

Mallinckrodt plc  
Form DEF 14A  
January 18, 2017  
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  Filed by a Party other than the Registrant   
Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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)

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Payment of Filing Fee (Check the appropriate box):

No fee required.

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

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

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):

(3)

Proposed maximum aggregate value of transaction:

(4)

Total fee paid:

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Fee paid previously with preliminary materials.

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.

Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

Filing Party:

(3)

Date Filed:

(4)

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Notice of  
2017 Annual General Meeting  
of Shareholders and Proxy Statement

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January 18, 2017

Dear Shareholder,

You are cordially invited to attend the 2017 Annual General Meeting of Mallinckrodt plc, which will be held on Wednesday, March 1, 2017, 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

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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 2017 ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD MARCH 1, 2017

The 2017 Annual General Meeting of Mallinckrodt plc (“Mallinckrodt” or the “Company”), a company incorporated under the laws of Ireland, will be held on March 1, 2017, 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 2018, the following individuals:

- (a) Melvin D. Booth (e) JoAnn A. Reed (i) Kneeland C. Youngblood, M.D.  
(b) David R. Carlucci (f) Angus C. Russell (j) Joseph A. Zaccagnino  
(c) J. Martin Carroll (g) Virgil D. Thompson  
(d) Diane H. Gulyas (h) Mark C. Trudeau

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 to set the independent auditors’ remuneration.

3. To hold an advisory vote to approve the Company’s executive compensation.

4. To authorize the Company and/or any subsidiary of the Company to make market purchases or overseas market purchases of Company shares.

5. To authorize the price range at which the Company can re-allot shares that it holds as treasury shares (Special Resolution).

6. To approve the amendment of the Company’s (a) Memorandum of Association to make certain administrative amendments and (b) Articles of Association to make certain administrative amendments (Special Resolutions).

7. To approve the reduction of Company capital (Special Resolution).

8. To act on such other business as may properly come before the meeting or any adjournment thereof.

Proposals 1 through 4 are ordinary resolutions, requiring the approval of a simple majority of the votes cast at the meeting, in person or by proxy. Proposals 5 through 7 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 January 4, 2017, 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 fiscal year ended September 30, 2016.

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,

KENNETH L. WAGNER,  
Secretary

January 18, 2017

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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 September 30, 2016 and our Irish Statutory Accounts are available to shareholders of record at [www.proxyvote.com](http://www.proxyvote.com). These materials are also available on the Investor Relations section of our website at [www.mallinckrodt.com](http://www.mallinckrodt.com).

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## PROXY STATEMENT SUMMARY

PROXY  
STATEMENT  
SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement, which we are making available to you on or about January 18, 2017 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" or the "Company"). You should read this entire Proxy Statement carefully before voting. For information regarding our fiscal 2016 operating performance, please review our Annual Report on Form 10-K.

## 2017 Annual General Meeting of Shareholders

**D**ate and Time: March 1, 2017, at 9:30 a.m., local time

**P**lace: Sofitel London Heathrow Hotel, Terminal 5, London Heathrow Airport, London TW6 2GD, United Kingdom.

**S**hareholders in Ireland may participate in the Annual General Meeting by audio link at the offices of Arthur Cox, Earlsfort Centre, Dublin 2, Ireland

**R**ecord Date: January 4, 2017

**V**oting: 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.

**O**rdinary Shares Outstanding as of Record Date: 104,776,826

**T**ransfer Agent: Computershare Inc.

**P**lace of Incorporation: Ireland

## Meeting Agenda and Voting Recommendations

Proposal	Our Board's Recommendation
Elect directors (page <a href="#">50</a> )	FOR each nominee
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 <a href="#">54</a> )	FOR
Advisory vote to approve executive compensation (page <a href="#">55</a> )	FOR
Authorization to make market purchases or overseas market purchases of Company shares (page <a href="#">56</a> )	FOR
Authorization of the price at which the Company can re-allot shares held as treasury shares (Special Resolution) (page <a href="#">57</a> )	FOR
Approval of amendments to the Company's (a) Memorandum of Association to make certain administrative amendments; and (b) Articles of Association to make certain administrative amendments (Special Resolutions) (page <a href="#">58</a> )	FOR
Approval of reduction of Company capital (Special Resolution) (page <a href="#">59</a> )	FOR

## Our Director Nominees

Name	Age	Director Since	Principal Occupation	Committee Memberships	Other Public Company Boards
Melvin D. Booth*	71	2013	Former President of MedImmune	Audit; Portfolio	1
	62	2013			1

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David R. Carlucci*		Former Chairman, Chief Executive Officer and President of IMS Health	Human Resources and Compensation (Chair)
J. Martin Carroll*	67 2013	Former President and Chief Executive Officer of Boehringer Ingelheim Corporation	Compliance (Chair); Nominating and Governance <sup>3</sup>

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## PROXY STATEMENT SUMMARY

Name	Age	Director Since	Principal Occupation	Committee Memberships	Other Public Company Boards
Diane H. Gulyas*	60	2013	Former President of the Performance Polymers Division of E. I. duPont de Nemours Healthcare services consultant and former	Human Resources and Compensation	2
JoAnn A. Reed*	61	2013	Senior Vice President, Finance and Chief Financial Officer of Medco Health Solutions	Audit (Chair)	2
Angus C. Russell*	61	2014	Former Chief Executive Officer of Shire plc	Portfolio (Chair); Audit	3
Virgil D. Thompson*	77	2014	Former President and Chief Executive Officer of Angstrom Pharmaceuticals, Inc.	Human Resources and Compensation	1
Mark C. Trudeau	55	2013	President and Chief Executive Officer of Mallinckrodt plc	Portfolio	1
Kneeland C. Youngblood, M.D.*	61	2013	Founding Partner of Pharos Capital Group	Compliance; Nominating and Governance	2
Joseph A. Zaccagnino*	70	2013	Former President and Chief Executive Officer of Yale New Haven Health System	Nominating and Governance (Chair); Compliance	0

\* Independent Director

## GENERAL INFORMATION

### 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 January 18, 2017 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 2017 Annual General Meeting on March 1, 2017. 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 2017 Annual General Meeting are available on the Investor Relations section of our website at [www.mallinckrodt.com](http://www.mallinckrodt.com):

- Our Internet Notice of Availability of Proxy Materials;
- Our Annual Report on Form 10-K for the fiscal year ended September 30, 2016; and
- Our Irish Statutory Accounts for the fiscal year ended September 30, 2016 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, January 4, 2017, 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 104,776,826 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.

