
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 2, 2021

Mallinckrodt plc

(Exact name of registrant as specified in its charter)

Ireland
(State or other jurisdiction
of incorporation)

001-35803
(Commission
File Number)

98-1088325
(IRS Employer
Identification No.)

College Business & Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland
(Address of principal executive offices)

+353 1 6960000 (Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

In connection with the settlements described in Item 8.01 of this Current Report on Form 8-K, Mallinckrodt plc, an Irish public limited company (“Mallinckrodt”) provided certain materials regarding Mallinckrodt to certain creditors of Mallinckrodt and certain of its subsidiaries (collectively, the “Debtors”). A copy of the materials provided to these lenders is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 7.01, including Exhibit 99.1, shall be deemed to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 8.01. Other Events.

As previously disclosed in the Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission by Mallinckrodt on June 24, 2021, Mallinckrodt has commenced a solicitation of a proposed Joint Chapter 11 Plan of Reorganization of Mallinckrodt plc and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code, dated as of June 18, 2021 (the “Proposed Plan”) in the cases (the “Chapter 11 Cases”) of the Debtors under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the U.S. Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

On September 2, 2021, Mallinckrodt reached agreements in principle with (1) the Governmental Plaintiff Ad Hoc Committee (the “GAHC”), the Multi-State Governmental Entities Group (the “MSGEGroup”) and the Official Committee of Opioid Related Claimants appointed in the Chapter 11 Cases (the “OCC” and, together with the GAHC and the MSGEGroup, the “Opioid Claimants”), (2) the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases (the “UCC”) and (3) holders (the “Settling Second Lien Noteholders”) of more than two-thirds of the outstanding principal amount of the 10.000% Second Lien Senior Secured Notes due 2025 (the “Second Lien Notes”) issued by Mallinckrodt’s subsidiaries Mallinckrodt International Finance S.A. and Mallinckrodt CB LLC and the trustee for the Second Lien Notes (the “Second Lien Notes Trustee”), in each case relating to the treatment of certain claims pursuant to the Proposed Plan, as it shall be amended to conform to such agreements in principle (the “Amended Plan”).

Opioid Settlement

Pursuant to the agreement in principle with the Opioid Claimants (the “Amended Opioid Settlement”), the Amended Plan shall not provide for the assignment of any Additional Insurance Rights (as defined in the Proposed Plan) to the trust to be established for the benefit of the holders of opioid claims (the “Opioid Trust”) and the Debtors shall be permitted to offer and negotiate full mutual releases with certain co-defendants. In addition, (1) the Debtors will make an additional \$125 million contribution in cash to the Opioid Trust on the eighth anniversary of the effective date of the Amended Plan, increasing the aggregate cash contributions to the Opioid Trust pursuant to the Amended Plan to \$1.725 billion, (2) the Debtors will contribute, in addition to the other assets set forth in the Proposed Plan, 50% of the Debtors’ interest in certain claims arising from the Debtors 2015-2018 share repurchase program and (3) holders of opioid claims shall receive a release from the Debtors and certain other parties.

The Opioid Settlement further provides that the terms of the Debtors’ option to prepay the cash contributions to the Opioid Trust shall be modified, including to extend the Debtors’ right to prepay such claims at a specified discount until 18 months (from 12 months) after the effective date of the Amended Plan, and that the terms of the New Opioid Warrants (as defined in the Proposed Plan) shall be modified so as to be exercisable for six years from the Effective Date of the Amended Plan in all cases. Finally, the Debtors and the Opioid Claimants have agreed in principle on the covenants to be set forth in the Opioid Deferred Cash Payments Terms (as defined in the Proposed Plan).

As a result of the Amended Opioid Settlement, the OCC will support the Amended Plan and the GAHC and the MSGE Group will reaffirm their previously agreed support for the Amended Plan.

The foregoing summary of the Amended Opioid Settlement is not complete and is qualified in its entirety by reference to the term sheet governing the Opioid Settlement, which is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated into this Item 8.01 by reference. Such term sheet is itself a summary of the terms of the Amended Opioid Settlement, does not necessarily contain all terms of the Amended Opioid Settlement and is not binding on the Debtors or the other parties described therein.

UCC Settlement

Pursuant to the agreement in principle with the UCC (the “UCC Settlement”), the Amended Plan shall provide for the establishment of a trust for the benefit of the holders of general unsecured claims against the Debtors (the “GUC Trust”), into which the Debtors shall contribute the following: (1) \$135 million in cash (in lieu of the treatment currently set forth in the Proposed Plan); (2) certain preference actions; (3) \$20 million in cash contingent upon both (A) the receipt of regulatory approval of Terlivaz by the U.S. Food and Drug Administration and (B) reaching \$100 million of cumulative net sales of Terlivaz; (4) all avoidance actions arising out of the acquisition of Sucampo Pharmaceuticals, Inc. against selling shareholders; (5) 50% of the Debtors’ interest in certain claims arising from the Debtors 2015-2018 share repurchase program; (6) all proceeds of the Debtors’ 63% ownership interest in the priority review voucher related to VTS-270 and (7) 35% of the proceeds of a sale of Debtors’ priority review voucher related to Stratagraft.

As a result of the UCC Settlement, the UCC will support the Amended Plan.

The foregoing summary of the UCC Settlement is not complete and is qualified in its entirety by reference to the term sheet governing the UCC Settlement, which is filed as Exhibit 99.3 to this Current Report on Form 8-K and incorporated into this Item 8.01 by reference. Such term sheet is itself a summary of the terms of the UCC Settlement, does not necessarily contain all terms of the UCC Settlement and is not binding on the Debtors or the other parties described therein.

Second Lien Notes Settlement

Pursuant to the agreement in principle with the Settling Second Lien Noteholders and the Second Lien Trustee (the “Second Lien Notes Settlement”), the holders of Second Lien Notes shall receive pursuant to the Plan new 10.000% Second Lien Senior Secured Notes due 2025 that will have the same principal amount and other economic terms as the Second Lien Notes, but shall have covenants substantially equivalent to those set forth in the Takeback Second Lien Notes Indenture (as defined in the Proposed Plan). The Debtors shall also pay the reasonable and documented out-of-pocket fees and expenses of the Settling Second Lien Noteholders, the Second Lien Trustee and the collateral agent for the Second Lien Notes.

As a result of the Second Lien Notes Settlement, the Settling Second Lien Noteholders have confirmed that they will vote in favor of the Amended Plan.

The foregoing summary of the Second Lien Notes Settlement is not complete and is qualified in its entirety by reference to the term sheet governing the Second Lien Notes Settlement, which is filed as Exhibit 99.4 to this Current Report on Form 8-K and incorporated into this Item 8.01 by reference. Such term sheet is itself a summary of the terms of the Second Lien Notes Settlement, does not necessarily contain all terms of the Second Lien Notes Settlement and is not binding on the Debtors or the other parties described therein.

In connection with the above described agreements in principle, Mallinckrodt issued a press release on September 3, 2021, a copy of which is furnished as Exhibit 99.5 to this Current Report on Form 8-K and incorporated into this Item 8.01 by reference.

Cautionary Statements Related to Forward-Looking Statements

Statements in this document that are not strictly historical, including statements regarding future financial condition and operating results, legal, economic, business, competitive and/or regulatory factors affecting Mallinckrodt's businesses, and any other statements regarding events or developments the company believes or anticipates will or may occur in the future, may be "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, and involve a number of risks and uncertainties.

There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include risks and uncertainties related to, among other things: Mallinckrodt's ongoing Chapter 11 Cases; the ability of Mallinckrodt and its subsidiaries to obtain approval from the bankruptcy court with respect to motions or other requests made to the bankruptcy court throughout the course of the Chapter 11 Cases and to negotiate, develop, obtain court approval of, confirm and consummate the Amended Plan or any other plan that may be proposed, the effects of the Chapter 11 Cases, including increased professional costs, on the liquidity, results of operations and businesses of Mallinckrodt and its subsidiaries; the consummation of the transactions contemplated by the restructuring support agreement and the Amended Plan, including the settlements entered into with the OCC, the UCC, and Mallinckrodt's second lien noteholders and the ability of the parties to negotiate definitive agreements with respect to the matters covered by the related term sheets, whether related to such settlements, included in the restructuring support agreement, or otherwise, the occurrence of events that may give rise to a right of any of the parties to terminate the restructuring support agreement or any of the settlements and the ability of the parties to receive the required approval by the bankruptcy court and to satisfy the other conditions of the restructuring support agreement and the settlements, including satisfying the milestones specified in the restructuring support agreement; governmental investigations and inquiries, regulatory actions and lawsuits brought against Mallinckrodt by government agencies and private parties with respect to its historical commercialization of opioids, including the amended non-binding agreement in principle reached by Mallinckrodt in connection with the announcement of its filing of the Chapter 11 petitions regarding the terms and conditions of a global settlement to resolve all current and future opioid-related claims; potential delays in Mallinckrodt's Chapter 11 process; the proposed settlement with governmental parties to resolve certain disputes relating to Acthar Gel; the possibility that such settlement will not be consummated and the risks and uncertainties related thereto, including the time and expense of continuing to litigate this dispute and the impact of this dispute on Mallinckrodt's financial condition and expectations for performance; the ability to maintain relationships with Mallinckrodt's suppliers, customers, employees and other third parties as a result of the Chapter 11 Cases; the availability of operating capital during the pendency of the Chapter 11 Cases, including events that could terminate Mallinckrodt's right to continue to access the cash collateral of Mallinckrodt's lenders; the possibility that Mallinckrodt may be unable to achieve its business and strategic goals even if the Chapter 11 plan is successfully consummated; the possibility that Mallinckrodt's Chapter 11 Cases may be converted into Chapter 7 cases under the bankruptcy code; the potential termination of Mallinckrodt's exclusive right to file a Chapter 11 plan; the possibility that certain claims against Mallinckrodt may not be discharged as part of the bankruptcy process; developing, funding and executing Mallinckrodt's business plan and continuing as a going concern; Mallinckrodt's post-bankruptcy capital structure; scrutiny from governments, legislative bodies and enforcement agencies related to sales, marketing and pricing practices; pricing pressure on certain of Mallinckrodt's products due to legal changes or changes in insurers' reimbursement practices resulting from recent increased public scrutiny of healthcare and pharmaceutical costs; the impact of the outbreak of the COVID-19 coronavirus; the reimbursement practices of governmental health administration authorities, private health coverage insurers and other third-party payers; complex reporting and payment obligations under the Medicare and Medicaid rebate programs and other governmental purchasing and rebate programs; cost containment efforts of customers, purchasing groups, third-party payers and governmental organizations; changes in or failure to comply with relevant laws and regulations; Mallinckrodt's and

