement of multi-year performance objectives and shareholder value creation and promote retention

The following charts illustrate, for fiscal 2017, the distribution of value among the three elements of direct compensation — base salary, target annual incentive compensation and target long-term incentive compensation — for our CEO and on average for the other NEOs. The long-term equity incentive component is based on the dollar value awarded by the HRCC before conversion to the various forms of equity awards — see the "Fiscal 2017 Long-Term Incentive Compensation" section of this CD&A. Of target total direct compensation, 92% of our CEO's and, on average, 82% of the other NEOs' was variable and at risk, either because it is subject to performance goals, the fluctuations of our stock price, or both.

COMPENSATION DISCUSSION AND ANALYSIS

We provide all employees, including our executive officers, with other benefits, consisting of retirement benefits (including both qualified and non-qualified defined contribution retirement plans), health and welfare benefits and an employee stock purchase plan (U.S. employees). In addition, our executive officers are provided with change in control and severance benefits as well as an executive physical program and an executive financial and tax planning program. These benefits are intended to be competitive with the practices of our peer companies and consistent with shareholder interests.

2017 Say-on-Pay Shareholder Vote

At our 2017 Annual General Meeting, we provided our shareholders with the opportunity to cast an advisory vote on our fiscal 2016 executive compensation program. Over 95% of the votes cast were voted in favor of the proposal. We believe the 2017 say-on-pay vote indicates that our shareholders are generally supportive of our approach to executive compensation. Accordingly, we did not make changes to our executive compensation arrangements in fiscal 2017 in response to our say-on-pay vote. In the future, we will continue to consider the outcome of advisory say-on-pay votes and other shareholder feedback when making compensation decisions regarding our executive officers.

Compensation Decision-Making

Role of the HRCC and Management. The HRCC makes all decisions regarding senior management compensation, which includes our NEOs and certain other senior officers. The HRCC reviews our executive compensation policies, practices and plans on an ongoing basis to determine whether they are consistent with our compensation philosophy and objectives, and whether they need to be modified in light of changes in our business or the market in general. The HRCC meets periodically with management to review compensation policies and specific levels of compensation paid to officers and other key personnel and approves compensation and programs for executive officers other than our CEO. The HRCC reports to the Board on compensation paid to officers and other key personnel and makes recommendations to the Board regarding CEO compensation policies and programs. In addition, our CEO makes recommendations to the HRCC regarding salary adjustments and the setting of annual and long-term incentive targets and awards for executive officers other than himself, including the other NEOs.

In determining the compensation of an executive officer, the HRCC considers various factors, including:

- Company, business unit and individual performance;
- Market data on compensation opportunities of officers with similar responsibilities at comparable companies;
- The officer’s current and future responsibilities and potential contribution to our performance;
- Retention considerations; and
- Compensation levels of our executives with similar levels of responsibility (“internal equity”).

Role of the Compensation Consultant. The HRCC utilizes the services of independent compensation consultants from time to time and has the sole authority to retain, compensate and terminate any such compensation consultants. During the transition period and fiscal 2017, Willis Towers Watson (“WTW”) served as independent

COMPENSATION DISCUSSION AND ANALYSIS

compensation consultant to the HRCC, compensation paid to WTW for these services totaled approximately $224,000. WTW reports directly to the HRCC, and within their scope of services WTW reviews HRCC materials, attends HRCC meetings, reviews our peer group and competitive positioning of individual executives versus market, assists the HRCC with program design, provides advice to the HRCC as compensation issues arise and provides recommendations on certain specific aspects of our compensation programs. The HRCC assessed the independence of WTW and determined that WTW is independent and that no conflicts of interest exist currently or existed during the transition period or fiscal 2017. WTW also has been retained by the Nominating and Governance Committee as its independent compensation consultant in all matters relating to non-employee director compensation.

Like many industries, the Human Resource Consulting and Advisory Services industry has and continues to experience significant consolidation. As a result, Mallinckrodt has maintained relationships with parts of the legacy organizations that now form WTW. During fiscal 2017, in addition to the Board retaining WTW to provide services to the HRCC, Mallinckrodt management engaged WTW to provide services relating to the strategy and governance of our health and welfare programs, and a one-time engagement in support of the vendor search and transition of our defined contribution retirement plan. Total fees in relation to work in health and wellness and retirement during fiscal 2017 were approximately $430,000. In addition, we participate in a number of WTW general compensation surveys and purchase subsequent U.S. and international compensation reports. In fiscal 2017, our expenditure for these products was approximately $60,000. Not considering the one-time engagement undertaken in fiscal 2017, our average annual expenditure for services from the WTW benefits segments for health and group retirement services and compensation survey data is approximately $200,000.

Peer Group. When reviewing compensation programs for the executive officers, the HRCC considers the compensation practices of a group of companies of reasonably similar size and that may be in competition with us for talent. Given the rapidly changing business landscape of the pharmaceutical industry, including consolidations, it is important to maintain a current view of peer competitors. The HRCC periodically reviews the peer group and approves changes, based on an established set of criteria and the recommendation of WTW. In March 2016, the HRCC approved a peer group that included the 16 companies listed below for fiscal 2017. The specific companies were selected using objective size criteria, in a range that we believe is appropriate for benchmarking executive compensation. We believe the peer group includes companies with which we compete for business, executive talent and/or investment dollars.

The following table sets forth the peer group companies approved by the HRCC for use in the fiscal 2017 competitive analysis of executive compensation:

Alexion Pharmaceuticals, Inc.	Endo International plc	Perrigo Company plc
Biogen Inc.	Impax Laboratories	Shire plc
BioMarin Pharmaceutical Inc.	Incyte Corp.	United Therapeutics Corporation
Celgene Corporation	Jazz Pharmaceuticals plc	Valeant Pharmaceuticals International, Inc.
CSL Limited	Medivation, Inc.*	Vertex Pharmaceuticals Incorporated
	Mylan N.V.	

* Acquired by Pfizer Inc. in September 2016.

In May 2017, the HRCC, with the assistance of WTW, analyzed this peer group to determine whether it should be revised. After consideration of various factors, the HRCC made the following changes to the peer group, effective for fiscal 2018:

Peer Companies Removed	Peer Companies Added
Celgene Corporation [1]	Horizon Pharma plc
Biogen Inc. [1]	Regeneron Pharmaceuticals, Inc.
	Zoetis Inc.

[1] Less comparable to us due to size.