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## GENERAL INFORMATION

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.

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 February 28, 2017.

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.

## GENERAL INFORMATION

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, the approval of amendments to the Company’s Memorandum of Association and Articles of Association to make certain administrative amendments, and the approval of the reduction of the Company’s capital 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.

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. Authorization to make market purchases or overseas market purchases of Company shares	Majority of votes cast
5. Authorization of the price at which the Company can reissue shares held as treasury shares (Special Resolution)	75% of votes cast

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Approval of amendments to the Company's (a) Memorandum of Association to make certain	
6. administrative amendments; and (b) Articles of Association to make certain administrative	
amendments (Special Resolutions)	75% of votes cast
7. Approval of reduction of Company capital (Special Resolution)	75% of votes cast

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## GENERAL INFORMATION

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.

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.

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.

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## GENERAL INFORMATION

**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 January 4, 2017, 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 us at +44 017 8463 6700.

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.

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 to assist in solicitation of proxies and have agreed to pay Innisfree M&A Incorporated \$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 Inc. 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 [www.computershare.com](http://www.computershare.com).

Where can I find more information about Mallinckrodt?

For other information about Mallinckrodt, you can visit our website at [www.mallinckrodt.com](http://www.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.



## CORPORATE GOVERNANCE

### 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 and New York Stock Exchange (NYSE) requirements. Although we are an Irish public limited company that is tax resident in the United Kingdom, 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/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 "claw-back", of executive compensation; and
- Ethics and conflicts of interest.

Our Corporate Governance Guidelines are posted on our website at [www.mallinckrodt.com](http://www.mallinckrodt.com).

## CORPORATE GOVERNANCE

### 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. These independent directors are: Melvin D. Booth, David R. Carlucci, J. Martin Carroll, Diane H. Gulyas, JoAnn A. Reed, Angus C. Russell, Virgil D. Thompson, Kneeland C. Youngblood, M.D. and Joseph A. Zaccagnino. 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.

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## CORPORATE GOVERNANCE

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 Committee reviews a potential new candidate, the 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 2018 Annual General Meeting, a shareholder recommendation for director must be received by our Company Secretary not earlier than the close of business on November 1, 2017 and not later than the close of business on December 1, 2017. 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. All 10 of our nominees for director are current members of the Board. In evaluating candidates for director, the 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

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## CORPORATE GOVERNANCE

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 in June 2013, the positions of Chairman of the Board and Chief Executive Officer have been held by separate people, due in part to the fact that we are a relatively new independent public company, no longer part of a conglomerate, and also to the fact that the Board is relatively newly constituted. 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. 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. 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, [www.mallinckrodt.com](http://www.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, 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 conducted a risk assessment of our compensation policies and practices during fiscal 2016. 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. 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 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.

### 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.

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## CORPORATE GOVERNANCE

### 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@mallinckrodt.com](mailto:board.directors@mallinckrodt.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 [www.mallinckrodt.com/Company\\_Contacts/](http://www.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 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

## BOARD OF DIRECTORS AND BOARD COMMITTEES

## General

Our business, property and affairs are managed under the direction of the Board of Directors, which currently is comprised of 10 members. 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 fiscal 2016, the Board held five meetings. All of our 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 in fiscal 2016. Our Corporate Governance Guidelines provide that Board members are expected to attend each Annual General Meeting. All of our Board members attended our 2016 Annual General Meeting, with the exception of Mr. Don Bailey. Mr. Bailey did not stand for re-election at our 2016 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, 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					
JoAnn A. Reed					
Angus C. Russell					
Virgil D. Thompson					
Kneeland C. Youngblood, M.D.					
Joseph A. Zaccagnino					
Employee Director					
Mark C. Trudeau					
Number of Meetings Held in Fiscal 2016	10	5	4	4	5

Chairman of the Board    Chairperson    Member

## BOARD OF DIRECTORS AND BOARD COMMITTEES

### 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. 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 held 10 meetings during fiscal 2016. The Audit Committee operates under a charter approved by the Board, which is posted on our website at [www.mallinckrodt.com](http://www.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. Thompson, each of whom is independent under NYSE listing standards. Ms. Gulyas was appointed to serve on the Human Resources and Compensation Committee on November 17, 2016. Mr. Carlucci is the Chair of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee held five meetings during fiscal 2016. The Human Resources and Compensation Committee operates under a charter approved by the Board, which is posted on our website at [www.mallinckrodt.com](http://www.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 held four meetings during fiscal 2016. The Nominating and Governance Committee operates under a charter approved by the Board, which is posted on our website at [www.mallinckrodt.com](http://www.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 held four meetings during fiscal 2016. The Compliance Committee operates under a charter approved by the Board, which is posted on our website at [www.mallinckrodt.com](http://www.mallinckrodt.com).