its partners' ability to successfully develop or commercialize new products or expand commercial opportunities; Mallinckrodt's ability to navigate price fluctuations; competition; Mallinckrodt's and its partners' ability to protect intellectual property rights; limited clinical trial data for Acthar Gel; clinical studies and related regulatory processes; product liability losses and other litigation liability; material health, safety and environmental liabilities; potential indemnification liabilities to Covidien pursuant to the separation and distribution agreement; business development activities; retention of key personnel; the effectiveness of information technology infrastructure including cybersecurity and data leakage risks; customer concentration; Mallinckrodt's reliance on certain individual products that are material to its financial performance; Mallinckrodt's ability to receive procurement and production quotas granted by the U.S. Drug Enforcement Administration; complex manufacturing processes; conducting business internationally; Mallinckrodt's ability to achieve expected benefits from restructuring activities; Mallinckrodt's significant levels of intangible assets and related impairment testing; labor and employment laws and regulations; natural disasters or other catastrophic events; Mallinckrodt's substantial indebtedness and its ability to generate sufficient cash to reduce its indebtedness; Mallinckrodt's ability to generate sufficient cash to service indebtedness even if the existing indebtedness is restructured; future changes to U.S. and foreign tax laws or the impact of disputes with governmental tax authorities; and the impact of Irish laws.

These and other factors are identified and described in more detail in the "Risk Factors" section of Mallinckrodt's most recent Annual Report on Form 10-K and other filings with the SEC. The forward-looking statements made herein speak only as of the date hereof and Mallinckrodt does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Certain Materials Regarding Mallinckrodt plc
99.2	Term Sheet Regarding Opioid Settlement
99.3	Term Sheet Regarding UCC Settlement
99.4	Term Sheet Regarding Second Lien Notes Settlement
99.5	Press Release, dated September 3, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MALLINCKRODT PLC
(registrant)

By: /s/ Mark J. Casey
Mark J. Casey
Executive Vice President & Chief Legal Officer

Date: September 3, 2021



Mallinckrodt Pharmaceuticals: Updated FY2021 Forecast and Sources & Uses at Emergence

August 2021



Cautionary Statements Related to Forward-Looking Statements

Statements in this document that are not strictly historical, including statements regarding future financial condition and operating results, legal, economic, business, competitive and/or regulatory factors affecting Mallinckrodt's businesses, and any other statements regarding events or developments the company believes or anticipates will or may occur in the future, may be "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, and involve a number of risks and uncertainties.

There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include risks and uncertainties related to Mallinckrodt's business are identified and described in more detail in Part I, Item 1A, "Risk Factors" in its Annual Report on Form 10-K for the year ended December 25, 2020, filed with the SEC on March 10, 2021. The forward-looking statements made herein speak only as of the date hereof and Mallinckrodt does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

Non-GAAP Financial Measures

When the Company provides its expectation for adjusted net sales and adjusted EBITDA on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures is not available without unreasonable effort.

This document contains financial measures, such as adjusted net sales and adjusted EBITDA, which are considered "non-GAAP" financial measures under applicable SEC rules and regulations.

Adjusted net sales represents net sales prepared in accordance with GAAP adjusted to remove the impact of the significant legal and environmental charge related to the Medicaid lawsuit and foreign currency fluctuations.

Adjusted EBITDA represents amounts prepared in accordance with GAAP and adjusts for certain items that management believes are not reflective of the operational performance of the business. Consolidated adjusted EBITDA represents net income (loss), adjusted for interest expense, net, taxes, depreciation and amortization and certain items that management believes are not reflective of the operational performance of the business and additional adjustments. These adjustments include, but are not limited to, restructuring charges, net; non-restructuring impairment charges; inventory step-up expense; discontinued operations; changes in fair value of contingent consideration obligations; significant legal and environmental charges; divestitures; separation costs; gain on debt extinguishment, net; unrealized gain on equity investment; research & development upfront payments; reorganization items, net; share-based compensation and other items identified by the Company.

When the Company provides its expectation for adjusted net sales and adjusted EBITDA on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

This non-GAAP information should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP.

Updated FY2021 Forecast



(\$ in millions)	FY2021		FY2021				
	(Updated	Forecast)	Budget	Variance	Variance (%)		
Net Sales							
Specialty Brands	\$	1,570	\$	1,707	\$	(137)	-8.0%
Specialty Generics		663		680		(17)	-2.5%
Consolidated Net Sales	\$	2,233	\$	2,387	\$	(154)	-6.5%
EBITDA							
Specialty Brands	\$	716	\$	730	\$	(14)	-1.9%
Specialty Generics		89		110		(21)	-19.1%
Consolidated EBITDA	\$	805	\$	840	\$	(35)	-4.2%
<i>EBITDA Margin</i>		36.1%		35.2%			

Commentary

- ▶ **Specialty Brands Net Sales lower than budget by 8.0%**
 - Acthar sales softness in 1H, expected to begin to recover in 2H
 - INOmax sales decline expected in 2H due to increased competition and lower variable revenue from COVID-related usage
- ▶ **Specialty Generics Net Sales lower than budget by 2.5%**
 - Controlled Substances faced continued pricing pressure
 - Offset by strength in certain opioids, stronger API sales, and ramp-up in APAP sales
- ▶ **Specialty Brands EBITDA lower than budget by 1.9%**
 - Driven by lower net sales offset by reductions in discretionary spend and other cost containment initiatives, as well as lower-than-expected spend on discontinued R&D project (MNK-6105/6106)
- ▶ **Specialty Generics EBITDA lower than budget by 19.1%**
 - Driven by lower net sales, higher than expected COGS and increased spend for REMS programs returning to pre-pandemic levels and planned spend on projects to improve capacity & efficiency

Updated Illustrative Emergence Sources and Uses



- ▶ The following illustrative emergence sources and uses are based on an emergence at the end of December 2021
- ▶ Excludes anticipated CARES Act refunds given the uncertainty of timing
- ▶ Excludes recent settlements reached in principle with the UCC and 2L noteholders

(\$ in millions)

Sources		Uses	
Cash from Balance Sheet ⁽¹⁾	\$ 1,125.0	Existing Revolver Facility Paydown	\$ 900.0
New Term Loan Facility	900.0	Initial Opioid Trust Payment ⁽²⁾	450.0
		Initial Federal/State Acthar Settlement Payment ⁽³⁾	15.0
		Administrative and Priority Claims ⁽⁴⁾	185.7
		Trade & General Unsecured Claims ⁽⁵⁾	150.0
		Noteholder Consent Fee ⁽⁶⁾	19.1
		Exit Financing Fees ⁽⁷⁾	33.2
		Cash to Balance Sheet	272.0
Total Sources	\$ 2,025.0	Total Uses	\$ 2,025.0

Notes:

(1) Preliminary estimated cash at December 31, 2021 excluding estimated potential CARES Act refunds and subject to further review

(2) Initial Opioid Trust Payment as defined in the Plan

(3) Initial Federal/State Acthar Settlement Payment as defined in the Plan

(4) Estimated accrued professional fees and expenses and other estimated Administrative and Priority claims

(5) Assumes distribution of the \$50 million Trade Claims Cash Pool and the \$100 million General Unsecured Claims Cash Pool

(6) Payment of the Noteholder Consent Fee as defined in the Plan

(7) Includes the Term Loan Exit Payment and estimated fees associated with the New Term Loan Facility and New AR Revolving Facility

All capitalized terms used but not otherwise defined herein have the definition given to them in the Debtors' joint chapter 11 plan of reorganization and related disclosure statement.

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE UNDER THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

Global Opioid Settlement Term Sheet

This Global Opioid Settlement Term Sheet (this “**Term Sheet**”), describes the terms of a proposed settlement (the “**Global Opioid Settlement**”) of all outstanding disputes and controversies relating to the *Joint Plan of Reorganization of Mallinckrodt PLC and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (the “**Plan**”) between and among the Debtors, the Governmental Plaintiff Ad Hoc Committee (the “**GAHC**”), the Multi-State Governmental Entities Group (the “**MSGE Group**”) and the Official Committee of Opioid Related Claimants (the “**OCC**” and together with the Debtors, the GAHC and the MSGE Group, the “**Parties**”), as well as certain related implementation and other matters being resolved pursuant hereto. This Term Sheet incorporates the rules of construction set forth in section 102 of the Bankruptcy Code. Capitalized terms used but not otherwise defined in this Term Sheet have the meanings assigned in the Plan.

This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documents implementing the Global Opioid Settlement and broader Restructuring of claims against and interests in the Debtors, which remain subject to negotiation in accordance herewith and with the Restructuring Support Agreement. For the avoidance of doubt, except as expressly modified hereby, the terms of the Restructuring Support Agreement (including the Opioid Settlement Term Sheet annexed thereto) remain unchanged and in full force and effect in accordance with the terms and conditions of the Restructuring Support Agreement.

TERMS OF THE GLOBAL OPIOID SETTLEMENT

Overview / Plan Support

The Global Opioid Settlement will be implemented through the Plan, consistent with the terms of (a) this Term Sheet, and (b) the Restructuring Support Agreement, through the Chapter 11 Cases. The Global Opioid Settlement shall constitute a compromise and settlement of all disputed issues between and among the Parties relating to the Plan including, among other things, the Additional Insurance Rights and scope of Assigned Third-Party Claims related to Co-Defendant Claims.

In consideration of the compromises and settlements set forth herein, (a) the OCC will (i) support the Plan and (ii) encourage all holders of Opioid Claims entitled to vote on the Plan to vote in favor of the Plan (including by transmitting to holders of Opioid Claims a letter supporting the Plan), in each case, so long as the Plan and any related Definitive Documents are not inconsistent with this Global Opioid Settlement and (b) the GAHC and MSGE Group each reaffirm their obligations under the Restructuring Support Agreement (as expressly modified hereby). Such letter shall also be filed on the docket of the Debtors' bankruptcy case and be made available on the Debtors' restructuring website and the OCC's website, and the OCC's prior letter regarding the Plan shall be removed from such websites. The OCC shall take an active role in defending the Plan, including, among other things, presenting evidence and filing pleadings, as necessary, to support both the settlement as well as the value allocated to non-opioid creditors.