COMPENSATION DISCUSSION AND ANALYSIS

In selecting the peer group, the HRCC considered revenue and market capitalization, in addition to business similarity and our market for executive talent. Summary information is provided below in terms of revenue and market capitalization for the fiscal 2017 peer group at the time the fiscal 2017 peer group was approved by the HRCC (based on publicly available information as of February 16, 2016):

	Revenue for the Last Twelve Months ($ Millions)	Market Capitalization ($ Millions)
75th Percentile	$9,256	$32,079
Median	$3,354	$21,027
25th Percentile	$1,032	$11,458
Mallinckrodt	$3,494	$7,187
Mallinckrodt Percentile	50%	14%

The HRCC also reviews compensation data from life sciences and general industry surveys provided by AON Radford and WTW.

The HRCC maintains a separate, broader peer group that is used to assess Relative Total Shareholder Return ("TSR") for a portion of the value of Performance Units that vest over a three year performance period. The TSR peer companies and details related to the determination of that peer group are discussed in the Performance Units section beginning on page 31.

Transition Period and Fiscal Year 2017 Executive Compensation Decisions

The HRCC took many factors into account in making compensation decisions during the transition period and in fiscal year 2017. The HRCC process started with the full Board's review of the Company's strategy, progress against the stated transformation goals toward becoming a specialty branded pharmaceutical company, operating performance in prior years and performance goals for the coming fiscal year. In addition, with support from WTW, the HRCC looked at the potential impact of current and emerging external factors such as the dynamic competitive landscape for executive talent, a review of compensation data and market trends from the peer group and external surveys. Finally, the HRCC weighed internal factors specific to Mallinckrodt such as executive tenure and experience, role and individual performance.

In considering fiscal 2017, the HRCC recognized the progress against the strategy and the accelerating transformation of the portfolio, as well as many external factors that included changing market dynamics specific to the generics industry, drug pricing, payer and provider behavior and public policy. As always, actions taken by the HRCC considered the Company's operating plan for fiscal 2017 and the then current share price; furthermore, these actions were aligned to our compensation philosophy and as such aimed to align management and shareholder interests through competitive performance-based compensation that attracted, motivated and retained important talent.

The HRCC approved certain increases in base salary, target bonus levels and long-term incentive targets to reflect market competitive pay, individual capability, tenure and experience and the nature and complexity of individual roles within the business.

In assessing performance, approving payments against the 2017 Global Bonus Plan, and in considering fiscal 2018 compensation, the HRCC recognized the underperformance against stated fiscal 2017 financial goals and the decline in shareholder value realized during the period.

Base Salary

The HRCC evaluates base salaries annually as well as upon a promotion or other change in job responsibility to determine if increases are appropriate. The HRCC, based in part upon the recommendation of our CEO and considering each NEO's level of responsibility and experience, as well as market data for similar positions at companies in our peer group and issues of pay equity, approved the following base salary increases: for Dr. Scholz effective October 3, 2016 and effective January 1, 2017, as part of the annual review process and to reflect his

additional responsibilities as President of our Specialty Generics business; and for Mr. O'Neill effective December 26, 2016, as part of the annual review process. In addition, in consultation with the HRCC and WTW, the Board approved a salary increase for Mr. Trudeau effective December 26, 2016, as part of the annual review process. Base salaries for Mr. Harbaugh and Dr. Romano were unchanged during fiscal 2017. A summary of NEO annual base salaries during the transition period and fiscal 2017, along with any corresponding increases, is shown in the following table:

NEO Annual Base Salaries and Adjustments
During the Transition Period and Fiscal 2017

	Initial Salary	Ending Salary	Change
Mark Trudeau	$1,000,000	$1,050,000	$50,000 / 5.0%
Matthew Harbaugh	$570,000	$570,000	$0 / 0.0%
Steven Romano, M.D.	$550,000	$550,000	$0 / 0.0%
Dr. Frank Scholz	$460,000	$550,000	$90,000 / 19.6%
Hugh O'Neill	$475,000	$550,000	$75,000 / 15.8%

Transition Period Bonus Plan

In September 2016, the HRCC approved a short-term incentive plan (the "Transition Period Bonus Plan") designed to reward performance during the transition period since this period was not covered by either the 2016 Global Bonus Plan or the 2017 Global Bonus Plan. Recognizing the volatility that can occur over a three-month period, the HRCC approved a simplified design based upon net sales revenue, as calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), adjusted to exclude the impact of foreign exchange fluctuations to provide a clear focus on top-line growth. The performance target was set in relation to our annual budget as approved by the Board of Directors, excluding the Nuclear Imaging business given its previously announced sale, and funding for the Transition Period Bonus Plan could range from 0% to 150% of target based upon our performance against this measure. To reflect the three-month duration of the transition period, the HRCC set award targets for each of our NEOs under the Transition Period Bonus Plan as one-fourth of their previously established award targets under the 2016 Global Bonus Plan.

The following chart summarizes the Transition Period Bonus Plan design with respect to the performance targets, actual results and funding.

Measure	Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (150% Payout)	Trans. Period Results	Funding
Net Sales Revenue (in millions)	100%	$753.7	$795.5-879.3	$921.2	$829.9	100 %

In March 2017, the HRCC reviewed our net sales revenue results for the transition period of $829.9 million, which resulted in the awards paying out at 100%. The following table summarizes the award targets and the actual amounts received by each of our NEOs pursuant to the Transition Period Bonus Plan.

Transition Period Bonus Plan Award Target and Payout

	Target (% of Salary)	Final Payout ($)
Mark Trudeau	31.25%	$328,250
Matthew Harbaugh	17.50%	$99,800
Steven Romano, M.D.	16.25%	$89,400
Dr. Frank Scholz	16.25%	$81,300
Hugh O'Neill	16.25%	$89,400

Fiscal 2017 Annual Incentive Awards

Our 2017 Global Bonus Plan is funded on the basis of accomplishment of a preset level of Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, as adjusted for certain items). This is intended to maintain tax deductibility under Section 162(m) of the Internal Revenue Code ("Code"). The HRCC may exercise its authority to use negative discretion to the funding level in determining bonus amounts provided to NEOs.