### Portfolio Committee

The Portfolio Committee provides oversight of our portfolio of external business development and internal research and development investments and activities. The members of the Portfolio Committee are Mr. Booth, Mr. Russell and Mr. Trudeau, a majority of whom are independent under NYSE listing standards. Mr. Russell serves as the Chair of the Portfolio Committee. The Portfolio Committee held five meetings during fiscal 2016. The Portfolio Committee operates under a charter approved by the Board, which is posted on our website at [www.mallinckrodt.com](http://www.mallinckrodt.com).

## COMPENSATION OF NON-EMPLOYEE DIRECTORS

### 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 four 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 2016, 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.

#### Equity Awards

**Restricted Units.** At the time of our 2016 Annual General Meeting, each non-employee director received an annual grant of restricted units with a value of \$225,000. In July 2016, the annual grant value was increased by \$70,000 to \$295,000 and each director received a grant of restricted units with a value of \$70,000. Additionally, our non-executive Chairman received, at the time of our 2016 Annual General Meeting, additional restricted units with a value of \$112,000. The 2016 awards vest on the earlier of March 16, 2017 or the date of our 2017 Annual General Meeting.

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 Matching Gift Program, we match employee and director contributions to charitable organizations up to \$2,500. 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.

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## 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 fiscal year ended September 30, 2016. 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.

2016 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Melvin D. Booth	160,000	407,000	0	567,000
Don M. Bailey <sup>(3)</sup>	57,500	0	0	57,500
David R. Carlucci	120,000	295,000	0	415,000
J. Martin Carroll	120,000	295,000	2,500	417,500
Diane H. Gulyas	105,000	295,000	2,500	402,500
Nancy S. Lurker <sup>(4)</sup>	86,538	225,000	0	311,538
JoAnn A. Reed	125,000	295,000	0	420,000
Angus C. Russell	112,962	295,000	0	407,962
Virgil D. Thompson	105,000	295,000	0	400,000
Kneeland C. Youngblood, M.D.	110,000	295,000	2,500	407,500
Joseph A. Zaccagnino	120,000	295,000	2,500	417,500

The amounts reported reflect the aggregate grant date fair value of restricted units granted in fiscal 2016, 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 September 30, 2016, Mr. Booth had 7,089 unvested restricted units outstanding, and each other current director listed in the table above had 5,078 unvested restricted units outstanding.

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

(3) Mr. Bailey retired from the Board on March 16, 2016.

(4) Ms. Lurker resigned from the Board on July 21, 2016.

## COMPENSATION DISCUSSION AND ANALYSIS

### COMPENSATION OF EXECUTIVE OFFICERS

## COMPENSATION DISCUSSION AND ANALYSIS

Mallinckrodt is a global specialty pharmaceutical company dedicated to its mission: Managing Complexity, Improving Lives. Our Acquire to Invest business model is applied to therapies that aid healthcare providers in treating patients, including small, underserved populations who may be challenged by devastating conditions.

We invest in areas such as autoimmune and rare diseases; immunotherapy and neonatal respiratory critical care therapies; analgesics and hemostasis products; and central nervous system drugs. Our investment in these medicines -- both in development and after approval -- provides clinical and economic data to help clinicians as they make treatment choices, and in some instances is introducing long approved medications to a whole new generation of physicians and, ultimately, patients. Equally important, we invest in our people -- hiring the best and offering ample opportunities for career growth.

### Fiscal 2016 Performance Highlights

Fiscal 2016 was an important year for Mallinckrodt. We continued to make great progress against our overall strategic objective: to create a highly successful, diversified, specialty pharmaceutical business providing valuable therapies for underserved patient populations in areas of high unmet medical need, creating good jobs and a rich diverse workplace for our employees, and driving growth and profitability by investing in our products to reach new patients and deliver long-term value to our shareholders. In the year, we made great strides in transforming our portfolio, delivering near-term value on our acquisitions and continuing to create platforms on which to drive organic growth for many years to come.

Key performance highlights for fiscal 2016 include:

Net sales were \$3.381 billion, compared with \$2.923 billion in the prior year, representing a 15.7% increase. The increase was primarily driven by the full year inclusion of INOMAX® and Therakos® immunotherapy net sales along with Acthar® net sales growth within the Specialty Brands segment. These increases were partially offset by decreased sales in all Specialty Generics categories due to increased competition;

Income from continuing operations was \$489.0 million, compared with \$236.6 million in fiscal 2015;

Diluted earnings per share from continuing operations were \$4.39 compared with \$2.00 in fiscal 2015;

Net cash provided by operating activities was \$1,184.6 million, compared with \$896.4 million in fiscal 2015;

We further expanded our Specialty Brands business through the acquisition of three commercial hemostasis products and the development product StrataGraft® regenerative skin tissue; and

We completed the divestiture of our Contrast Media and Delivery Systems business and announced the planned divestiture of our Nuclear Imaging business.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

Our executive compensation program is designed to motivate our executives to achieve financial, operational and strategic performance goals that we believe will benefit diverse patient populations with unmet medical needs and drive long-term value for our shareholders. The program is weighted toward incentive and stock-based compensation so that executives' actual realized compensation will be higher when we achieve these goals and lower when we under perform. We understand and expect our executives will be highly motivated to pursue our objectives, and have implemented policies and practices to discourage excessive risk-taking behavior.

### Guiding Principles for Executive Compensation

To Align our Programs with Shareholder Interests, we:

- Design our pay programs to help ensure that the long-term incentive pay and the funding of a significant portion of short-term incentive pay of our executives are linked to our overall performance;
- Maintain market aligned share ownership requirements, including 5 times base salary for our President and Chief Executive Officer ("CEO") and 3 times base salary for our other executive officers, which helps to ensure that they have a significant stake in our long-term success;
- Grant equity awards that generally vest over a minimum three-year period;
- Provide a mix of performance and time vesting equity vehicles;
- Prohibit the repricing or exchange of equity awards without shareholder approval; and
- Review our compensation programs and policies to ensure they do not encourage excessive risk-taking.

