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

**AMENDMENT NO. 2**  
**To**  
**Form 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES**  
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

**Mallinckrodt public limited company**  
(Exact name of Registrant as specified in its charter)

**Ireland**  
(State or other jurisdiction of  
incorporation or organization)

**98-1088325**  
(I.R.S. Employer  
Identification Number)

**1st Floor, 20 On Hatch**  
**Lower Hatch Street, Dublin 2, Ireland**  
(Address of principal executive offices)

**+353 (1) 438-1700**  
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

<b>Title of Each Class to be so Registered</b>	<b>Name of Each Exchange on which Each Class is to be Registered</b>
Ordinary Shares, par value \$0.20	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None**

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**MALLINCKRODT PLC**  
**INFORMATION REQUIRED IN REGISTRATION STATEMENT**  
**CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT**  
**AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

**Item 1. Business.**

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Risk Factors,” “Cautionary Statement Concerning Forward-Looking Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Person Transactions,” and “Where You Can Find More Information” and is incorporated herein by reference.

**Item 1A. Risk Factors.**

The information required by this item is contained under the section of the information statement entitled “Risk Factors” and is incorporated herein by reference.

**Item 2. Financial Information.**

The information required by this item is contained under the sections of the information statement entitled “Capitalization,” “Unaudited Pro Forma Condensed Combined Financial Statements,” “Selected Historical Combined Financial Data,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and is incorporated herein by reference.

**Item 3. Properties.**

The information required by this item is contained under the sections of the information statement entitled “Business—Manufacturing,” “Business—Sales, Marketing and Distribution,” and “Business—Properties” and is incorporated herein by reference.

**Item 4. Security Ownership of Certain Beneficial Owners and Management.**

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management” and is incorporated herein by reference.

**Item 5. Directors and Executive Officers.**

The information required by this item is contained under the section of the information statement entitled “Management” and is incorporated herein by reference.

**Item 6. Executive Compensation.**

The information required by this item is contained under the sections of the information statement entitled “Compensation Discussion and Analysis,” “Executive Compensation,” and “Certain Relationships and Related Person Transactions” and is incorporated herein by reference.

**Item 7. *Certain Relationships and Related Transactions.***

The information required by this item is contained under the sections of the information statement entitled “Management” and “Certain Relationships and Related Person Transactions” and is incorporated herein by reference.

**Item 8. *Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings” and is incorporated herein by reference.

**Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled “Dividends,” “Capitalization,” “Executive Compensation,” “The Separation,” and “Description of Mallinckrodt’s Share Capital” and is incorporated herein by reference.

**Item 10. *Recent Sales of Unregistered Securities.***

The information required by this item is contained under the section of the information statement entitled “Description of Mallinckrodt’s Share Capital—Sale of Unregistered Securities” and is incorporated herein by reference.

**Item 11. *Description of Registrant’s Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled “Dividends,” “The Separation,” and “Description of Mallinckrodt’s Share Capital” and is incorporated herein by reference.

**Item 12. *Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled “Description of Mallinckrodt’s Share Capital—Limitations on Liability, Indemnification of Directors and Officers and Insurance” and is incorporated herein by reference.

**Item 13. *Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the information statement entitled “Index to Combined Financial Statements” and the financial statements referenced therein and is incorporated herein by reference.

**Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

**Item 15. *Financial Statements and Exhibits.***

**(a) *Financial Statements***

The information required by this item is contained under the section of the information statement entitled “Index to Combined Financial Statements” and the financial statements referenced therein and is incorporated herein by reference.

**(b) Exhibits**

See below.