Additional Consideration to Opioid Trust

On the Plan Effective Date, and other than as set forth herein, in addition to the Trust Consideration described in the Opioid Settlement Term Sheet and contemplated by the Plan as of the date of this Global Opioid Settlement, the Opioid MDT II will receive:

- \$125 million in Cash payable on the eighth anniversary of the Effective Date; and
- 50% of the Debtors' interest in any Claims and Causes of Action against present or former shareholders that are not Released Parties arising from the Debtors' share repurchase program between 2015-2018 (the "**Share Repurchase Claims**"); and the Opioid MDT II shall control the decision-making, prosecution, settlement, monetization, and ultimate disposition of such Share Repurchase Claims (it being understood and agreed that any such settlement, monetization, or disposition cannot treat holders of such interests in such Share Repurchase Claims inconsistently without such holders' consent or, if applicable, without

offering such holders the right to participate in such settlement, monetization, or disposition); additionally the Plan shall include provisions regarding cooperation and document sharing by the Company for the benefit of the Opioid MDT II to allow the Opioid MDT II to maximize the value of these causes of action and, if appropriate, agreed information sharing and consultation rights in favor of the GUC Trustee, if applicable.

New Opioid Warrants Terms

The terms of the New Opioid Warrants shall be modified to provide that they are exercisable through the sixth anniversary of the Effective Date (regardless of whether the Reorganized Debtors exercise the Prepayment Option and prepay the Opioid Deferred Cash Payments in full), instead of being exercisable (i) at any time on or prior to the seventh anniversary of the Effective Date, or (ii) through and including the fifth anniversary of the Effective Date if the Reorganized Debtors exercise the Prepayment Option and prepay the Opioid Deferred Cash Payments in full.

Prepayment Option

The relevant Plan definitions related to the Prepayment Option shall be amended and restated by the following:

292. “**Prepayment Option**” means the right to prepay, in full or in part, the Opioid Deferred Cash Payments, at any time on or prior to eighteen (18) months after the Effective Date, at (a) for full prepayments (with no prior prepayments having been made) as of the end of each of the 18 months after the Effective Date, the prepayment cost set forth on **Annex A** hereto or (b) to the extent a prepayment is partial, is made following an earlier prepayment, or occurs other than at the end of a month, a price equal to the present value of the amounts to be prepaid, at the date of prepayment, discounted at the discount rate that would be required for (i)(A) the present value of the then-remaining scheduled Opioid Deferred Cash Payments at the prepayment date (without giving effect to any prior prepayments), excluding the payment due on the eighth anniversary of the Effective Date, plus (B) \$450,000,000 to equal (ii)(A) the present value of the payments that would have been remaining under the Original Payment Schedule at the prepayment date (excluding the initial \$300,000,000 payment provided for in the Original Payment Schedule and any other payments that would have been made by such date, but without giving effect to any prior prepayments), discounted at a discount rate of 12% per annum, plus (B) \$300,000,000.

240. “**Opioid Deferred Cash Payments**” means the right of the Opioid MDT II to receive Cash payments on the Opioid Deferred Cash Payments Terms in the following amounts and on the following dates: (a) \$200,000,000 on each of the first and second anniversaries of the Effective Date; (b) \$150,000,000 on each of the third through seventh anniversaries of the Effective Date; and (c) \$125,000,000 on the eighth anniversary of the Effective Date; *provided*, that at any time on or prior

to eighteen (18) months after the Effective Date, the Reorganized Debtors shall have the Prepayment Option; *provided, further*, that to the extent the Reorganized Debtors seek to prepay only a portion of the Opioid Deferred Cash Payments in accordance with the Prepayment Option, such prepayment shall (x) not be funded from the proceeds of the incurrence of indebtedness by the Reorganized Debtors; and (y) prepay Opioid Deferred Cash Payments in accordance with the above in inverse order beginning with the payment due on the eighth anniversary of the Effective Date. The Opioid Deferred Cash Payments will be joint and several obligations (or be subject to an economically similar arrangement) of all current and future borrowers, issuers, pledgers, and guarantors of the Debtors' funded indebtedness identified in the affirmative covenants supporting such obligations; *provided*, that for so long as the New Takeback Term Loans, the First Lien Notes, Second Lien Notes, Takeback Second Lien Notes, Cram-Down First Lien Notes, Cram-Down Second Lien Notes (or any indebtedness incurred to refinance or replace such New Takeback Term Loans, First Lien Notes, Second Lien Notes, Takeback Second Lien Notes, Cram-Down First Lien Notes, or Cram-Down Second Lien Notes) remain outstanding, in no event shall the cash payments described above be guaranteed by (or be required to be guaranteed by) an entity that does not also guarantee the New Takeback Term Loans, First Lien Notes, Second Lien Notes, Takeback Second Lien Notes, Cram-Down First Lien Notes, or Cram-Down Second Lien Notes (or such refinancing or replacement debt).

**Co-Defendant Indemnity Releases /
Assigned Third-Party Claims**

The Debtors will designate the holders of Co-Defendant Claims with alleged contractual indemnity rights against the Debtors to which the Debtors will offer and negotiate full mutual releases (including full releases by Released Co-Defendants of all claims against any Opioid Insurance Policies transferred to the Opioid MDT II, irrespective of whether such Released Co-Defendants may be insured under such insurance policies) as of the Effective Date (the "**Released Co-Defendants**"), which holders shall be disclosed to the Supporting Parties and the OCC.

The Released Co-Defendant Claims shall not be channeled to the Opioid MDT II and the Assigned Third-Party Claims shall not include any Causes of Action held by the Debtors against the Released Co-Defendants.

For the avoidance of doubt, the Released Co-Defendants will not include any other Co-Defendants, including but not limited to Medtronic or any successors, predecessors, or affiliated entities of Medtronic.

Additional Insurance Rights	The Plan shall not provide for the assignment to, or vesting in, the Opioid MDT II of any Additional Insurance Rights. The Assigned Insurance Rights under the Plan shall be transferred solely to the Opioid MDT II and shall be defined to include any and all Insurance Contracts, other than D&O Liability Insurance Policies, that may provide or may have provided the Debtors with rights with respect to any Opioid Claim.
Opioid Covenants	Opioid covenants shall be as set forth on <u>Exhibit A</u> , subject to the terms of the Restructuring Support Agreement, as amended.
MDT II Trustees	The Plan will be amended to provide for three initial Opioid MDT II Trustee(s), all of which shall be selected by the GAHC, the MSGE Group, and the OCC in consultation with the Debtors, provided that if the GAHC, the MSGE Group, and the OCC cannot agree on the identity of the three initial Opioid MDT II Trustees, one of the initial Opioid MDT II Trustees shall be selected by the OCC, and the remaining two of the initial Opioid MDT II Trustees shall be selected by the GAHC and the MSGE Group, in all cases in consultation with the Debtors.
Releases	The Debtors' release of Opioid Claimants by the Protected Parties shall be acceptable to the Debtors, the GAHC, the MSGE Group, and the OCC, subject to the terms of the Restructuring Support Agreement, as amended.
Challenge Period	The Debtors, the Required Lenders (as defined in the <i>Final Order Under Bankruptcy Code Sections 105(a), 361, 362, 363, 503, and 507, and Bankruptcy Rules 4001 and 9014 (I) Authorizing Debtors to Use Cash Collateral; (II) Granting Adequate Protection to Prepetition Secured Parties; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief</i> [Docket No. 586] (the " Cash Collateral Order ")), and the OCC will enter into a stipulation that provides that upon the filing of this Term Sheet with the Court, the Challenge Period (as defined in the Cash Collateral Order) applicable to the OCC is tolled, solely to the extent preserved by OCC as of the date hereof, through the date the court enters an order confirming the Plan, and if the Plan is confirmed, it shall be automatically tolled through the Effective Date; <i>provided</i> , that the OCC may not pursue challenges prior to the Effective Date unless the court enters an order denying confirmation of the Plan or the Debtors publicly announce that they are ceasing to pursue the consummation of the confirmed Plan; <i>provided</i> , further, that if the Plan is not confirmed, then the

Challenge Period shall be tolled to one week from the entry of an order denying confirmation, and if the Debtors publicly announce they are ceasing to pursue confirmation of the confirmed Plan, then the Challenge Period shall be tolled to one week from such announcement.

Definitive Documents

All Definitive Documents relating to the specific subject matter of this Global Opioid Settlement shall be consistent in all respects with this Term Sheet, and the provisions regarding implementation of this Global Opioid Settlement in the Definitive Documents, including the Plan) shall be in form and substance reasonably acceptable to the Debtors, the GAHC, the MSGE Group and the OCC. Without limiting the foregoing, to the extent the Plan does not already include the below, the Plan shall be modified to include a release of the OCC (and all of its advisors, members and such members' advisors).

Opioid Deferred Cash Payments

Annex A

Prepayment Cost of Deferred Cash Payments at Various Months After Plan Effective Date¹

Months after Plan Effective Date (end of Month)	Prepayment Cost of Deferred Cash Payments
0	\$ 716,889,259
1	\$ 725,128,582
2	\$ 733,440,227
3	\$ 741,824,347
4	\$ 750,281,031
5	\$ 758,810,295
6	\$ 767,412,072
7	\$ 776,086,190
8	\$ 784,832,363
9	\$ 793,650,162
10	\$ 802,538,992
11	\$ 811,498,058
12	\$ 820,526,326 ²
13	\$ 627,859,737
14	\$ 635,254,954
15	\$ 642,711,782
16	\$ 650,229,925
17	\$ 657,808,961
18	\$ 665,448,320 ³

¹ Amounts shown in annex above show the prepayment cost at the end of each of the 18 months after the Effective Date for the remaining unpaid Opioid Deferred Cash Payments at such time. To the extent a prepayment occurs other than at the end of the month, the prepayment cost shall be calculated as of such prepayment date pursuant to the formula set forth in the Prepayment Option.

² Month twelve includes \$200,000,000 payment due at such time.