To Develop High Caliber Talent, we:

- Have the Human Resources and Compensation Committee ("HRCC") oversee executive talent and succession planning processes, not just strictly compensation decisions;
- Involve HRCC members in the executive officer selection process;
- Conduct annual Management Talent Reviews that assess critical organization capabilities, executive team performance, succession depth and retention risk;
- Share results of the Management Talent Review for our most senior executives with the HRCC;
- Solicit performance feedback from the full Board regarding our CEO's performance; and
- Require annual performance evaluations for all executives.

To Motivate Executives and Align Pay with Performance, we:

- Maintain executive compensation principles to support and drive our values, business strategies, and goals;
- Weight our executive compensation mix heavily toward variable, rather than fixed compensation;
- Design our programs to differentiate payouts based on business and individual performance;
- Ensure that our programs deliver below target compensation to executives in years with below target performance and deliver above target compensation to executives in years with above target performance; and
- Include both relative and absolute performance metrics in our long-term performance units program.

To Attract and Retain High Caliber Talent, we:

- Set our target executive compensation structure competitively with our defined market for talent;
- Review our executive compensation peer group on a regular basis to help ensure it is representative of our market for talent and our business portfolio;
- Use multiple industry surveys and advisory resources to help ensure a current understanding of changing market competitive practices; and
- Provide market competitive benefits for our executives.

## COMPENSATION DISCUSSION AND ANALYSIS

To Practice Sound Governance, we:

- Have an executive compensation clawback policy that allows us to recover performance-based cash and equity incentive compensation paid to executives in various circumstances;
- Do not enter into long-term employment contracts with our executive officers (except as required outside the United States);
- Require "double trigger" severance upon a change in control;
- Prohibit directors, officers and employees from entering into or trading in puts, calls, cashless collars, options or similar rights and obligations involving our securities, other than the exercise of a Company-issued stock option;
- Prohibit tax gross-ups to our executives other than for relocation expenses, limited business-related benefits or in connection with expatriate / international assignments; and
- Engage an independent compensation consultant as an advisor to the HRCC and formally review the advisor's performance and independence annually.

We believe that executive compensation programs play a key role in driving our performance.

In future years, we expect to continue to drive performance in our business by rewarding executives who deliver strong results that benefit patients and shareholders.

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 Trudeau, President and Chief Executive Officer.

• Matthew Harbaugh, Executive Vice President and Chief Financial Officer.

• Frank Scholz, Executive Vice President of Global Operations and President, Specialty Generics.

• Hugh O'Neill, Executive Vice President and President, Autoimmune and Rare Diseases.

• Gary Phillips, Executive Vice President and Chief Strategy Officer.

### 2016 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 for corporate 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



COMPENSATION DISCUSSION AND ANALYSIS

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

Long-term incentive compensation

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 2016-2018 performance period, half of the performance units are based on our adjusted Net Revenue Compound Average 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 at 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 2016, 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 “Long-Term Incentive Awards” 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.

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 (US 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.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Compensation Philosophy

Our compensation philosophy is designed to attract, retain and motivate our executive officers. The core principles of that compensation philosophy are as follows:

• Compensation should strongly align the interests of executive officers with those of patients, employees and shareholders;

• Compensation policies and practices should support effective governance;

• 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 that results from performance should deliver above target compensation when we exceed our target goals and below target compensation when our performance falls short of our goals;

• 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; and

• 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.

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## COMPENSATION DISCUSSION AND ANALYSIS

### 2016 Say-on-Pay Shareholder Vote

At our 2016 Annual General Meeting, we provided our shareholders with the opportunity to cast an advisory vote on our 2015 executive compensation program. Over 97% of the votes cast were voted in favor of the proposal. We believe the 2016 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 2016 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 markets 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 fiscal 2016, a transition occurred from Frederic W. Cook & Company ("Cook") to Willis Towers Watson ("WTW") as independent compensation consultants to the HRCC. The HRCC assessed the independence of Cook and WTW and determined that Cook and WTW are independent and that no conflicts of interest exist currently or existed during fiscal 2016. Cook and WTW report directly to the HRCC and do not provide executive compensation services to, or on behalf of, any other part of our business. Cook provided review of HRCC materials, including executive positioning relative to the external market and also provided advice to the HRCC on compensation issues. 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. 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.

**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 the recommendation of WTW. For fiscal 2016, the HRCC approved a peer group that included the 16 companies listed below. 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.



## COMPENSATION DISCUSSION AND ANALYSIS

The following table sets forth the peer group companies approved by the HRCC for use in 2016 competitive analysis of executive compensation:

Alkermes plc <sup>1</sup>	Endo International plc	Perrigo Co. plc
Alexion Pharmaceuticals, Inc.	Impax Laboratories	Shire plc
Biogen Inc.	Incyte Corp.	United Therapeutics Corp.
BioMarin Pharmaceutical Inc.	Jazz Pharmaceuticals plc	Valeant Pharmaceuticals International Inc.
Celgene Corp.	Medivation, Inc.	Vertex Pharmaceuticals Inc.
	Mylan N.V.	

In March 2016, the HRCC, with the assistance of WTW, analyzed this peer group to determine whether it should be revised in light of our increased revenue, market capitalization and complexity. In addition, one peer company was less comparable to us due to industry and size. After consideration of various factors, the HRCC made the following changes to the peer group, effective for fiscal 2017:

Peer Companies Removed    Peer Companies Added

Alkermes plc <sup>1</sup>                      CSL Ltd.

<sup>1</sup> Less comparable to us due to industry or size.