During fiscal 2017, each NEO participated in the 2017 Global Bonus Plan which is a component of our Stock and Incentive Plan. For fiscal 2017, the HRCC determined the amount payable to our CEO under the 2017 Global Bonus Plan using the following formula:

Individual Annual Incentive Target	×	Individual Funding based on Company Performance	×	Individual Performance Multiplier (0 to 150%)	=	Final 2017 Global Bonus Plan Amount to CEO

For fiscal 2017, the HRCC determined the following formula would be utilized to calculate the amount payable to each NEO (other than our CEO) under the 2017 Global Bonus Plan:

Individual Annual Incentive Target	×	Assess Achievement Against Performance Targets adjusted up or down (0-200% of target)	×	Individual Performance Multiplier (0 to 150%)	=	Final 2017 Global Bonus Plan Amount to Individual NEO

For fiscal 2017, the HRCC determined that the payouts for each of our NEOs (other than Dr. Scholz) would be based upon our achievement against certain specified specialty brands and corporate performance measures (adjusted earnings per share (adjusted EPS), net sales revenue and free cash flow). Dr. Scholz assumed responsibility for the leadership of our Specialty Generics segment in October 2016. For fiscal 2017, recognizing the rapidly changing competitive and pricing dynamics of the generics market, the HRCC determined that a substantial portion of the payout for Dr. Scholz would be based upon achievement against Specialty Generics performance measures, specifically net sales revenue and operating income (weighted at 80%). The remainder (weighted at 20%) would be based upon our achievement against the specified corporate performance measures.

For fiscal 2017, the HRCC established award targets for each of our NEOs under the 2017 Global Bonus Plan as a percentage of their base salary. Based on the assessment of our audited performance, the HRCC may adjust the bonus factor up or down under the maximum determined by our plan. Based on individual performance as recommended by our CEO and determined by the HRCC, individual awards were granted.

2017 Global Bonus Plan Target as a % of Salary

	Target (% of Salary)
Mark Trudeau	125%
Matthew Harbaugh	70%
Steven Romano, M.D.	65%
Dr. Frank Scholz	65%
Hugh O'Neill	65%

Performance Measures. For the 2017 Global Bonus Plan, corporate and business unit performance measures were the primary basis for assessing performance. For executive officers other than our CEO, the CEO recommends individual payouts based on individual targets, corporate performance and individual performance. The HRCC reviews the CEO's recommendations and approves final payouts.

COMPENSATION DISCUSSION AND ANALYSIS

Corporate Financial Objectives. For fiscal year 2017, the corporate performance measures were based upon adjusted earnings per share, or adjusted EPS, net sales revenue and free cash flow. The HRCC believes these measures are key drivers of longer term value creation and key indicators of the current and future strength of our business.

- Adjusted EPS is defined as diluted earnings per share calculated in accordance with GAAP, as adjusted for certain items and their related tax effects. Adjusted EPS is an important measure because it provides a focus on profitable growth and expense control, and is viewed as a strong indicator of sustained performance over the long term.
- Net sales revenue represents net sales calculated in accordance with GAAP, as adjusted for certain items. Net sales revenue is an important measure because it is a leading indicator of performance and value creation and provides a clear focus on top-line growth.
- Free cash flow is defined as cash flow from operating activities less net capital expenditures, both calculated in accordance with GAAP, as adjusted for the impacts to operating cash flows from certain items. Free cash flow is an important measure because it provides focus on generating cash to fund operations and research, focuses executives on expense control and is expected to lead to long-term shareholder value creation.

Business Unit Financial Objectives. For fiscal year 2017, the performance measures for the Specialty Generics business unit were based upon operating income (weighted at 70%) and net sales revenue (weighted at 30%). The HRCC believes that performance against these measures are key for successful navigation of uncertain market conditions and are drivers of longer term value creation

- Operating income is defined as operating income calculated in accordance with GAAP, as adjusted for certain items and their related tax effects. Operating income is an important measure because it provides a focus on profitable performance, appropriate investment and judicious expense control, and is viewed as a strong indicator of the strength of the business during uncertain market conditions.
- Net sales revenue represents net sales calculated in accordance with GAAP, as adjusted for certain items. Net sales revenue is an important measure because it is a leading indicator of performance and value creation and provides a clear focus on top-line performance.

The weighted average funding for the 2017 Global Bonus Plan could range from 0% to 200% of target based upon our performance against these measures. The HRCC maintains discretionary authority to further modify the funding, both negatively and positively, subject to the Section 162(m) plan funding maximum.

The performance targets were set in relation to our annual budget as approved by the Board of Directors. For fiscal 2017, the corporate net sales revenue target and the adjusted EPS target under the 2017 Global Bonus Plan were lower than under the 2016 Global Bonus Plan due to several factors, including our sale of the Nuclear Imaging business and Intrathecal Therapy business, an extra week in fiscal 2016 and anticipated challenges in Specialty Generics.

The following chart summarizes the 2017 Global Bonus Plan design with respect to the corporate performance measures, including the relative weighting, performance targets, actual results and weighted average funding for our NEOs.

Corporate Performance Measures
(Applicable to all NEOs)

Measure	Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (200% Payout)	Fiscal 2017 Results[(1)]	Weighted Average Funding
Adjusted EPS	50%	$7.11	$7.65	$8.18	$7.49	85.0 %
Net Sales Revenue (in millions)	30%	$3,135	$3,300	$3,465	$3,225	77.0 %
Free Cash Flow (in millions)	20%	$692	$714	$739	$543	—
						66.0 %

COMPENSATION DISCUSSION AND ANALYSIS

(1) The performance measures used for compensation purposes include non-GAAP financial measures which exclude the effects of certain items which the HRCC believes do not represent ongoing operating results and/or business trends. The categories of these items include: restructuring and related charges, net; amortization and impairment charges; discontinued operations; acquisition-related expenses; changes in fair value of contingent consideration obligations; inventory step-up expenses; pension settlement charges; recurrent cash tax payments to the IRS associated with internal installment sales transactions; and other items identified by the company. In addition, these measures are calculated using the share count, tax rate and foreign exchange rates used in our fiscal year 2017 budget. In calculating fiscal 2017 results, the HRCC also excluded certain costs incurred in connection with actions taken as part of our ongoing transformation to become an innovation-driven specialty pharmaceuticals growth company.