³ Prepayment right may be exercised on or prior to eighteen months after the Effective Date.

Exhibit A

Opioid Covenant

Opioid Deferred Cash Payments Covenants

DEBT AND LIEN INCURRENCE

Existing Credit Agreement and Incremental Debt	Greater of: <ul style="list-style-type: none">• (i) 1L debt outstanding under Existing Credit Agreement as of the Plan Effective Date and as such amount is reduced by any repayments or prepayments (excluding repayments or prepayments in connection with a refinancing) plus \$200MM of incremental 1L Indebtedness, and• (ii) Indebtedness that does not cause Adjusted 1L SLR, pro forma for then most recently ended Test Period, to exceed 3.25x, while Qualified Ratings¹ apply, otherwise 2.75x; provided, that Adjusted 1L SLR shall be calculated based on the aggregate amount of all 1L debt and all junior debt that is secured pursuant to the ratio lien basket below All Indebtedness outstanding under the Existing Credit Agreement on the Plan Effective Date shall at all times be deemed to have been incurred pursuant to this basket
General Debt	Greater of \$50MM and [TBD]% of CTA
General Liens	Greater of \$75MM and [TBD]% of CTA
Non-Opioid Trust Obligor Debt / Non-Loan Party Subsidiary Debt	Greater of \$100MM and [TBD]% of CTA provided Opioid Trust Obligors do not provide credit support for such indebtedness ²
Qualified Receivables Facilities	Greater of \$200MM and [TBD]% of CTA
Capitalized Lease Obligations / Sale Leasebacks	Greater of \$125MM and [TBD]% of CTA
Acquisition / Assumed Debt	For secured Indebtedness, total SLR shall not exceed (i) 3.25x on a pro forma basis while Qualified Ratings apply, otherwise 2.75x, or (ii) total SLR immediately prior For all such Indebtedness, FCCR shall not be less than 2.25x on a pro forma basis, or not be less, on a pro forma basis, than FCCR immediately prior
Existing Senior Notes	Deleted, replaced by existing First Lien Notes, existing Second Lien Notes and Settlement Second Lien Notes <ul style="list-style-type: none">• To include takeback debt and cram-down notes, if any, issued pursuant to the Plan
Ratio Debt / Permitted Debt	Uncapped so long as (i) no Default or EOD, and (ii) pro forma FCCR is not less than 2.75x, stepping down to 2.50x upon such time Opioid Deferred Cash Payments is \$625MM or less, and 2.25x if \$375MM or less Limited to debt of a Borrower or a domestic loan party that is not secured on a pari passu basis
Ratio Liens	Liens securing Permitted Debt up to a pro forma total SLR of not greater than 3.25x while Qualified Ratings apply, otherwise 2.75x

PROVISIONS RELATED TO PERMITTED INVESTMENTS

General Investment Basket	Up to greater of \$400MM and [TBD]% of CTA <ul style="list-style-type: none">• \$100MM sublimit, shared with Builder Basket, for investments in unrestricted subsidiaries (other than ordinary course investments)
Builder Basket <i>(Shared Basket Between Restricted Payments and Permitted Investments)</i>	Sum of (i) \$50MM, plus (ii) 50% of Cumulative Retained Excess Cash Flow amount beginning with first full fiscal quarter post-closing, plus (iii) other customary adjustments as set forth in existing credit agreement; availability of Builder Basket subject to Total Net Leverage < 3.50x May not be used for Restricted Payments if more than \$600MM of Opioid Deferred Cash Payments remain unpaid
Investments in Non-Opioid Trust Obligors / Non-Loan Parties	Allowed provided that any such Investments shall (i) comprise intercompany transactions undertaken (as certified by a Responsible Officer of a Borrower) in good faith for the purpose of improving the consolidated tax efficiency of the Parent and its Subsidiaries and not for the purpose of circumventing any covenant set forth herein and (ii) be made solely in the form of cash, notes, receivables and payables or securities JVs: Greater of \$200MM and [TBD]% of CTA
Investments in JVs	Guarantee of Debt of JVs: Greater of \$100MM and [TBD]% of CTA
Ratio Investment Basket	If no Default or EOD, up to 3.25x Total Net Leverage Ratio
Investments into Unrestricted Subs	Not permitted except for (i) transactions in the ordinary course of business upon terms that are substantially no less favorable than would be obtained in a comparable arm's-length transaction with non-Affiliate, and (ii) Investments in aggregate outstanding amount of \$100MM when made pursuant to sub-limit described above

¹ Qualified Ratings means public corporate family ratings (or equivalent) that include at least two of the following: a rating equal to or higher than B2 from Moody's, a rating equal to or higher than B from S&P or a rating equal to or higher than B from Fitch.

² Basket is separate and incremental to general debt basket and qualified receivables facilities basket.

Opioiod Deferred Cash Payments Covenants

PROVISIONS RELATED TO RESTRICTED PAYMENTS

Modifications to Definition of Restricted Payments	Definition of Restricted Payments to match that in the Existing Credit Agreement (i.e., limited to payments on equity, etc., as junior secured/unsecured debt is senior to or pari with Opioiod Deferred Cash Payments)
Restricted Debt Payments Basket	N/A
Restricted Settlement Payments Basket	N/A
General RP Basket	If no Default or EOD, \$50MM
Builder Basket <i>(Shared Basket Between Restricted Payments and Permitted Investments)</i>	Sum of (i) \$50MM, plus (ii) 50% of Cumulative Retained Excess Cash Flow amount beginning with first full fiscal quarter post-closing, plus (iii) other customary adjustments as set forth in existing credit agreement; availability of Builder Basket subject to Total Net Leverage < 3.50x May not be used for Restricted Payments if more than \$600MM of Opioiod Deferred Cash Payments remain unpaid
Ratio RP Basket	Eliminated (and relevant definitions and related provisions will be deleted accordingly)
Equity Raise RP Basket	RPs may be made with any portion of Cumulative Parent Qualified Equity Proceeds Amount

OTHER

Financial Covenant	No financial covenant
Leverage Calculations	Calculation of all leverage ratios for purposes of debt, lien, RP and investment covenants shall be pro forma, on a consolidated basis, and include only EBITDA of Subsidiaries (i.e., EBITDA of Unrestricted Subsidiaries is excluded from calculations), provided that net distributions from Unrestricted Subsidiaries to the Company or Restricted Subsidiaries are <i>included</i> in EBITDA (if greater than zero) Leverage ratios to be calculated <i>excluding</i> capitalization of opioiod and Acthar settlements <i>in all cases</i>
Transfer of Material IP	In no event shall any material IP be transferred by an Opioiod Trust Obligor to a non-Opioiod Trust Obligor (including any unrestricted subsidiary) via Investment or Restricted Payment otherwise permitted pursuant to this agreement (subject to certain exceptions) ³
Designated Non-Cash Consideration	Greater of \$120MM and [TBD]% of CTA
“Fixed Charges” Definition	Definition of Fixed Charges to exclude annual payment made to Opioiod Trust
“CNI” Definition (Cap on Exclusions of Non-Recurring Items)	No cap
Cap on Pro Forma Cost Savings	Pro forma cost savings capped at 15% of EBITDA (excl. cost savings) % of CTA baskets to be set as equivalent to fixed dollar prong, based on Company’s balance sheet upon emergence
Other	Transactions pursuant to the Plan (including refinancing of some or all of the existing debt at exit) are permitted Baskets calculated on fixed dollar or % of CTA will be deemed not utilized at exit Definition of Investment to be consistent with existing and modified debt documents

AFFIRMATIVE COVENANTS, CLAIM AMOUNT, EVENTS OF DEFAULT

Affirmative Covenants	The Opioiod Trust Deferred Payment Obligations shall have the benefit of all of the affirmative covenants in the Takeback TL Credit Agreement except that: <ul style="list-style-type: none">• The Opioiod Trust will not be listed as a co-loss payee on any property or casualty policies or as an additional insured on any general liability policy (5.02)• The Opioiod Trust Obligors will not be required to deliver any Perfection Certificate (5.04(f))• The covenant relating to use of proceeds will be deleted (5.08)• The covenant relating to additional security will be deleted (5.10), but future borrowers, issuers, pledgers and guarantors of any of the Reorganized Debtors’ principal credit agreement and other indebtedness covered under analogous security documentation from time to time will automatically become Opioiod Trust Obligors• The requirement to obtain and maintain a rating will be deleted (5.11)
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³ Exceptions per takeback TL agreement.

Opioid Deferred Cash Payments Covenants

- The post-closing obligations covenants (5.12), which related to security arrangements, will be deleted.
- The covenant relating to account control agreements (5.13) will be deleted
- For the avoidance of doubt, there shall be no covenants relating to the Cadence IP Licensee

Claim Amount

Reporting requirements are under evaluation and TBD, but will be no less comprehensive than those included in the Parent's new credit agreement.

In the event of any bankruptcy or other proceeding with respect to any Opioid Trust Obligor under or pursuant to any Debtor Relief Laws, the Opioid Trust shall be entitled to assert the full unpaid amount of the Opioid Trust Deferred Payments, without discount or reduction of any kind, including without limitation any discount or reduction that might otherwise be imposed by law, including Debtor Relief Laws or any court administering any such proceeding, as a result of, or in connection with, the payment of any of the Opioid Trust Deferred Payments prior to their originally scheduled payment dates

Events of Default

Event of Default triggers consistent with Events of Default in existing notes.

Occurrence of a Change of Control shall not constitute an EoD. If the Change of Control leads to a ratings downgrade, then such Change of Control shall trigger a put right against the Company based on the undiscounted amount of remaining Opioid Deferred Cash Payments

As of the Plan Effective Date, the GUC Trust will be formed and shall receive the GUC Trust Consideration as set forth in the GUC Settlement Term Sheet. All GUC Claims shall automatically, and without further act, deed, or court order, be assumed by the GUC Trust and all of Mallinckrodt's liability for GUC Claims shall be assumed by, the GUC Trust as more fully set forth in the GUC Settlement Term Sheet. Each GUC Claim shall be resolved in accordance with the terms, provisions, and procedures of the GUC Settlement Term Sheet and the GUC Trust Documents.