In selecting the peer group, the HRCC considered revenue and market capitalization, in addition to business similarity and our market for executive talent. Fiscal 2016 peer group summary information is provided below in terms of revenue and market capitalization:

	Revenue for Four Prior Quarters ending December 25, 2015 (\$ Millions)	Market Capitalization as of February 16, 2016 (\$ 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 of that peer group are shown in the Performance Units section beginning on page 28.

## COMPENSATION DISCUSSION AND ANALYSIS

## Fiscal Year 2016 Executive Compensation Decisions

The HRCC took many considerations into account in making compensation decisions in fiscal year 2016, including 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, as well as internal factors specific to us such as our growth, executive tenure and experience, role, and individual performance. The HRCC approved certain increases in base salary, target bonus levels and long-term incentive targets to reflect the increasing size and complexity of the business and to keep pace with market competitive pay. In the future, the HRCC will continue to monitor compensation levels and make changes as appropriate.

## Base Salary

The HRCC, based in part upon the recommendation of our CEO and considering each NEO's level of responsibility, experience and market data for similar positions at companies in our peer group approved base salary increases for Mr. Harbaugh and Dr. Scholz effective December 28, 2015. Base salaries for Mr. Trudeau, Mr. O'Neill and Dr. Phillips were unchanged during fiscal 2016. A summary of NEO annual base salaries during fiscal 2016 is shown in the following table:

## NEO Annual Base Salaries and Adjustments During Fiscal 2016

	Initial Salary	Ending Salary	Change
Mark Trudeau	\$1,000,000	\$1,000,000	\$0 / 0%
Matthew Harbaugh	\$530,000	\$570,000	\$40,000 / 7.5%
Frank Scholz	\$430,000	\$460,000	\$30,000 / 7.0%
Hugh O'Neill	\$475,000	\$475,000	\$0 / 0%
Gary Phillips	\$475,000	\$475,000	\$0 / 0%

## Fiscal 2016 Annual Incentive Awards

Our 2016 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 maintains tax deductibility under 162(m) of the Internal Revenue Code. The HRCC may exercise its authority to use negative discretion to the funding level in determining bonus amounts provided to NEOs.

During fiscal 2016, each NEO participated in the 2016 Global Bonus Plan which is a component of our Stock and Incentive Plan. For 2016, the HRCC determined the amount payable to our CEO under the 2016 Global Bonus Plan using the following formula:

$$\begin{array}{l} \text{Individual} \\ \text{Annual} \\ \text{Incentive Target} \end{array} \times \begin{array}{l} \text{Individual Funding based on Company} \\ \text{Performance} \end{array} \times \begin{array}{l} \text{Individual} \\ \text{Performance} \\ \text{Multiplier} \\ \text{(0 to 150\%)} \end{array} = \begin{array}{l} \text{Final 2016 Global} \\ \text{Bonus Plan Amount to} \\ \text{CEO} \end{array}$$

For fiscal 2016, the HRCC determined the amount payable to each NEO (other than our CEO) under the 2016 Global Bonus Plan using the following formula:

$$\begin{array}{l} \text{Individual} \\ \text{Annual} \\ \text{Incentive} \\ \text{Target} \end{array} \times \begin{array}{l} \text{Assess Company Performance Target adjusted up or} \\ \text{down (0-200\% of target) based on Company} \\ \text{performance} \end{array} \times \begin{array}{l} \text{Individual} \\ \text{Performance} \\ \text{Multiplier} \\ \text{(0 to 150\%)} \end{array} = \begin{array}{l} \text{Final 2016 Global} \\ \text{Bonus Plan Amount to} \\ \text{Individual NEO} \end{array}$$



## COMPENSATION DISCUSSION AND ANALYSIS

For fiscal 2016, the HRCC set award targets for each of our NEOs under the 2016 Global Bonus Plan as a percentage of their base salary. Based on the assessment of our performance as determined by the HRCC, targets are adjusted up or down under the maximum determined by our 162(m) plan. Based on individual performance as recommended by our CEO and determined by the HRCC, individual awards were granted.

2016 Global Bonus Plan Target  
as a % of Salary

	Target (% of Salary)
Mark Trudeau	125%
Matthew Harbaugh	70%
Frank Scholz <sup>(1)</sup>	65%
Hugh O'Neill	65%
Gary Phillips	65%

(1) The target for Dr. Scholz was increased from 60% to 65% effective at the beginning of fiscal 2016.

**Corporate Performance Measures.** For the 2016 Global Bonus Plan, corporate 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.

**Financial Objectives.** For fiscal year 2016, 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 U.S. generally accepted accounting principles ("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.

The weighted average funding for the 2016 Global Bonus Plan could range from 0% to 200% of target based upon our performance against these measures. However, the HRCC may apply discretion to further increase funding by 50%, up to a total of 300% and subject to the 162(m) plan funding maximum.

## COMPENSATION DISCUSSION AND ANALYSIS

The following chart summarizes the 2016 Global Bonus Plan design with respect to the corporate performance measures, including the relative weighting, performance targets, actual results and weighted average funding.

Measure	Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (200% Payout)	Fiscal 2016 Results <sup>(1)</sup>	Weighted Average Funding
Adjusted EPS <sup>(1)</sup>	50%	\$7.37	\$7.95	\$9.11	\$8.01	52.0 %
Net Sales Revenue (in millions) <sup>(1)</sup>	30%	\$3,510	\$3,694	\$4,064	\$3,772	35.0 %
Free Cash Flow (in millions) <sup>(1)</sup>	20%	\$653	\$687	\$756	\$981	40.0 %
						127.0 %

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 anticipated items include: the pre-tax impact from restructuring and related charges, net; amortization and impairment charges; acquisition-related expenses; changes in fair value of contingent (1) consideration obligations; inventory step-up expenses; significant legal and environmental charges; revenue and cash flow adjustments related to businesses acquired or exited or sold; and the tax effects of the above adjustments as well as the elimination of deferred tax benefits associated with internal installment sales transactions (which reduces Adjusted EPS). In addition, these measures are calculated using the share count, tax rate and foreign exchange rates used in our fiscal year 2016 budget.