The non-GAAP financial measures used in our executive compensation programs exclude certain charges that are included within the comparably-titled non-GAAP financial measures included in our quarterly earnings releases.
For Dr. Scholz, with respect to his responsibilities for the Specialty Generics business, the HRCC determined that a payout at the 130.0% level of performance was appropriate, based upon 154.0% achievement of the Specialty Generics operating income target (weighted at 70%) and 104.0% achievement of the Specialty Generics net sales revenue target (weighted at 30%).
Strategic Imperatives. In addition to performance against financial measures, the HRCC also considers performance that supported the accomplishment of strategic imperatives, and has the ability to adjust the overall size of the executive bonuses, both negatively and positively, subject to Section 162(m) limits. This allows the HRCC to decrease the size of the executive bonuses if, in the HRCC’s opinion, such amounts are not appropriately earned or should not be paid or to reflect individual differentiation when financial performance is at or near maximum.
The key strategic imperatives considered for fiscal 2017, included:

- Maximize growth;
- Transform the portfolio;
- Drive Value; and
- Build a patient and customer centric high-performing organization.

The HRCC reviewed results in these areas:
Full Year Results

Strategic Imperatives	Fiscal 2017 Imperatives	Results
Maximize Growth	Achieve or exceed net sales target Achieve or exceed branded net sales of 75% of total revenue Accelerate patient access to key products	Overall rating - Partially Achieved: • Below targeted net sales goal • Achieved portfolio mix objective • Behind patient access target
Transform the Portfolio	Accelerate BD&L Progress development and life cycle programs Strengthen evidence generation and dissemination	Overall rating - Achieved • Expanded pipeline through completed M&A transactions • Completed divestiture of legacy and non-core businesses •

		Announced other accretive acquisition and divestiture of non-core assets • Achieved key portfolio development milestones • Generated over 130 scientific and HEOR studies
Drive Value	Achieve or exceed SG&A and operating efficiency targets Maximize portfolio durability and competitive position Optimize Specialty Generics performance	Overall rating - Partially Achieved • Year over year SG&A spend reduction • Unfavorable Inomax patent ruling • Successful Specialty Generics optimization

COMPENSATION DISCUSSION AND ANALYSIS

Build a Patient and Customer-Centric High Performing Organization	Enhance customer centricity Strengthen competitive capabilities Build compelling employee value proposition and operationalize footprint	Overall rating - Achieved • Completed Customer Centricity baseline survey • Enhanced clinical, medical and commercial capabilities • Completed organizational footprint transformation • Further enhanced employee engagement • National recognition for inclusion and diversity programs

With respect to individual NEO performance modification recommendations the HRCC considered the following:

NEO	Individual Goal Achievement
Matthew Harbaugh	• Tax restructuring delivering significant value • Leadership of SAP implementation
Steven Romano, M.D.	• Achieved key portfolio development milestones relating to Terlipressin, Acthar and Stratagraft • Achieved 20 key portfolio Life Cycle Management milestones • Generated 130 scientific and Health Economic studies • Recruited key talent and added critical capabilities
Dr. Frank Scholz	• Exceeded revenue and operating income objectives • Established specialty generics as a stand-alone business • Improved generics R&D pipeline

	• Recruited certain key talent to the generics and brands organizations • Achieved key milestones in biologics modernization program
Hugh O'Neill	• Recruited key talent and added critical commercial capabilities • Slower than planned patient access improvement • Decline in Acthar revenue

Following the conclusion of fiscal 2017, the HRCC reviewed preliminary payout calculations for each NEO based on the performance measures. It also received input from our CEO on the NEOs (other than our CEO). The HRCC determined the amount of the actual payout taking into account the factors described above in order to align the final payout more closely with our financial performance and available pool funding. For our CEO, the Board determined that a payout at the 66% level of performance was appropriate, based on company performance and a 100% individual multiplier.

	Target and Performance Multiplier				Individual Modifier			Final 2017 Global Bonus Plan Payout
	Target Bonus Opportunity	x	Multiplier	=	Preliminary Payout	x	Multiplier	
Mark Trudeau	$1,312,500	x	66%	=	$866,250	x	100%	= $866,250
Matthew Harbaugh	$399,000		66%		$263,340		115%	$302,800
Steven Romano, M.D.	$357,500		66%		$235,950		145%	$342,100
Dr. Frank Scholz (1)	$357,500		117.2%		$418,990		115%	$481,800
Hugh O'Neill	$357,500		66%		$235,950		85%	$200,600

(1) For Dr. Scholz, the performance multiplier of 117.2% reflects performance of 130.0% against the Specialty Generics performance measures (which were weighted at 80%) and performance of 66.0% against the corporate performance measures (which were weighted at 20%).

COMPENSATION DISCUSSION AND ANALYSIS

Fiscal 2017 Equity Grants

For fiscal 2017, our long-term incentive compensation program consisted of our annual equity grant, which was increased in size this year by 25% for all NEOs except for Mr. Trudeau to reflect the services provided during three-month transition period, and a special one-time performance grant intended to ensure continuity for hard to recruit senior executive talent and create incentives aligned with our multi-year business strategies, all of which were granted under our Stock and Incentive Plan. Mr. Trudeau did not receive any additional grants beyond his standard annual equity grant. The annual equity grant consisted of a mix of performance units (weighted 40%), non-qualified stock options (weighted 40%) and restricted units (weighted 20%) while the special one-time performance grants consisted of a mix of performance units (weighted 50%) and non-qualified stock options (weighted 50%). The table below sets forth the target award opportunities with respect to long-term incentive compensation for equity grants made during fiscal 2017.

Target Award Opportunities

	Annual Equity Grants				Grants to Reflect Transition Period				Special Performance Grants		
Name	Target Performance Units($)	Stock Options($)	Restricted Units($)	Total($)	Target Performance Units($)	Stock Options($)	Restricted Units($)	Total($)	Target Performance Units($)	Stock Options($)	Total($)
Mark Trudeau	4,600,000	4,600,000	2,300,000	11,500,000	—	—	—	—	—	—	—
Matthew Harbaugh	1,100,000	1,100,000	550,000	2,750,000	275,200	275,200	137,600	688,000	1,167,500	1,167,500	2,335,000
Steven Romano, M.D.	880,000	880,000	440,000	2,200,000	220,000	220,000	110,000	550,000	1,100,000	1,100,000	2,200,000
Dr. Frank Scholz	800,000	800,000	400,000	2,000,000	200,000	200,000	100,000	500,000	1,000,000	1,000,000	2,000,000
Hugh O'Neill	800,000	800,000	400,000	2,000,000	200,000	200,000	100,000	500,000	1,000,000	1,000,000	2,000,000

Performance units. We grant performance units to create incentives for executives to achieve long-term performance goals aligned with our multi-year business strategies. Performance units represent unissued ordinary shares; we do not issue ordinary shares until the applicable performance-based vesting requirements are satisfied. The vesting requirements for performance units granted to NEOs during fiscal 2017 are based upon adjusted net revenue compound annual growth rate ("Net Revenue CAGR") and relative total shareholder return ("TSR"), each weighted at 50%, over a three-year performance period (fiscal 2017 to fiscal 2019).