Mallinckrodt GUC Settlement Term Sheet

This GUC Settlement Term Sheet, by and among the Debtors and the Supporting Parties, describes the proposed treatment of GUC Claims to be incorporated in the Restructuring contemplated by the Plan as well as certain related implementation and other matters (collectively, the "GUC Settlement"). This GUC Settlement Term Sheet incorporates the rules of construction set forth in section 102 of the Bankruptcy Code. Certain capitalized terms used herein are defined in the glossary attached hereto; capitalized terms used but not otherwise defined in this GUC Settlement Term Sheet have the meanings assigned in the Plan, as applicable.

This GUC Settlement Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documents implementing the GUC Settlement and broader restructuring of claims against and interests in the Debtors, which remain subject to negotiation among the parties.

GUC SETTLEMENT TERMS

Overview / Plan Support

The GUC Settlement will be implemented through the Plan, as amended as appropriate, consistent with the terms of (a) this GUC Settlement Term Sheet, and (b) Restructuring Support Agreement (including all exhibits thereto). The GUC Settlement shall constitute a compromise and settlement of all disputed issues between and among the Parties relating to the Plan.

In consideration of the compromises and settlements set forth herein, the UCC will (i) support the Plan and (ii) encourage all holders of GUC Claims entitled to vote on the Plan to vote in favor of the Plan (including by transmitting to holders of GUC Claims a letter, in form and substance reasonably acceptable to the Parties supporting the Plan), in each case, so long as the Plan and any related Definitive Documents are not inconsistent with this GUC Settlement. Such letter shall also be filed on the docket of the Debtors' bankruptcy case and be made available on the Debtors' restructuring website, and the UCC's prior letter regarding the Plan shall be removed from such website.

The Plan will provide for the establishment of the GUC Trust, which will receive the GUC Trust Consideration (as defined below) and such other consideration it may obtain post-emergence from third-parties subject to the reasonable consent right of the Debtors or Reorganized Debtors, as applicable. All GUC Claims will be deemed assumed by the GUC Trust and be discharged, released, and enjoined as to the Debtors and the other Released Parties. The GUC Trust will be solely responsible for any and all costs, expenses, fees, taxes, disbursements, debts or obligations incurred from the operation and administration of the GUC Trust.

Treatment / Reconciliation of GUC Claims

As of the Plan Effective Date, Mallinckrodt's liability for all GUC Claims shall automatically, and without further act, deed, or court order, be assumed by the GUC Trust, as described herein. Each GUC Claim shall be resolved in accordance with the terms, provisions, and procedures of the GUC Trust Documents; *provided*, that allocations of the GUC Trust Consideration (as defined below) and distributions on account of GUC Claims shall satisfy the requirements of the Bankruptcy Code and Bankruptcy Rules; *provided, further*, that any settlement that results in allowance of any Acthar Claims shall require the reasonable consent of the Debtors and shall not include any direct or indirect admission of fault or liability as to Mallinckrodt or any Released Party and shall not include any terms that allow for, establish, or tend to establish any legal or factual predicate for postpetition or post-emergence claims, liabilities, or obligations, including as to any form of legal or equitable relief, against Mallinckrodt or any Released Party; *provided, further*, that the Debtors shall have the right to control the defense of and settle, with the reasonable consent of and at the expense of the GUC Trust, Acthar Claims to the extent such Claims are the subject of litigation.

For the avoidance of doubt, (a) all administrative, secured, and priority claims, including any GUC Claim where a portion thereof is asserted to be an administrative, secured, or priority claim and (b) any GUC Claim seeking injunctive relief, shall be resolved by the Debtors in accordance with the terms, provisions, and procedures of the Plan; *provided, however*, that if such GUC Claim is later determined not to be an administrative, secured, or priority claim, or any request for injunctive relief has been dismissed, such GUC Claim shall be resolved by the GUC Trust in accordance with the terms, provisions, and procedures of the GUC Trust Documents and shall be controlled by the GUC Trustee, with the reasonable consent of the Debtors.

On the GUC Trust Settlement Date, the Debtors shall agree to forbear from (a) filing additional objections to GUC Claims, (b) prosecuting the *Second Omnibus Claims Objection* [D.I. 3189]; *Third Omnibus Claims Objection* [D.I. 3190]; and *Fourth Omnibus Claims Objection* [D.I. 3191], and (c) deeming any Claims to be allowed Claims without the UCC's consent; *provided, however*, that: (x) forbearance would not impact or hinder, in the Debtors' discretion, (i) the Debtors' ability to confirm the Plan or (ii) the Reorganized Debtors; and (y) the UCC agrees to the terms set forth herein and agrees to support the Plan.

The GUC Trust shall be funded in accordance with the provisions of this Term Sheet. The sole recourse of any GUC Claimant on account of such GUC Claim shall be to the GUC Trust, and each such GUC Claimant shall have no right whatsoever at any time to assert its GUC Claim against any Released Party.

For the avoidance of doubt, allowed Asbestos Late Claims shall be included in the definition of GUC Claims, but Asbestos Claims shall be excluded from the GUC Trust.

Treatment of Generics Price Fixing Claims

Pursuant to the UCC Settlement Implementation (defined below), in full and final satisfaction of the Generics Price Fixing Claims, in lieu participating in the claims reconciliation process, holders of Generics Price Fixing Claims shall receive their pro rata share of \$8 million to be paid from the GUC Trust cash payment by the GUC Trust, based on estimated claim amounts, to be paid to holders of Generics Price Fixing Claims on the Effective Date or as soon as practicable thereafter.

GUC Trust Consideration

In lieu of the current consideration provided for under the Plan, on the Plan Effective Date, the GUC Trust will receive consideration (the "**GUC Trust Consideration**") comprised of the following forms of consideration:

- A cash payment of \$135 million on the Effective Date;
- the Assigned Preference Claims;
- the Terlivaz Contingent Value Rights;
- the Assigned Sucampo Avoidance Claims;
- the Share Repurchase Claims;
- the VTS PRV Share; and
- the StrataGraft PRV Share.

Asbestos Settlement

As of the Plan Effective Date, the Debtors' liability, if any, for all Asbestos Claims timely filed by the February 16, 2021 at 4:00 pm (et) bar date shall automatically, and without further act, deed, or court order, be assumed by the Asbestos Trust, as described herein. For the avoidance of doubt, litigations concerning asbestos commenced against the Debtors after the Effective Date will be addressed by the Reorganized Debtors; *provided*, that, this does not affect the Asbestos Trust's obligation to resolve Asbestos Late Claims.

Each Asbestos Claim shall be resolved in accordance with the terms, provisions, and procedures of the Asbestos Trust Documents; *provided*, that allocations of the Asbestos Trust Consideration and distributions on account of Asbestos Claims shall satisfy the requirements of the Bankruptcy Code and Bankruptcy Rules. The Asbestos Claims shall be excluded from the Treatment of GUC Claims and shall be exclusively resolved through the Asbestos Trust. Asbestos Late Claims will be resolved by the GUC Trust. On the Effective Date, the Asbestos Trust shall be established, and the Asbestos Trustee shall be appointed, as selected by the UCC in consultation with the Debtors.

Pursuant to the UCC Settlement Implementation (defined below), the Asbestos Trust Consideration shall be \$18 million, to be paid from the GUC Trust cash payment by the GUC Trust to the Asbestos Trust, payable as follows:

- The initial cash payment shall be \$[] million payable on the Effective Date; and

- The remaining cash payment shall be provided within 90 days of the Effective Date.

The Asbestos Cost Sharing Agreement and the Asbestos Insurance Policies shall be excluded from the Asbestos Trust and remain with the Reorganized Debtors. The Asbestos Trustee shall be responsible for management and distribution of the Asbestos Trust Consideration, including the resolution of the Asbestos Claims.

After the Debtors' contributions to the Asbestos Trust set forth above have been made in full, the Reorganized Debtors shall retain all proceeds of any Asbestos Insurance Policies, including those that are part of the Asbestos Cost Sharing Agreement. To the extent the Asbestos Trustee comes into possession of any proceeds of Asbestos Insurance Policies, the Asbestos Trust shall turn such proceeds over to the reorganized Debtors, and if for any reason the Asbestos Trust is required to pursue any such proceeds, it shall do so at the sole cost and expense of the reorganized Debtors. In the event of any default of the Debtors' contribution obligations set forth above, the Asbestos Trustee shall be deemed to have succeeded to the Debtors rights as the insured under the Asbestos Cost Sharing Agreement and any and all Asbestos Insurance Policies, and may pursue and retain such insurance proceeds for the benefit of the beneficiaries of the Asbestos Trust.

At no point will the Asbestos Trust Consideration be commingled with the GUC Trust Consideration on or after the Effective Date. Prior to the Effective Date, the Asbestos Trust Documents shall be filed.

Tax Matters¹

The GUC Settlement and the Asbestos Settlement shall be implemented with the objective of maximizing tax efficiency to (i) Mallinckrodt, including with respect to the availability, location and timing of tax deductions and (ii) to the GUC Claimants and Asbestos Claimants, including with respect to the tax classification of the GUC Trust and Asbestos Trust, respectively.

The GUC Trust and the Asbestos Trust will be treated as a qualified settlement funds for tax purposes.

GUC Trust Documents

The GUC Trust Documents will comply with the requirements of the Bankruptcy Code. The material terms of the GUC Trust Documents will be described in a Plan Supplement and forms of the GUC Trust Documents shall be included in the Plan Supplement, with such summaries and forms of documents to be reasonably acceptable to the UCC and the Debtors.

GUC Assigned Preference Claims and Assigned Sucampo Avoidance Claims Cooperation

During the pendency of the Chapter 11 Cases and after the Plan Effective Date, the Debtors shall cooperate with professionals retained by the UCC or the GUC Trust, as applicable, in connection with the investigation and preservation of the Assigned Preference Claims and Assigned Sucampo Avoidance Claims, including by providing non-privileged information (including, without limitation, documents, emails and access to individuals with information), at the request of professionals retained by the UCC or the GUC Trust.

The Debtors shall provide all available, non-privileged information relating to the Assigned Preference Claims and Assigned Sucampo Avoidance Claims to professionals retained by the UCC during the Debtors' bankruptcy cases.

On and after the Plan Effective Date, the Reorganized Debtors shall provide reasonable cooperation to the GUC Trust in connection with the GUC Trust's investigation, preservation and pursuit of Assigned Preference Claims and Assigned Sucampo Avoidance Claims.