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.

**Strategic Imperatives.** The HRCC identified a need to consider performance that supported the accomplishment of strategic imperatives, with an ability to adjust the overall size of the executive bonuses, both negatively and positively, subject to 162(m) limits. The outcome would enable bonuses to reflect individual differentiation when financial performance is at or near maximum.

The key strategic imperatives considered for fiscal 2016, included:

- Drive growth;
- Maximize profitability;
- Advance the patient centric product portfolio; and
- Build a patient and customer centric high-performing organization.

The HRCC reviewed results in these areas:

#### Full Year Results

Strategic Imperatives	Fiscal 2016 Imperatives	Results
Drive Growth	Meet or exceed net sales targets	Exceeded overall Net Sales targets
	Drive commercial volume	Expanded reach to patients with unmet medical needs and achieved volume growth targets

	Deliver value from acquisitions	Significantly exceeded budgeted revenue targets
Maximize Profitability	Implemented plan to deliver SG&A cost savings.	Exceeded SG&A % sales target
	Optimize spend to maximize ROI	Met
Advance the Portfolio	Reshape commercial and development portfolio	Added the hemostasis business to the hospital commercial portfolio and expanded the pipeline through Stratatech acquisition, products that meet critical medical needs
	Advance life cycle management opportunities	Met

## COMPENSATION DISCUSSION AND ANALYSIS

	Improve evidence generation and dissemination	Met
Build a Patient and Customer-Centric; High Performing Organization	Strengthen critical organizational capabilities	Met

Following the conclusion of fiscal 2016, the HRCC reviewed preliminary payout calculations for each NEO based on the corporate 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 based on individual performance, additional contributions by the NEO that were not captured within the financial measures listed above in order to align more closely the final payout with our financial performance and available pool funding. For our CEO, the Board determined that a payout at the 127% level of performance was appropriate, based on company performance and a 100% individual multiplier.

	Target and Corporate Multiplier		Individual Modifier		Final 2016 Global Bonus Plan Payout
	Target Bonus Opportunity	x Multiplier	= Preliminary Payout	x Multiplier	
Mark Trudeau	\$1,250,000	x 127%	=\$1,587,500	x 100%	=\$1,587,500
Matthew Harbaugh	\$399,000	x 127%	=\$506,700	x 110%	=\$557,400
Frank Scholz	\$299,000	x 127%	=\$379,700	x 110%	=\$417,700
Hugh O'Neill	\$309,000	x 127%	=\$392,400	x 125%	=\$490,500
Gary Phillips	\$309,000	x 127%	=\$392,400	x 90%	=\$353,200

## Fiscal 2016 Annual Equity Grants

For fiscal 2016, our long-term incentive compensation program consisted of a mix of performance units (weighted 40%), non-qualified stock options (weighted 40%) and restricted units (weighted 20%) granted under our Stock and Incentive Plan.

**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 2016 are based upon adjusted Net Revenue Compound Annual Growth Rate ("CAGR") and relative total shareholder return, or relative TSR, each weighted at 50%, over a three-year performance period (fiscal 2016 — fiscal 2018).

Net Revenue CAGR for the Company will be calculated for FY16 - FY18 (September 26, 2015 - September 28, 2018) 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 are:

Abbvie (new) Galenica Ltd. Merck KGaA  
Actelion Ltd. Genmab Mylan

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## COMPENSATION DISCUSSION AND ANALYSIS

Alexion Pharmaceuticals, Inc.	Gilead Sciences Inc.	Novo Nordisk
Alkermes plc	Grifols	Opko Health
Allergan	GSK	Orion Oyj
Alnylam	Hikma	Perrigo
Amgen	Horizon Pharma	Regeneron Pharmaceuticals Inc.
AstraZeneca	Incyte Corp.	Sanofi
Baxalta *	Intercept Pharma	Seattle Genetics Inc.
Bayer	Intrexon	Shire plc
Biogen Idec Inc.	Ipsen S.A.	Taro Pharma
BioMarin Pharmaceutical Inc.	Isis	Teva
Bluebird Bio	Jazz Pharmaceuticals plc	UCB
Bristol-Myers Squibb	Lilly	United Therapeutics Corp.
Celgene Corp.	Meda AB	Valeant Pharmaceuticals Intl.
Endo International plc	Medivation Inc.	Vertex
	Merck & Co.	Zoetis

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

These companies were selected because they are similar to us in 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 create 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 2016 generally have a 10 year term and vest one-quarter annually beginning on the first 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 2016 vest one-quarter annually beginning on the first anniversary of the grant date.

The HRCC with input from our CEO, for the other NEOs, and considering 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 2016, the target levels for each of the NEOs were increased to reflect levels of responsibility and market data for similar positions in our peer group. The HRCC then converted these grant values 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. The table below sets forth the target long-term incentive compensation grant value as a percentage of annual base salary for the fiscal 2016 equity awards, along with the target number of performance units, and the number of stock options and restricted units granted to each NEO.