- Net Revenue CAGR for the Company will be calculated for fiscal 2017 - fiscal 2019 (December 31, 2016 - December 27, 2019) using non-GAAP Net Sales Revenue where GAAP Net Sales Revenue has been adjusted to exclude the impact of both acquisitions and divestitures during the performance period.
- Relative TSR means our total shareholder return as compared against a broad performance peer group of pharmaceutical and life sciences companies, listed below. This group of companies is broader than the peer group of companies used for competitive comparisons of executive compensation, and it includes some companies that are much larger or much smaller than Mallinckrodt. The HRCC believes that use of a larger comparison group for measuring our TSR better reflects our market performance against the broad industry, even though some of the companies in the performance group would not be reasonable comparators for the compensation peer group because of extreme differences in size. The HRCC periodically reviews the TSR peer group and approves changes, based on the recommendation of WTW. The relative TSR measure provides a "total picture" of our performance and will balance the achievement of absolute internal goals (Net Revenue CAGR) with relative performance against our peers in a measure that is directly linked with long-term shareholder value creation. The relative TSR peer group companies approved by the HRCC for the 2017 grants are:

Abbvie Inc.	Eli Lilly and Company	Novo Nordisk A/A
Actelion Ltd. *	Endo International plc	Opko Health, Inc.
Akorn, Inc. *	Genus plc	Orion Oyj
Alexion Pharmaceuticals	Gilead Sciences Inc.	Pacira Pharmaceuticals, Inc.
Alkermes plc	Hikma Pharmaceuticals plc	Perrigo Company plc

Allergan plc	Horizon Pharma plc	Philbro Animal Health Corporation
Almirall, S.A.	Impax Laboratories Inc.	Regeneron Pharmaceuticals Inc.
Amgen Inc.	Incyte Corporation	Sanofi
AstraZeneca plc	Indivior plc	Shire plc
Biogen Inc.	Intrexon Corporation	Swedish Ophan Biovitrum AB
BioMarin Pharmaceutical Inc.	Ionis Pharmaceuticals, Inc.	Taro Pharmaceutical Industries Ltd.
Boiron SA	Ipsen S.A.	Teva Pharmaceutical Industries Ltd.
Bristol-Myers Squibb	Jazz Pharmaceuticals plc	United Therapeutics Corporation
Catalent, Inc.	Merck & Co., Inc.	Valeant Pharmaceuticals Intl.
Celgene Corporation	Merck KGaA	Vertex Pharmaceuticals Inc.
Cepheid *	Mylan N.V.	Virbac SA
Depomed, Inc.	Myriad Genetics, Inc.	Zoetis, Inc.

* subsequently removed from TSR peer group as a result of acquisition

These companies were selected because they are within our industry and represent potential alternative investment choices for our shareholders.

Non-qualified stock options. We grant stock options to create incentives for our executives to take actions and make decisions that align with long-term shareholder value and stock price growth. Non-qualified stock options generally permit a NEO to purchase ordinary shares at a per-share exercise price equal to the fair market value of ordinary shares on the date of grant. Fair market value is equal to the closing price of ordinary shares as reported on the NYSE on the grant date. Options granted to NEOs during fiscal 2017 as part of the annual equity grant ordinarily have a 10 year term and vest one-quarter annually beginning on the first anniversary of the grant date. The options granted to NEOs during fiscal 2017 in connection with the special one-time performance grant ordinarily vest in their entirety on the fourth anniversary of the grant date.

Restricted units. We grant restricted units to align the interests of management and shareholders and to promote retention of key talent over the vesting period. Restricted units represent unissued ordinary shares; we do not issue ordinary shares until the applicable vesting requirements are satisfied. When the vesting requirements are satisfied, the executive receives ordinary shares without restriction. Restricted units granted to NEOs during fiscal 2017 vest one-quarter annually beginning on the first anniversary of the grant date.

The HRCC, with input from our CEO for the other NEOs, in consideration of each NEO's level of responsibility and market data for similar positions at companies in our peer group sets long-term incentive grant value targets as percentages of base salary. For fiscal 2017, the target levels for each of the NEOs (other than Mr. Harbaugh) were increased to reflect levels of responsibility and market data for similar positions in our peer group. In addition, to reflect services provided during the three month transition period, the long-term grant value targets were increased by 25% while the special one-time performance grant value targets were based on a percentage (ranging from 70%-100%) of the long-term incentive grant value targets. The target grant values were then converted to equity amounts based on grant-date fair values. By using this value approach, the number of stock options, restricted units and performance units will vary from year to year based on, among other things, our share price at the time of grant, even though the awards may have the same dollar value under the valuation methodologies.

COMPENSATION DISCUSSION AND ANALYSIS

The table below sets forth the target long-term incentive compensation grant value for the fiscal 2017 equity awards, along with the target number of performance units, and the number of stock options and restricted units granted to each NEO, reflective of the 40%, 40% and 20% weighting, respectively, described above.

Fiscal 2017 Long-Term Incentive Compensation

Name	Target ($)	Target Number of Performance Units (#)	Number of Stock Options (#)	Number of Restricted Units (#)
Mark Trudeau	11,500,000	76,681	249,785	44,462
Matthew Harbaugh	2,750,000	18,338	59,731	10,633
Steven Romano, M.D.	2,200,000	14,670	47,785	8,506
Dr. Frank Scholz	2,000,000	13,337	43,441	7,733
Hugh O'Neill	2,000,000	13,337	43,441	7,733

Fiscal 2015 Performance Share Awards Results

The following table shows results for the three year period of the fiscal 2015 Performance Share Awards which was completed on September 29, 2017. The performance measures, each 50% weighted, were Adjusted EBITDA Margin and Relative Total Return to Shareholders. Adjusted EBITDA margin is calculated by taking Adjusted EBITDA and dividing by net sales revenue.