¹ [NTD: Subject to LW tax review]

StrataGraft PRV Monetization

The Reorganized Debtors shall market the StrataGraft priority review voucher at a time to be determined by the Reorganized Debtors' board of directors. The Reorganized Debtors shall have sole discretion and control over the marketing and sale of the Stratagraft priority review voucher, but shall provide the GUC Trustee with consultation rights and timely updates regarding all aspects of the marketing of the StrataGraft priority review voucher.

Challenge Period

The Debtors, the Required Lenders (as defined in the Final Order Under Bankruptcy Code Sections 105(a), 361, 362, 363, 503, and 507, and Bankruptcy Rules 4001 and 9014 (I) Authorizing Debtors to Use Cash Collateral; (II) Granting Adequate Protection to Prepetition Secured Parties; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief [Docket No. 586] (the "**Cash Collateral Order**")), and the UCC will enter into a stipulation that provides that upon the filing of this GUC Settlement with the Court, the Challenge Period (as defined in the Cash Collateral Order) applicable to the UCC is tolled, solely to the extent preserved by UCC as of the date hereof, through the date the court enters an order confirming the Plan, and if the Plan is confirmed, it shall be automatically tolled through the Effective Date; *provided*, that the UCC may not pursue challenges prior to the Effective Date unless the court enters an order denying confirmation of the Plan or the Debtors publicly announce that they are ceasing to pursue the consummation of the confirmed Plan; *provided*, further, that if the Plan is not confirmed, then the Challenge Period shall be tolled to one week from the entry of an order denying confirmation, and if the Debtors publicly announce they are ceasing to pursue confirmation of the confirmed Plan, then the Challenge Period shall be tolled to one week from such announcement.

Definitive Documents

All Definitive Documents relating to the subject matter of this GUC Settlement shall be consistent in all respects with this GUC Settlement Term Sheet, and the provisions regarding implementation of this GUC Settlement in the Definitive Documents shall be in form and substance reasonably acceptable to the Debtors, the Supporting Parties (solely to the extent of each Supporting Parties' consent rights pursuant the Restructuring Support Agreement), and the UCC.

Other Terms of Plan and Confirmation Order

The Plan and/or Confirmation Order will provide for, among other things, the following:

- Payment in full on the Effective Date of all reasonable, documented fees, expenses, and disbursements incurred by the Indenture Trustee (including reasonable, documented professional fees, expenses and disbursements) whether prior to or after the Petition Date and whether prior to or after the Effective Date, and the Plan shall include customary language, protections and rights of indenture trustees under chapter 11 plans for the benefit of the Indenture Trustee (for example, as currently provided under the Plan to/for the Guaranteed Unsecured Notes Indenture Trustee).

- The UCC will be responsible for selecting the GUC Trustee and members of the GUC Trust Oversight Committee with the reasonable consent of the Debtors.
- Any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) associated with the Assigned Preference Claims and Assigned Sucampo Avoidance Claims shall be transferred to the GUC Trust and shall vest in the GUC Trust, and the Debtors or the Reorganized Debtors, as the case may be, and the GUC Trust shall take all necessary actions to effectuate the transfer of such privileges; *provided*, that (a) such privileges shall be transferred to the GUC Trust for the sole purpose of enabling, and to the extent necessary to enable, the GUC Trust to investigate and/or pursue such Assigned Preference Claims and Assigned Sucampo Avoidance Claims and (b) no documents or communications subject to a privilege shall be publicly disclosed by the GUC Trust or communicated to any person not entitled to receive such information or in a manner that would diminish the protected status of such information, unless such disclosure or communication is reasonably necessary to preserve, secure, prosecute, or obtain the benefit of the Assigned Preference Claims and Assigned Sucampo Avoidance Claims; *provided, further*, that the Confirmation Order shall provide that the GUC Trust's receipt of transferred privileges shall be without waiver in recognition of the joint and/or successorship interest in prosecuting claims on behalf of the Debtors' estates.
- The GUC Trust shall be authorized to conduct Rule 2004 examinations, to the fullest extent permitted thereunder, to investigate the Assigned Preference Claims and Assigned Sucampo Avoidance Claims, without the requirement of filing a motion for such authorization; *provided, however*, that no such Rule 2004 examinations shall be taken of the Debtors, the Reorganized Debtors, any Released Party or any of their respective then-current employees, officers, directors, representatives or agents, without further order of the Bankruptcy Court after notice and an opportunity to object and be heard.
- The exercise of remedies (including, without limitation, rights of setoff and/or recoupment) by non-Mallinckrodt third parties against Mallinckrodt on account of any Assigned Preference Claims and Assigned Sucampo Avoidance Claims shall be enjoined and barred, to the extent permitted by applicable law.

Class 6 Allocation

The UCC and/or the GUC Trustee, as applicable, shall have exclusive standing to propose, settle, or otherwise seek an allocation among Class 6 General Unsecured Creditors (the “**Allocation**”), subject, prior to the Effective Date, to the reasonable consent of the Debtors and/or Reorganized Debtors, as applicable. [The UCC shall, through a motion pursuant to Rule 9019, or some other mechanism agreed to by the Debtors and the UCC (“**UCC Settlement Implementation**”), seek approval of an Allocation methodology and initial distributions to creditors consistent with the illustrative recoveries to Holders of Class 6 Claims substantially in the form attached hereto as Exhibit 1, to be heard contemporaneously with the confirmation hearing. If the Court enters an order (the “**UCC Approval Order**”) approving the UCC Settlement Implementation, the UCC Approval Order shall be fully incorporated into the order approving the Plan.]² The Debtors and/or the Reorganized Debtors, as applicable, shall provide reasonable cooperation with respect to approval of the Allocation.

² The Debtors and the Supporting Parties take no position with respect to the proposed Allocation. The Debtors and the UCC are still in discussion on the implementation mechanics.

Glossary of Key Defined Terms

<u>Term</u>	<u>Meaning</u>
Asbestos Claim	Means a Claim evidenced by a proof of claim filed in the Chapter 11 Cases related to asbestos exposure or products containing Asbestos, regardless of whether it is based on premises or product liability and regardless of which Debtor entity the Claim is asserted against. For the avoidance of doubt, this includes any filed Claim asserted as a personal injury claim based on asbestos exposure.
Asbestos Late Claim	Means a Claim evidenced by a proof of claim filed in the Chapter 11 Cases filed after February 16, 2021 4:00 pm (et) related to asbestos exposure or products containing Asbestos, regardless of whether it is based on premises or product liability and regardless of which Debtor entity the Claim is asserted against. The GUC Trust shall file and prosecute objections based on timeliness to all Asbestos Late Claims. An allowed Asbestos Late Claim shall be a GUC Claim.
Asbestos Claimant	A holder of an Asbestos Claim.
Asbestos Late Claimant	A holder of an Asbestos Late Claim, which shall be considered GUC Claimants.
Asbestos Cost Sharing Agreement	That certain June 20, 1991 Primary Insurance Cost Sharing Agreement Regarding IMCERA's Asbestos Bodily Injury Claims in the aggregate amount of approximately \$35.2 million as agreed to by the Asbestos Insurance Providers, and any Asbestos Insurance Policies subject thereto, as amended and restated from time to time.
Asbestos Insurance Policies	Any insurance policies held by the Debtors or their predecessors providing coverage of Asbestos Claims, including any policies (or successors thereto) listed under the Asbestos Cost Sharing Agreement, or other policies providing coverage for Asbestos Claims.
Asbestos Insurance Providers	Shall mean the insurance providers that are a party to the Asbestos Insurance Policies or any successor or assignee providers of such Asbestos Insurance Policies.
Asbestos Trust	The non-section 524(g) trust to be established as a designated settlement fund or a qualified settlement fund, in accordance with the regulations issued by the Internal Revenue Service, as of the Plan Effective Date pursuant to the Asbestos Trust Documents, for the holders of Asbestos Claims. Asbestos Claims timely filed by the February 16, 2021 bar date shall be assumed by the Asbestos Trust, and resolved in accordance with the terms, provisions, and procedures of the Asbestos Trust Documents.
Asbestos Trust Consideration	\$18 million, to be paid from the GUC Trust cash payment by the GUC Trust, payable as follows: <ul style="list-style-type: none">• The initial cash payment shall be \$[] million payable on the Effective Date; and• The remaining cash payment shall be provided within 90 days of the Effective Date.

The Asbestos Cost Sharing Agreement will be excluded from the Asbestos Trust and the GUC Trust, and shall remain with the Reorganized Debtors. For the avoidance of doubt, the Asbestos Trust Consideration is separate and apart from, and shall not be commingled with, the GUC Trust Consideration.

Asbestos Trust Documentation

The documents, to be drafted by UCC Professionals and reasonably acceptable to the Debtors, the Supporting Parties (solely to the extent of each Supporting Parties' consent rights pursuant to the Restructuring Support Agreement) governing: (i) the Asbestos Trust; (ii) the flow of consideration from the Debtors' estates to the Asbestos Trust; (iii) submission, resolution, and distribution procedures in respect of all Asbestos Claims; (iv) the flow of distributions, payments or flow of funds made from the Asbestos Trust on or after the Plan Effective Date; and (v) the process for the resolution of Asbestos Claims.

Prior to the Effective Date, the Asbestos Trust Documents shall be filed. The material terms of the Asbestos Trust will be described in the Plan Supplement and the Asbestos Trust Documents shall be included in the Plan Supplement.

Asbestos Trustee

The Asbestos Trustee shall be selected by the UCC in consultation with the Debtors.

The Asbestos Trustee shall be responsible for management and distribution of the Asbestos Trust Consideration, including the resolution of the Asbestos Claims in accordance with the Asbestos Trust Distribution Procedures or other governing documents.

Assigned Preference Claims

All preference claims arising under section 547 of the Bankruptcy Code (and/or analogous state law), and all proceeds thereof, excluding preference claims (a) assigned to the Opioid MDT II or (b) against (i) any Released Party, (ii) any counterparty to an assumed contract, or (iii) any holder of a Class 7 Claim (go-forward trade creditors).

Assigned Sucampo Avoidance Claims

All Avoidance Actions arising from the Sucampo acquisition against the selling shareholders in such acquisition, including as related to VTS-270.

GUC Claim

A General Unsecured Claim (as defined in the Plan), which shall include allowed Asbestos Late Claims and exclude Asbestos Claims.