## COMPENSATION DISCUSSION AND ANALYSIS

## Fiscal 2016 Long-Term Incentive Compensation

Name	Target (\$)	Target Number of Performance Units (#)	Number of Stock Options (#)	Number of Restricted Units (#)
Mark Trudeau	9,750,000	47,675	175,528	26,856
Matthew Harbaugh	2,750,000	13,447	49,508	7,575
Frank Scholz	1,500,000	7,335	27,005	4,132
Hugh O'Neill	1,700,000	8,313	30,605	4,683
Gary Phillips	1,550,000	7,580	27,905	4,270

## Fiscal 2014 Performance Share Awards Results

The following table shows results for the three year period for fiscal 2014 Performance Share Awards (fiscal years 2014, 2015 and 2016), which was completed on September 30, 2016. The performance measures, each 50% weighted, were Adjusted EBITDA Margin and Relative Total Return to Shareholders.

## FY2014 Performance Share Awards Results

Financial Objectives	Threshold (50% Awarded)	Target (100% Awarded)	Maximum (200% Awarded)	Performance Result	Payout %
Adjusted EBITDA Margin (50% weight)	19%	21.5%	24%	43.8%	200% Maximum
Relative Total Return to Shareholders (50% weight)	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile (Median)	75 <sup>th</sup> Percentile	76 <sup>th</sup> Percentile	200% Maximum

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 significantly above the Maximum level for a maximum payout. The HRCC received external certification from AON Radford for Total Return to Shareholder results compared to the predetermined peer group. Results were above the Maximum level required for a 200% payout.

## FY2014 Performance Share Awards Grants and Payouts

Name	Shares Granted	Shares to Payout at 200%
Mark Trudeau	23,759	47,518
Matthew Harbaugh	5,432	10,864
Frank Scholz	2,794	5,588
Hugh O'Neill	4,224	8,448
Gary Phillips	3,366	6,732

## 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 Internal Revenue

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## COMPENSATION DISCUSSION AND ANALYSIS

Code limitations. For more information regarding the Mallinckrodt Supplemental Savings Plan, see “Executive Compensation — Non-Qualified Deferred Compensation.”

**Bonus for Stock Exchange Program.** The NEOs are 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 on January 3, 2017. 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. Mr. Trudeau and Mr. Harbaugh elected to participate in this program and exchanged 10% and 15% respectively, of their bonuses for restricted units.

**Expatriate Benefits / International Assignment Benefits.** We provide benefits to our employees who are sent on an expatriate assignment outside of their home country, which are designed to relocate and support them while on these assignments. These benefits generally include a housing allowance (or company provided housing in certain locations), transportation allowance (or company provided transportation in certain locations), a cost of living differential, where applicable, a vacation allowance based on the cost of a plane ticket to the employee’s home location, and company paid education for approved dependents in locations where public education is not an option. Dr. Phillips was provided with these benefits during all or part of fiscal 2016 as he is an expatriate based in the United Kingdom.

Additionally, 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, Dr. Scholz and Dr. Phillips were each provided with these benefits during all or part of fiscal 2016 as Mr. Trudeau and Dr. Scholz are employed on a partial secondment arrangement to the United Kingdom and Dr. Phillips is an expatriate based in 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 or an offsite meeting of our executive committee, we reimburse executive officers for expenses related to this travel. In both of these circumstances, we reimburse executive officers for the income taxes associated with these travel expenses.

**Employee Stock Purchase Plan.** Effective October 1, 2013, we began maintaining a broad-based employee stock purchase plan (the "Prior Plan") that provides eligible employees, including the NEOs, with the opportunity to

purchase ordinary shares. Eligible employees authorized payroll deductions to be made for the purchase of ordinary shares and, for fiscal 2016 through June 30, 2016, we provided a 15% matching contribution for all employees who participated in this program for up to \$25,000 of an employee's payroll deductions in the calendar year. All shares were purchased on the open market by a designated broker and were required to be held by participants for 12 months after purchase.

In September 2015, our Board of Directors adopted our 2016 Employee Stock Purchase Plan, which we refer to as the ESPP, subject to shareholder approval. The ESPP is designed to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. At the 2016 Annual General Meeting, shareholders approved the

## COMPENSATION DISCUSSION AND ANALYSIS

ESPP. The Prior Plan was terminated June 30, 2016 upon implementation of the ESPP and no additional shares were offered for purchase under the Prior Plan after that date. The ESPP was implemented effective July 1, 2016. Eligible employees authorize payroll deductions to be made for the purchase of ordinary shares and, for fiscal 2016 beginning July 1, 2016, 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. For 2016, 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 (2 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 fifty percent 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. As of the end of fiscal 2016, Mr. Trudeau, Mr. Harbaugh and Dr. Scholz met their ownership requirements and the other executive officers have made progress toward meeting their ownership requirements.

### 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.

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## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Recovery Policy

In the event of a restatement of financial or operating results due to material non-compliance with financial reporting requirements, 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, including whether the employee engaged in misconduct or negligent conduct that caused or contributed to the restatement and the amount of any overpayment.

### 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 Internal Revenue 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.

## 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 2017 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

Virgil D. Thompson

## COMPENSATION OF EXECUTIVE OFFICERS

## Executive Compensation Tables

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Mark C. Trudeau President and Chief Executive Officer	2016	1,038,461	—	5,876,436	3,900,004	1,587,500	159,340	12,561,741
	2015	1,005,769	—	4,445,289	2,995,289	1,053,750	228,409	9,728,506
Matthew K. Harbaugh Executive Vice President and Chief Financial Officer	2014	905,769	—	2,208,460	1,440,274	1,850,000	98,173	6,502,676
	2016	581,154	—	1,661,817	1,100,003	557,400	67,276	3,967,650
Frank Scholz Executive Vice President of Global Operations and President, Specialty Generics	2015	533,462	—	1,064,059	716,946	312,753	72,256	2,699,476
	2014	465,385	139,755	504,927	329,273	653,270	47,626	2,140,236
Hugh M. O'Neill Executive Vice President and President, Auto Immune and Rare Diseases	2016	469,616	—	914,151	600,016	417,700	99,339	2,500,822
	2015	430,000	—	616,732	415,487	254,000	57,366	1,773,585
Gary M. Phillips Executive Vice President and Chief Strategy Officer	2014	905,269	500,000	445,621	335,456	275,011	17,166	2,478,523
	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
	2014	400,000	—	552,644	416,092	480,000	593,076	2,441,812
	2016	493,270	—	930,127	620,013	353,200	386,276	2,782,886
	2015	454,808	—	681,283	458,968	276,600	264,114	2,135,773
2014	369,231	80,000	440,404	331,585	449,670	327,350	1,998,240	

For fiscal year 2014, the amounts represent, for Mr. Harbaugh, a spin bonus which was payable on the six-month (1) anniversary of the completion of the separation and for Dr. Scholz and Dr. Phillips, a one-time bonus in connection with the commencement of their respective employment during fiscal 2014.