Fiscal 2015 Performance Share Awards Results

Financial Objectives	Threshold (50% Awarded)	Target (100% Awarded)	Maximum (200% Awarded)	Performance Result	Payout %
Adjusted EBITDA Margin (50% weight) (1)	40.9%	43.0%	47.3%	42.0%	76.2%
Relative Total Return to Shareholders (50% weight)	25th Percentile	50th Percentile (Median)	75th Percentile	6th Percentile	0%

(1) Adjusted EBITDA Margin represents net income before interest, income taxes, depreciation and amortization, adjusted to exclude certain items including discontinued operations; other income; net separation costs; restructuring charges; net immediately expensed up-front and milestone payments; acquisition related costs and non-cash impairment charges.

The following table shows target shares granted and shares that will payout based on performance results. The HRCC determined that Adjusted EBITDA Margin performance was 42.0% which resulted in a payout of 76.2% of target with respect to that portion of the award. The HRCC received external certification from AON Radford for Total Return to Shareholder results compared to the predetermined peer group, which showed that Mallinckrodt's Relative Total Return to Shareholders ranked at the 6th percentile, or below the minimum threshold, resulting in no payout with respect to that portion of the award. Since each performance measure was weighted equally, the 2015 Performance Share Awards ended up paying out at 38.1% of target as reflected in the table below.

Fiscal 2015 Performance Share Awards Grants and Payouts

Name	Grant Value ($) (1)	Shares Granted (#)	Shares Earned (#)	Realized Value ($) (2)
Mark Trudeau	3,100,000	26,367	10,046	236,282
Matthew Harbaugh	742,000	6,311	2,405	56,566
Steven Romano, M.D.(3)	—	—	—	—
Dr. Frank Scholz	430,000	3,658	1,394	32,787
Hugh O'Neill	475,000	4,041	1,540	36,221

(1) On the date of grant, the closing sales price per share of our ordinary shares as reported on the NYSE was $97.00.

(2) On the date of vesting, the closing sales price per share of our ordinary shares as reported on the NYSE was $23.52.

(3) Dr. Romano was not employed at the time the Fiscal 2015 Performance Share Awards were issued.

COMPENSATION DISCUSSION AND ANALYSIS

Fiscal 2018 Compensation Considerations

As stated earlier in the introductory comments under "Transition Period and Fiscal Year 2017 Executive Compensation Decisions," in considering compensation actions for fiscal 2018, the HRCC recognized many factors including: current competitive trends, changing industry dynamics, fiscal 2017 performance and the loss of shareholder value resulting from the decline in share price. For fiscal 2018, the HRCC has approved total compensation targets for Mr. Trudeau, Mr. Harbaugh and Mr. O'Neill that are approximately 11% below their respective target opportunity for fiscal 2017.

Other Benefits

We provide NEOs the same benefits that are provided to all employees, including defined contribution retirement benefits, health and welfare benefits and an employee stock purchase plan. In addition, our executive officers are provided with certain additional benefits, intended to be competitive with the practices of our peer companies.

Retirement Benefits. The NEOs are eligible to participate in our Retirement Savings and Investment Plan ("Mallinckrodt Retirement Savings Plan"), which is our 401(k) plan available to all eligible U.S. employees, and our Supplemental Savings and Retirement Plan ("Mallinckrodt Supplemental Savings Plan"), our non-qualified deferred compensation plan in which executive officers and other senior employees may participate. The Mallinckrodt Supplemental Savings Plan is a so-called "excess" plan that extends the 401(k) benefits beyond the Code limitations. For more information regarding the Mallinckrodt Supplemental Savings Plan, see "Executive Compensation Tables — Non-Qualified Deferred Compensation."

Bonus for Stock Exchange Program. From time to time, the NEOs may be eligible to participate in our Bonus for Stock Exchange Program which provides an additional opportunity for executive officers and other senior employees to accumulate ordinary shares. Under this program, participating employees may elect to exchange all or a portion of their bonus (not to exceed the target level) for restricted units granted. The company matches an additional 25% amount in restricted units as compensation for the delay in receiving the bonus and the risk of forfeiture. Amounts deferred pay out in the form of ordinary shares, in three equal annual installments beginning on the first anniversary of the grant date. No NEOs elected to participate in this program with respect to either the Transition Period Bonus Plan or the 2017 Global Bonus Plan. The HRCC elected to discontinue this program effective in 2018.

International Assignment Benefits. We ensure that employees who are sent on an assignment outside of their home country are subject to substantially the same income tax liability as they would have paid in the U.S. pursuant to our tax equalization program. Each such employee is responsible for a theoretical U.S. income tax liability based on an estimate of his or her anticipated U.S. income tax liability, and we are responsible for any home country and assignment country taxes in excess of that amount. We deduct hypothetical income taxes from the employee's compensation during the tax year and pay any assignment country taxes on his or her behalf. Mr. Trudeau and Dr. Scholz were each provided with these benefits during all or part of fiscal 2017 as Mr. Trudeau and Dr. Scholz are employed on a partial secondment arrangement to the United Kingdom.

Health and Welfare Benefits. The health and welfare benefits we provide to the NEOs are offered to all eligible U.S. based employees and include medical, dental, prescription drug, vision, life insurance, accidental death and dismemberment, business travel accident, personal and family accident, flexible spending accounts, short- and long-term disability coverage and an employee assistance program.

Additional Benefits. We maintain an executive physical examination program and an executive financial and tax planning program for executive officers. These programs are intended to encourage executives to proactively manage their health and complex financial/tax situations, thereby enabling them to focus on the business. The benefits are periodically benchmarked versus comparable companies and intended to be competitive for our industry. Under our business travel expense policy, we will reimburse executive officers who are required to spend 90 days per year in the United Kingdom for up to four trips per year for their spouse or partner to visit them. In addition, when we request a spouse or partner to attend a business meeting, such as our annual national sales recognition program for top performers, we reimburse executive officers for expenses related to this travel. In these circumstances, we reimburse executive officers for the income taxes associated with these travel expenses.

Employee Stock Purchase Plan. Our Board of Directors adopted, and our shareholders approved, our 2016 Employee Stock Purchase Plan, which we refer to as the ESPP. The ESPP is designed to qualify as an “employee stock purchase plan” under Section 423 of the Code. Eligible employees authorize payroll deductions to be made for the purchase of ordinary shares and, for fiscal 2017, we provided a 15% discount for all employees who participated in this program for up to $25,000 of an employee's payroll deductions in the calendar year. Shares utilized were treasury shares and are required to be held by participants for 12 months after purchase.