GUC Claimant

A Holder of a GUC Claim, which shall include holders of allowed Asbestos Late Claims, but exclude Asbestos Claimants.

GUC Trust

The trust that is to be established in accordance with the Plan, the Confirmation Order, and the GUC Trust Documents for all Holders of Claims in Classes 6(a)-(f) other than any secured or priority claims (including any royalty claims), which trust will satisfy the requirements of section 468B of the Internal Revenue Code and the Treasury Regulation promulgated thereunder (as such may be modified or supplemented from time to time); *provided, however*, that nothing contained herein shall be deemed to preclude the establishment of one or more trusts as determined by the GUC Claimants to be reasonably necessary or appropriate, including to provide tax efficiency to the GUC Trust and GUC Claimants (and all such trusts shall be referred to collectively as the "GUC Trust").

GUC Trust Beneficiaries	TBD
GUC Trust Documents	The documents governing: (i) the GUC Trust; (ii) any sub-trusts or vehicles that comprise the GUC Trust, including the Asbestos Trust; (iii) the flow of consideration from the Debtors' estates to the GUC Trust or any sub-trusts or vehicles that comprise the GUC Trust; (iv) submission, resolution, and distribution procedures in respect of all GUC Claims; and (v) the flow of distributions, payments or flow of funds made from the GUC Trust or any such sub-trusts or vehicles after the Plan Effective Date.
GUC Trust Settlement Date	The GUC Trust Settlement Date shall be the date upon which the UCC agrees to the GUC Settlement Term Sheet and the Plan reflecting the GUC Settlement Term Sheet is filed with the Bankruptcy Court.
Indenture Trustee	The Legacy Unsecured Notes Indenture Trustee (as defined in the Plan).
Terlivaz Contingent Value Rights	A \$20 million payment to the GUC Trust due upon the receipt of regulatory approval of Terlivaz by the FDA and upon reaching \$100 million of cumulative net sales. The GUC Trust's Terlivaz Contingent Value Rights will continue against any third-party who purchases or is assigned the rights to Terlivaz.
Share Repurchase Claims	50% of the Debtors' interest in any Claims and Causes of Action arising from the Debtors' share repurchase program between 2015-2018.
StrataGraft PRV Share	35% of the proceeds received upon disposition of the Debtors' priority review voucher related to StrataGraft.
VTS PRV Share	All proceeds received upon disposition of the Debtors' 63% retained ownership interest in the priority review voucher related to VTS-270.

DISCLAIMER

The Official Committee of Unsecured Creditors (the “UCC”) and its advisors have not independently verified any of the underlying source data provided by the advisors to Mallinckrodt plc and its affiliates (together, the “Company”), which provided a basis for the information contained herein in connection with the preparation of this exhibit. Accordingly, no representation or warranty is made by the UCC and its advisors as to the accuracy, reliability or completeness of the information provided by the Debtors which formed the basis of the UCC’s advisors’ preparation of this exhibit and the UCC and its advisors are not responsible to any party, in any way, for the future financial or operational performance of the Company.

While the work of the UCC and its advisors may have included an analysis of financial accounting data, this engagement does not include an audit, compilation or review of any kind of any financial statements on behalf of the UCC. Accordingly, as part of this engagement on behalf of the UCC, the UCC and its advisors do not express any opinion or other form of assurance on the financial statements or financial components referenced or relied upon herein.

In the event the services involved prospective financial or forward-looking information, this information was prepared by the Company and the UCC advisors’ work did not constitute an examination, compilation or agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants, and the UCC and its advisors express no assurance of any kind on such information. There will be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. The UCC and its advisors take no responsibility for the achievability of the expected results of the Company.

Class 6 Allocation of Settlement Consideration*(in millions)*

Class 6 Creditors—>	4.75% Notes	Legacy Debentures	Other	Acthar Litigation	Generics Price-Fixing Litigation	Asbestos Litigation
Initial \$125.0 Cash						
Distribution (“ICD”)¹:	\$56.99	\$ 10.86	\$ 23.65	\$ 7.50	\$ 8.00	\$ 18.00
ICD Payable To:		US Bank		Escrow		Asbestos Trust
Claim Treatment:		Fixed	To be reconciled / adjudicated by GUC Trust		To be estimated and allowed upon Plan confirmation	To be reconciled by Asbestos Trust
Subsequent Cash Distributions (“SCD”):		- Subsequent distributions are currently unknown and are dependent on the following factors: total GUC Trust Consideration, the UCC’s entity-based waterfall model (“UCC Waterfall”), and the claims reconciliation / adjudication process conducted by the GUC Trust			\$0	\$0
		- For the avoidance of doubt, (i) 4.75% Notes and Legacy Debentures may be eligible to receive SCD once total GUC Trust Consideration exceeds \$200 million, and (ii) Other and Acthar Litigation may be eligible to receive SCD once total GUC Trust Consideration exceeds \$125 million				

Class 6 Total Illustrative Recoveries*(in millions)*

The table below illustrates total recoveries to Class 6 creditors assuming (i) GUC Trust Consideration ranging from \$125 - \$300 million and (ii) no further changes to the UCC Waterfall, including claim estimates. As there may be potentially significant changes to the UCC Waterfall, these illustrative recoveries may also change significantly.

Total Settlement Consideration ¹ —>	Total Illustrative Recoveries				
	\$125.0	\$150.0	\$200.0	\$250.0	\$300.0
4.75% Notes	57.0	57.0	57.0	69.3	85.1
Legacy Debentures	10.9	10.9	10.9	13.2	15.2
Other	23.6	28.2	53.3	71.0	87.2
Acthar Litigation	7.5	28.0	52.9	70.5	86.6
Generics Price-Fixing Litigation	8.0	8.0	8.0	8.0	8.0
Asbestos Litigation	18.0	18.0	18.0	18.0	18.0
Total	\$125.0	\$150.0	\$200.0	\$250.0	\$300.0

¹ Reflects \$135 million of cash consideration less \$10 million reserved for GUC Trust administration

Settlement Second Lien Notes Summary Terms

Amount	• \$322,868,000 (<i>i.e.</i> , current outstanding principal amount of existing Second Lien Notes)
Notes	• Senior Secured Second Lien Notes
Issuers	• Mallinckrodt International Finance S.A. and Mallinckrodt CB LLC (<i>i.e.</i> , same issuers as the existing Second Lien Notes)
Obligors	• Same as the obligors on the existing Second Lien Notes, <i>provided that</i> all obligors under the New Term Loan Facility, New Takeback Term Loan Facility (as applicable), First Lien Notes and Takeback Second Lien Notes shall be Obligors hereunder
Coupon	• Payable in cash at 10.00% (<i>i.e.</i> , current interest rate of existing Second Lien Notes)
Maturity	• April 15, 2025 (<i>i.e.</i> , current maturity of existing Second Lien Notes)
Collateral/Priority	• Liens on the same collateral as secures the existing Second Lien Notes that will rank <i>pari passu</i> with the second lien security interests that will secure the Takeback Second Lien Notes, <i>provided that</i> any and all collateral securing the First Lien Notes and Takeback Second Lien Notes shall also secure the Second Lien Notes
Put	• Puttable to the Issuers at 101% of par upon a change of control
Equity Claw	• On or prior to April 15, 2022, Issuers may redeem up to 40% of Settlement Second Lien Notes at a redemption price of 110% of par with the proceeds of an equity offering (<i>i.e.</i> , same terms as under existing Second Lien Notes)
Call Protections	• Same as under existing Second Lien Notes
Affirmative and Negative Covenants	• To generally match the existing First Lien Notes Indenture, as adjusted to reflect Settlement Second Lien Notes structure and transactions contemplated by the Plan (<i>i.e.</i> , covenants substantially equivalent to the covenants under the Takeback Second Lien Notes Indenture)

Other

Subject to such matters as the Debtors, the settling holders of Second Lien Notes and the Second Lien Notes Trustee have separately agreed:

- Debtors will pay the reasonable and documented out-of-pocket fees and expenses of counsel and financial advisors, as applicable, to Deerfield and the trustee and collateral agent for existing Second Lien Notes through the effective date of the Plan under the Plan pursuant to Bankruptcy Rule 9019 and/or Bankruptcy Code sections [1123, 1129(a)(4), and/or 506] and/or applicable reimbursement agreements. Such payments shall be final and not subject to disgorgement, turnover, re-characterization or other similar claim.
- Debtors will not settle disputes regarding the treatment of the existing First Lien Notes unless such settlement provides for a full release of the holders of the existing Second Lien Notes (as well as the trustee and collateral agent for the existing Second Lien Notes) from any and all claims (including, without limitation, for turnover of payments) by the settling holders of the existing First Lien Notes under the existing intercreditor agreement.
- The Debtors shall use reasonable best efforts to cause the Plan and the related Confirmation Order to provide that treatment of First Lien Note claims under the Plan constitutes recovery of all amounts to which First Lien Noteholders are entitled and therefore, that First Lien Noteholders have no claims (including, without limitation, for turnover of payments) against the holders of the existing Second Lien Notes (or the trustee or the collateral agent for the existing Second Lien Notes) under the existing intercreditor agreement in any way arising from, relating to or as a result of the Debtors' restructuring (including, without limitation, of the First Lien Notes and Second Lien Notes), the Plan (including, without limitation, the treatment of the existing First Lien Notes or Second Lien Notes under the Plan or the making of distributions to the holders of the existing First Lien Notes or Second Lien Notes in accordance with the Plan), the distribution of property by the Debtors under the Plan, any related document or any order of the Bankruptcy Court, or any other transaction, agreement, event, omission or other occurrence taking place on or before the Effective Date related or relating to any of the foregoing (collectively, the "Relevant Matters").¹

¹ The Guaranteed Unsecured Notes Ad Hoc Group takes no position on the interpretation of the existing intercreditor agreement.

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- The Second Lien Indenture shall be terminated and extinguished on the Effective Date; provided that the termination and cancellation of the Second Lien Indenture shall be subject to Article IV.F of the Plan (as it may be amended, supplemented or otherwise modified from time to time), and all provisions thereof relating to cancellation of the Second Lien Indenture, including, without limitation, provisions relating to indemnification by holders, distributions to holders, and the charging lien, shall be no less favorable to the Second Lien Indenture Trustee and holders of Second Lien Notes than the provisions thereof relating to cancellation of the Guaranteed Unsecured Notes Indentures or Legacy Unsecured Notes Indentures.
 - Debtors shall provide notice to holders of Second Lien Notes of the amended Plan reflecting this settlement, in accordance with the Bankruptcy Code.