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 2016. 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 (2) for fiscal years 2016, 2015 and 2014, respectively, would be: Mr. Trudeau \$9,792,445, \$10,226,177 and \$3,450,282; Mr. Harbaugh, \$2,762,014, \$2,447,658 and \$788,835; Dr. Scholz, \$1,506,609, \$1,418,719 and \$405,745; Mr. O'Neill, \$1,707,490, \$1,567,261 and \$613,409; and Dr. Phillips, \$1,556,932, \$1,567,261 and \$488,811. Further information regarding the fiscal 2016 awards is included in the Fiscal 2016 Grants of Plan-Based Awards Table, the Outstanding Equity Awards at 2016 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 15 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

The amounts reported represent annual incentive cash awards paid to the NEOs under our 2016 Global Bonus Plan. For information regarding the calculation of these awards, see the CD&A. Mr. Trudeau and Mr. Harbaugh elected to participate in our Bonus for Stock Exchange Program and exchanged 10% and 15% respectively, of their bonuses for restricted units that were granted on January 3, 2017.

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, employer contributions to the Employee Stock Purchase Plan, executive financial planning, relocation benefits, expatriate benefits, executive physicals, executive financial planning and tax reimbursements. The following table shows the specific amounts included in the All Other Compensation column of the Summary Compensation Table for fiscal 2016.

## ALL OTHER COMPENSATION

Name	Contributions								Total (\$)	
	Contributions to Retirement Savings Plan (\$)	Credits to Supplemental Savings Plan (\$)	to Employee Stock Purchase Plan (\$)	Relocation Benefits (\$)	International / Expatriate Assignments (\$)	Executive Physicals (\$)	Executive Financial Planning (\$)	Tax Reimbursements (\$)		
Mark C. Trudeau	15,796	101,003			7,594	(1) 3,783	14,629	16,535	(4) (5)	159,340
Matthew K. Harbaugh	15,714	33,604	2,906				15,052			67,276
Frank Scholz	18,696	44,301	3,750		9,768	(1) 3,444	14,560	4,820	(5)	99,339
Hugh M. O'Neill	13,431	69,838				2,200	14,710	4,453	(4)	104,632
Gary M. Phillips	15,900	68,886		89,191	(2) 131,778	(3)	14,560	65,961	(2) (3)	386,276

(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

## COMPENSATION OF EXECUTIVE OFFICERS

Benefits section of the CD&A. Mr. Trudeau and Dr. Scholz both incurred expenses in this category, including airfare, car rental, ground transportation, and food. Each had one trip in fiscal 2016.

(2) As part of his relocation to the United Kingdom during fiscal 2016, Dr. Phillips was provided temporary living benefits and tax gross up per Mallinckrodt's relocation policy. Related tax gross ups are included in the Tax Reimbursement Payments column.

(3) As part of his expatriate assignment, Dr. Phillips was provided with temporary living benefits, housing in the United Kingdom, reimbursement for children's education, miscellaneous allowance, reimbursement of home finding and final move expenses and fees, per Mallinckrodt's expatriate policy. Related tax gross ups are included in the Tax Reimbursement Payments column.

(4) 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.

(5) Pursuant to footnote (1) above of the All Other Compensation table, Mr. Trudeau and Mr. Scholz received tax reimbursement as part of their international assignments.

## 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 2016 under the Stock and Incentive Plan.

•“GBP” is the annual cash incentive award payable pursuant to our 2016 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 related narrative.

## FISCAL 2016 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Date of Commit-tee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All other Stock Awards: Number of Shares of Stock or Units (#)	All other Option Awards: Number of Securities Under-lying Options (#)	Exercise Base Price of Option Awards (\$/Sh)	Grant Date or Fair Value of Stock and Option Awards (\$) <sup>(3)</sup>
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Mark C. Trudeau												
GBP			625,000	1,250,000	3,750,000							
PSUs	1/4/2016	11/18/2015				11,919	47,675	95,350				3,900,065
RSUs	1/4/2016	11/18/2015							26,856 <sup>(4)</sup>			1,950,014
RSU	1/4/2016	11/18/2016							363 <sup>(5)</sup>			26,357
Options	1/4/2016	11/18/2015								175,528 <sup>(4)</sup>	72.61	3,900,004
Matthew K. Harbaugh												
GBP			199,500	399,000	1,197,000							
PSUs	1/4/2016	11/18/2015				3,362	13,447	26,894				1,100,033
RSUs	1/4/2016	11/18/2015							7,575 <sup>(4)</sup>			550,021
RSU	1/4/2016	11/18/2016							162 <sup>(5)</sup>			11,763

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Options	1/4/2016	11/18/2015						49,508	<sup>(4)</sup> 72.61	1,100,003
Frank Scholz										
GBP			149,500	299,000	897,000					
PSUs	1/4/2016	11/18/2015				1,834	7,335	14,670		600,040
RSUs	1/4/2016	11/18/2015								