Severance Benefits. We maintain an executive severance plan that provides benefits to our senior executives upon an involuntary termination of employment for any reason other than cause, permanent disability or death. We provide this plan to enable our executives to devote their full attention to our business by ensuring they will have some financial security in the event of an involuntary termination of employment without cause. Severance benefits, in the form of base salary continuation, bonus and health benefits are generally payable for 18 months (24 months for our CEO) following a qualifying termination of employment. Executives whose employment is involuntarily terminated without cause during the first twelve months of employment receive base salary continuation and health benefits for 9 months (12 months for our CEO) and do not receive a bonus. Receipt of these benefits is conditioned upon the executive signing a release of any claims against us.

Change in Control Benefits. We maintain a change in control plan that provides benefits to certain senior executives upon an involuntary termination of employment or good reason resignation that occurs during a period shortly before and continuing after a change in control (a double-trigger arrangement). We provide this plan to encourage our executives to remain neutral in the face of a potential transaction that may benefit shareholders but result in the loss of the executive's employment. Benefits are generally payable following a qualifying termination of employment in a lump-sum cash payment equal to 1.5 times (two times for our CEO) the sum of the executive's base salary and the average of the executive's bonus for the previous three fiscal years. Additional benefits provided upon a change in control termination include full vesting of outstanding equity awards (double-trigger), continued subsidy for health plan premiums for an 18-month period (24 months for our CEO) and outplacement services. Receipt of change in control severance benefits is conditioned upon the executive signing a release of any claims against us. The plan does not provide excise tax gross-ups.

Share Ownership Requirements

To reinforce the alignment of management and shareholder interests, the Board established share ownership requirements under which executive officers are expected to hold equity with a value expressed as a multiple of base salary as follows:

CEO	5 times base salary
Other Executive Officers	3 times base salary

In determining an executive's ownership, shares held directly as well as shares underlying restricted units (less a 40% tax assumption) are included. Shares underlying unexercised stock options and unvested performance units are not included in the calculation. Until the required share ownership level is achieved, the executives are required to retain at least 50% of net profit shares. Net profit shares are shares remaining after payment of the exercise price, if applicable, and taxes upon the exercise of stock options, vesting of restricted units and earn-out of performance units. Due to the significant decline in the Company's stock price since the end of fiscal 2016, none of our executive officers met their ownership requirements as of the end of fiscal 2017.

Anti-Hedging/Anti-Pledging Policy

Our Insider Trading Policy prohibits directors, officers and employees from entering into or trading in puts, calls, cashless collars, options or similar rights and obligations or any other hedging activity involving our securities, other than the exercise of a Company-issued stock option.

Our policy also prohibits directors, officers and employees from purchasing our securities on margin, borrowing against our securities held in a margin account or pledging our securities as collateral for a loan. However, an exception may be granted by our General Counsel if the individual clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities.

Compensation Recovery Policy ("Clawback")

Since its separation from Covidien plc in 2013, the Corporate Governance Guidelines have mandated that the Company have a Board-approved policy for recoupment of incentive compensation. This policy was originally implemented by the Board in 2014, and was recently amended in response to a productive engagement between members of the Board and certain shareholders. Mallinckrodt's policy states that in the event of (i) a restatement of financial or operating results due to material non-compliance with financial reporting requirements or (ii) misconduct resulting in a material violation of the Company's policies that results in significant harm to the Company, the HRCC is authorized to recover ("clawback") any incentive compensation that was overpaid to certain employees, including NEOs, taking into account such factors as the HRCC deems appropriate.

Deductibility of Executive Compensation

The HRCC has generally intended to structure our executive compensation in a manner designed to qualify for deductibility under Section 162(m) of the Code when consistent with our overall compensation program objectives, while also maintaining maximum flexibility in the design of our compensation programs and in making appropriate payments to NEOs.

The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our NEOs in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

Because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, the HRCC reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with our business needs. The Transition Period Bonus Plan does not qualify for tax deduction under Section 162(m).

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Committee Report on Executive Compensation

The Human Resources and Compensation Committee ("HRCC") is responsible for the oversight of our compensation programs on behalf of the Board of Directors. In fulfilling these responsibilities, the HRCC has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement.

Based on the review and discussions referred to above, the HRCC recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Mallinckrodt's Proxy Statement for the 2018 Annual General Meeting of Shareholders, which will be filed with the Securities and Exchange Commission.

Human Resources and Compensation Committee
David R. Carlucci, Chairman
Diane H. Gulyas
David Y. Norton

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation Tables
SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)[3]	Total ($)
Mark C. Trudeau	2017	1,050,000	—	7,813,805	4,600,016	866,250	696,639	15,026,710
President and Chief Executive Officer	Trans. Period	230,769	—	—	—	328,250	55,761	614,780
	2016	1,038,461	—	5,876,436	3,900,004	1,587,500	245,065	12,647,466
	2015	1,005,769	—	4,445,289	2,995,289	1,053,750	228,409	9,728,506
Matthew K. Harbaugh	2017	570,000	—	3,731,411	2,542,720	302,800	56,262	7,203,193
Executive Vice President and Chief Financial Officer	Trans. Period	131,538	—	—	—	99,800	12,909	244,247
	2016	581,154	—	1,661,817	1,100,003	557,400	96,456	3,996,830
	2015	533,462	—	1,064,059	716,946	312,753	72,256	2,699,476
Steven Romano, M.D.	2017	550,000	—	3,168,250	2,200,000	342,100	53,956	6,314,306
Executive Vice President and Chief Science Officer	Trans. Period	126,923	—	—	—	89,400	7,615	223,938
Dr. Frank Scholz	2017	549,038	—	2,880,221	2,000,004	481,800	104,983	6,016,046
Executive Vice President of Global Operations and President, Specialty Generics	Trans. Period	115,385	—	—	—	81,300	19,669	216,354
	2016	469,616	—	914,151	600,016	417,700	122,897	2,524,380
	2015	430,000	—	616,732	415,487	254,000	57,366	1,773,585
Hugh M. O'Neill	2017	550,000	—	2,880,221	2,000,004	200,600	63,407	5,694,232
Executive Vice President and President, Autoimmune and Rare Diseases	Trans. Period	109,615	—	—	—	89,400	36,007	235,022
	2016	493,270	—	1,020,076	680,003	490,500	104,632	2,788,481
	2015	454,808	—	681,283	458,968	207,869	459,032	2,261,960