NOT FOR IMMEDIATE RELEASE

Mallinckrodt Reaches Settlements with the Official Committee of Opioid Related Creditors, the Official Committee of Unsecured Creditors and Second Lien Noteholders

Company to File Amended Plan of Reorganization to Incorporate Terms

Company Anticipates Commencing its Confirmation Hearing in September 2021

DUBLIN, Ireland, September 3, 2021 – Mallinckrodt plc (OTCMKTS: MNKKQ) (“Mallinckrodt” or the “Company”) today announced that it has reached an agreement with the Official Committee of Opioid Related Creditors (the “OCC”) and the Restructuring Support Agreement (the “RSA”) Parties to support an amended Plan of Reorganization (the “Amended Plan”), which the Company will file in the coming days. The agreement with the OCC follows recently announced agreements to support the Amended Plan that Mallinckrodt reached with the Official Committee of Unsecured Creditors appointed in its Chapter 11 cases (the “UCC”) and certain of Mallinckrodt’s second lien noteholders. The terms of all three settlements were filed today with the Bankruptcy Court and the U.S. Securities and Exchange Commission on Form 8-K.

Mark Trudeau, President and Chief Executive Officer of Mallinckrodt, said, “With this additional support, we are continuing to build consensus for our restructuring plan, which addresses litigation claims, reduces debt and positions the Company for the long term. The support of these important stakeholder groups reinforces our confidence that this is the best path forward for Mallinckrodt and its creditors, enabling us to preserve value while continuing to serve our customers and patients, support employees and work with our suppliers and other partners. As we continue to make important progress in this process, we remain committed to developing new therapies, improving patient health outcomes and supporting underserved patients with severe and critical conditions.”

The Amended Plan is based on the Company’s previously announced the RSA and includes key legal settlements that resolve, among other claims, opioid claims brought against the Company. The Amended Plan and RSA provide for a financial restructuring designed to strengthen the Company’s balance sheet and reduce its total debt by approximately \$1.3 billion.¹ Implementing the Amended Plan and RSA will significantly improve Mallinckrodt’s financial position and resolves the numerous lawsuits facing the Company, enabling the Company to continue executing its strategic priorities and developing and commercializing therapies that improve health outcomes.

The Amended Plan is now supported by:

- Holders of approximately 84% of the Company’s guaranteed unsecured notes;
- An ad hoc group of first lien term lenders holding approximately \$1.3 billion of the Company’s outstanding first lien term loans;
- 50 states and territories and the Plaintiffs’ Executive Committee in the opioid multidistrict litigation, which will recommend that more than 1,000 plaintiffs in multi-district litigation against the Company support the Amended Plan and RSA;
- The Multi-State Governmental Entities Group (the “MSGEG Group”), which represents more than 1,300 counties, municipalities, tribes and other governmental entities, across 38 states and territories, with opioid-related litigation against the Company;
- An ad hoc group of second lien noteholders holding a majority of the outstanding second lien notes;

¹ Excluding a previously disclosed 2020 excess cash flow sweep of approximately \$114 million to First Lien Term Loan Lenders.

- The UCC; and
- The OCC.

The UCC and the OCC are recommending that the constituents they represent, which include all of the Company's unsecured creditors and opioid plaintiffs, vote in favor of the Plan.

The Bankruptcy Court will hold a confirmation hearing to consider approval of the Plan, which will commence in September 2021. If the Amended Plan is confirmed, the Company intends to file an examinership proceeding in Ireland to effectuate the reorganization in Ireland, which the Company expects may take approximately 90-150 days.

Advisors

Latham & Watkins LLP, Ropes & Gray LLP and Wachtell, Lipton, Rosen & Katz are serving as counsel, Guggenheim Securities, LLC is serving as investment banker and AlixPartners LLP is serving as restructuring advisor to Mallinckrodt.

About Mallinckrodt

Mallinckrodt is a global business consisting of multiple wholly owned subsidiaries that develop, manufacture, market and distribute specialty pharmaceutical products and therapies. The Company's Specialty Brands reportable segment's areas of focus include autoimmune and rare diseases in specialty areas like neurology, rheumatology, nephrology, pulmonology and ophthalmology; immunotherapy and neonatal respiratory critical care therapies; analgesics and gastrointestinal products. Its Specialty Generics reportable segment includes specialty generic drugs and active pharmaceutical ingredients. To learn more about Mallinckrodt, visit www.mallinckrodt.com.

Mallinckrodt uses its website as a channel of distribution of important company information, such as press releases, investor presentations and other financial information. It also uses its website to expedite public access to time-critical information regarding the company in advance of or in lieu of distributing a press release or a filing with the U.S. Securities and Exchange Commission (SEC) disclosing the same information. Therefore, investors should look to the Investor Relations page of the website for important and time-critical information. Visitors to the 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 the website.

CAUTIONARY STATEMENTS RELATED TO FORWARD-LOOKING STATEMENTS

Statements in this document that are not strictly historical, including statements regarding future financial condition and operating results, legal, economic, business, competitive and/or regulatory factors affecting Mallinckrodt's businesses, and any other statements regarding events or developments the company believes or anticipates will or may occur in the future, may be "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, and involve a number of risks and uncertainties.

There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include risks and uncertainties related to, among other things: Mallinckrodt's ongoing Chapter 11 cases; the ability of Mallinckrodt and its subsidiaries to obtain approval from the bankruptcy court with respect to motions or other requests made to the bankruptcy court throughout the course of the Chapter 11 cases and to negotiate, develop, obtain court approval of, confirm and consummate the Amended Plan or any other plan that may be proposed, the effects of the Chapter 11 cases, including increased professional costs, on the liquidity, results of operations and businesses of Mallinckrodt and its subsidiaries; the consummation of the transactions contemplated by the restructuring support agreement and the Amended Plan, including the settlements entered into with the OCC, the UCC, and Mallinckrodt's second lien noteholders and the ability of the parties to negotiate definitive agreements with respect to the matters covered by the related term sheets, whether related to such settlements, included in the restructuring support agreement or otherwise, the occurrence of events that may give rise to a right of any of the parties to terminate the restructuring

support agreement or any of the settlements and the ability of the parties to receive the required approval by the bankruptcy court and to satisfy the other conditions of the restructuring support agreement and the settlements, including satisfying the milestones specified in the restructuring support agreement; governmental investigations and inquiries, regulatory actions and lawsuits brought against Mallinckrodt by government agencies and private parties with respect to its historical commercialization of opioids, including the amended non-binding agreement in principle reached by Mallinckrodt in connection with the announcement of its filing of the Chapter 11 petitions regarding the terms and conditions of a global settlement to resolve all current and future opioid-related claims; potential delays in Mallinckrodt's Chapter 11 process; the proposed settlement with governmental parties to resolve certain disputes relating to Acthar Gel; the possibility that such settlement will not be consummated and the risks and uncertainties related thereto, including the time and expense of continuing to litigate this dispute and the impact of this dispute on Mallinckrodt's financial condition and expectations for performance; the ability to maintain relationships with Mallinckrodt's suppliers, customers, employees and other third parties as a result of the Chapter 11 cases; the availability of operating capital during the pendency of the Chapter 11 cases, including events that could terminate Mallinckrodt's right to continue to access the cash collateral of Mallinckrodt's lenders; the possibility that Mallinckrodt may be unable to achieve its business and strategic goals even if the Chapter 11 plan is successfully consummated; the possibility that Mallinckrodt's Chapter 11 cases may be converted into Chapter 7 cases under the bankruptcy code; the potential termination of Mallinckrodt's exclusive right to file a Chapter 11 plan; the possibility that certain claims against Mallinckrodt may not be discharged as part of the bankruptcy process; developing, funding and executing Mallinckrodt's business plan and continuing as a going concern; Mallinckrodt's post-bankruptcy capital structure; scrutiny from governments, legislative bodies and enforcement agencies related to sales, marketing and pricing practices; pricing pressure on certain of Mallinckrodt's products due to legal changes or changes in insurers' reimbursement practices resulting from recent increased public scrutiny of healthcare and pharmaceutical costs; the impact of the outbreak of the COVID-19 coronavirus; the reimbursement practices of governmental health administration authorities, private health coverage insurers and other third-party payers; complex reporting and payment obligations under the Medicare and Medicaid rebate programs and other governmental purchasing and rebate programs; cost containment efforts of customers, purchasing groups, third-party payers and governmental organizations; changes in or failure to comply with relevant laws and regulations; Mallinckrodt's and its partners' ability to successfully develop or commercialize new products or expand commercial opportunities; Mallinckrodt's ability to navigate price fluctuations; competition; Mallinckrodt's and its partners' ability to protect intellectual property rights; limited clinical trial data for Acthar Gel; clinical studies and related regulatory processes; product liability losses and other litigation liability; material health, safety and environmental liabilities; potential indemnification liabilities to Covidien pursuant to the separation and distribution agreement; business development activities; retention of key personnel; the effectiveness of information technology infrastructure including cybersecurity and data leakage risks; customer concentration; Mallinckrodt's reliance on certain individual products that are material to its financial performance; Mallinckrodt's ability to receive procurement and production quotas granted by the U.S. Drug Enforcement Administration; complex manufacturing processes; conducting business internationally; Mallinckrodt's ability to achieve expected benefits from restructuring activities; Mallinckrodt's significant levels of intangible assets and related impairment testing; labor and employment laws and regulations; natural disasters or other catastrophic events; Mallinckrodt's substantial indebtedness and its ability to generate sufficient cash to reduce its indebtedness; Mallinckrodt's ability to generate sufficient cash to service indebtedness even if the existing indebtedness is restructured; future changes to U.S. and foreign tax laws or the impact of disputes with governmental tax authorities; and the impact of Irish laws.

These and other factors are identified and described in more detail in the "Risk Factors" section of Mallinckrodt's most recent Annual Report on Form 10-K and other filings with the SEC. The forward-looking statements made herein speak only as of the date hereof and Mallinckrodt does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise, except as required by law.

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