(1) The amounts reported represent the aggregate grant date fair value, computed in accordance with Accounting Standards Codification 718 ("ASC 718"), of restricted units, performance units and stock option awards granted to each of our NEOs during fiscal 2017. For performance units, the values shown reflect the grant date fair value based on the probable outcome of the performance conditions. If the highest level of achievement of the performance conditions were assumed, the value of the performance units at the grant date for the proxy officers (other than Dr. Romano) for fiscal years 2017, 2016 and 2015, respectively, would be: Mr. Trudeau, $10,948,114, $9,792,445 and $10,226,177; Mr. Harbaugh, $6,051,938, $2,762,014 and $2,447,658; Dr. Scholz, $4,760,397, $1,506,609 and $1,418,719; and Mr. O'Neill, $4,760,397, $1,707,490 and $1,567,261. If the highest level of achievement of the performance conditions were assumed, the value of the performance units at the grant date for Dr. Romano for fiscal year 2017 would be $5,236,408. Further information regarding the fiscal 2017 awards is included in the Fiscal 2017 Grants of Plan-Based Awards Table, the Outstanding Equity Awards at 2017 Fiscal

Year-End Table and the CD&A.

Amounts reported do not correspond to the actual value that may be recognized by the NEOs, which may be higher or lower based on a number of factors, including our performance, stock price fluctuations and applicable vesting. For additional information relating to assumptions made in the valuation for current year awards reflected in these columns, see Note 16 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2017.

For fiscal 2017, the Stock Awards column includes $465,056 for Mr. Harbaugh; $371,879 for Dr. Romano; $338,000 for Dr. Scholz and $338,000 for Mr. O'Neill, respectively, related to restricted units and performance units granted with respect to the transition period and $1,389,413 for Mr. Harbaugh; $1,309,102 for Dr. Romano; $1,190,099 for Dr. Scholz and $1,190,099 for Mr. O'Neill, respectively, related to performance units granted in connection with the one-time special performance grant. For fiscal 2017, the Option Awards column includes $275,207 for Mr. Harbaugh; $219,996 for Dr. Romano; $199,997 for Dr. Scholz and $199,997 for Mr. O'Neill, respectively, related to stock option awards granted with respect to the transition period and $1,167,513 for Mr. Harbaugh; $1,100,000 for Dr. Romano; $1,000,002 for Dr. Scholz and $1,000,002 for Mr. O'Neill, respectively, related to stock option awards granted in connection with the one-time special performance grant.

(2) The amounts reported represent incentive cash awards paid to the NEOs under our 2017 Global Bonus Plan and our short-term incentive plan for the transition period. For information regarding the calculation of these awards, see the CD&A.

(3) The amounts reported represent the aggregate dollar amount for each NEO for employer contributions to the Retirement Savings Plan, employer credits to the Supplemental Savings Plan, executive financial planning, relocation benefits, expatriate and international assignment benefits, executive physicals, executive financial planning and tax reimbursements. We also have Company-purchased tickets to athletic or other events which are generally used for business purposes. In limited instances our named executive officers may have personal use of Company-purchased event tickets when they are not being used for business purposes. No amounts are included because there is no incremental cost to us of such personal use. The following table shows the specific amounts included in the All Other Compensation column of the Summary Compensation Table for the transition period and fiscal 2017.

COMPENSATION OF EXECUTIVE OFFICERS

ALL OTHER COMPENSATION

Name	Period	Contributions to Retirement Savings Plan ($)	Credits to Supple-mental Savings Plan ($)	Relocation Benefits ($)	International Assignments ($) (1)	Tax Reimburse-ment Payments ($) (2)(3)(4)	Other ($)(5)	Total ($)
Mark C. Trudeau	Fiscal 2017	16,090	66,495	—	20,355	576,159	17,540	696,639
	Transition Period	—	13,846	—	—	41,915	—	55,761
Matthew K. Harbaugh	Fiscal 2017	15,880	23,988	—	—	38	16,356	56,262
	Transition Period	—	12,909	—	—	—	—	12,909
Steven Romano, M.D.	Fiscal 2017	16,200	22,164	—	—	127	15,465	53,956
	Transition Period	—	7,615	—	—	—	—	7,615
Dr. Frank Scholz	Fiscal 2017	14,904	21,621	—	—	53,318	15,140	104,983
	Transition Period	—	8,427	—	—	11,080	162	19,669
Hugh M. O'Neill	Fiscal 2017	13,955	24,409	—	—	8,406	16,637	63,407
	Transition Period	—	36,007	—	—	—	—	36,007

(1) As part of international assignments, executives who are assigned to the United Kingdom for 90 days or more may submit travel expenses for their partner or spouse for up to four trips per year. These expenses are grossed up for taxes. Additional information is available in the Additional Benefits section of the CD&A.
(2) Tax reimbursement related to the Mallinckrodt's company-wide iMpact Recognition and Rewards Program: Messrs. Harbaugh: $38 and O'Neill: $30 and Drs. Scholz: $76 and Romano: $127 received.
(3) Mr. Trudeau and Mr. O'Neill received tax reimbursement for expenses incurred by partners or spouses who were requested to attend an annual national sales recognition program.
(4) Pursuant to footnote (1) of the All Other Compensation table included above, Mr. Trudeau and Dr. Scholz received tax reimbursement as part of their international assignments.
(5) Includes amounts for executive physicals and executive financial planning.

COMPENSATION OF EXECUTIVE OFFICERS

Grants of Plan-Based Awards

The following table provides information concerning the annual cash incentive awards and equity incentive awards granted to each of our NEOs in fiscal 2017 under the Stock and Incentive Plan.

- "GBP" is the annual cash incentive award payable pursuant to our 2017 Global Bonus Plan.
- "PSUs" are restricted unit awards subject to performance-based vesting.
- "RSUs" are restricted unit awards subject to time-based vesting.
- "Options" are nonqualified stock options subject to time-based vesting.

For a more complete understanding of the table, please read the footnotes that follow the table, as well as the related discussion in the CD&A.

FISCAL 2017 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Date of Commit-tee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All other Stock Awards: Number of Shares of Stock or Units (#)	All other Option Awards: Number of Securities Under-lying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(3)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Mark C. Trudeau												
GBP			656,250	1,312,500	3,937,500							
PSUs	1/3/2017	11/16/2016				19,170	76,681	153,362				5,474,057
RSUs	1/3/2017	11/16/2016										