The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Form of Separation and Distribution Agreement by and between Covidien plc and Mallinckrodt plc**
3.1	Form of Memorandum and Articles of Association of Mallinckrodt plc**
3.2	Certificate of Incorporation of Mallinckrodt plc**
4.1	Indenture, dated as of April 11, 2013, by and among Mallinckrodt International Finance S.A., Covidien International Finance S.A. and Deutsche Bank Trust Company Americas, as trustee**
4.2	Registration Rights Agreement, dated as of April 11, 2013, by and among Mallinckrodt International Finance S.A., Goldman, Sachs & Co., J.P. Morgan Securities LLC and the other purchasers named therein**
10.1	Form of Transition Services Agreement by and between Covidien plc and Mallinckrodt plc**
10.2	Form of Tax Matters Agreement by and between Covidien plc and Mallinckrodt plc**
10.3	Form of Employee Matters Agreement by and between Covidien plc and Mallinckrodt plc*
10.4	Credit Agreement, dated as of March 25, 2013, by and among Mallinckrodt International Finance S.A., JPMorgan Chase Bank, National Association, as administrative agent, and the other lenders and agents party thereto**
10.5	Letter Agreement, dated as of February 9, 2012, by and between Covidien plc and Mark Trudeau**†
10.6	Letter Agreement, dated as of August 1, 2011, by and between Covidien plc and Matthew K. Harbaugh**†
10.7	Letter Agreement, dated as of August 1, 2011, by and between Covidien plc and David E. Silver**†
10.8	Letter Agreement, dated as of August 1, 2011, by and between Covidien plc and Thomas E. Berry**
10.9	Letter Agreement, dated as of August 1, 2011, by and between Covidien plc and Peter G. Edwards**
10.10	Mallinckrodt Stock and Incentive Plan*
10.11	Mallinckrodt Employee Stock Purchase Plan*
10.12	Mallinckrodt Savings Related Share Plan*
10.13	Form of Deed of Indemnification by and between Mallinckrodt plc and Directors and Secretary**
10.14	Form of Indemnification Agreement by and between Mallinckrodt Brand Pharmaceuticals, Inc. and Directors and Secretary**
21.1	Subsidiaries of Mallinckrodt plc*
99.1	Information Statement of Mallinckrodt plc, preliminary and subject to completion, dated May 8, 2013**

\* To be filed by amendment.

\*\* Filed herewith.

† Confidential treatment requested as to certain terms in this agreement; these terms have been omitted from this filing and filed separately with the Securities and Exchange Commission.

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

MALLINCKRODT PUBLIC LIMITED COMPANY

By: /s/ Mark Trudeau

Name: Mark Trudeau

Title: Director

Date: May 8, 2013

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

COVIDIEN PLC

AND

MALLINCKRODT PLC

DATED AS OF [—], 2013

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## SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [—], 2013 (this “Agreement”), is by and between Covidien plc, an Irish public limited company (“Covidien”), and Mallinckrodt plc, an Irish public limited company (“Mallinckrodt”). Mallinckrodt and Covidien are referred to together as the “Parties” and individually as a “Party.” Capitalized terms used herein shall have the respective meanings assigned to them in Article I or elsewhere in this Agreement.

### R E C I T A L S

WHEREAS, Covidien currently owns and operates both the Covidien Business and the Mallinckrodt Business;

WHEREAS, the board of directors of Covidien (the “Covidien Board”) has determined that it is in the best interests of Covidien and its shareholders that the Mallinckrodt Business be operated by a newly incorporated publicly traded company;

WHEREAS, Mallinckrodt has been incorporated for these purposes and has not engaged in activities except those incidental to its formation and in preparation for the transactions described herein;

WHEREAS, in furtherance of the foregoing, the Covidien Board and the board of directors of Mallinckrodt (the “Mallinckrodt Board”) have determined that it is appropriate and desirable for Covidien and its applicable Subsidiaries to transfer the Mallinckrodt Assets to Mallinckrodt and certain entities designated by Mallinckrodt that will be Subsidiaries of Mallinckrodt as of the Distribution Date (any such entities, the “Mallinckrodt Designees”), and for Mallinckrodt and the Mallinckrodt Designees to assume the Mallinckrodt Liabilities, in each case as more fully described in this Agreement and the Ancillary Agreements and including the steps set forth in the Plan of Reorganization (the “Separation”);

WHEREAS, Covidien currently intends that, on the Distribution Date, it will make a distribution in specie of the Mallinckrodt Business to the holders of Covidien Ordinary Shares on the Record Date (“Qualifying Covidien Shareholders”), effected by (i) the transfer of Covidien’s entire legal and beneficial interest in the issued share capital of the Mallinckrodt Holding Companies to Mallinckrodt; and (ii) Mallinckrodt issuing Mallinckrodt Ordinary Shares directly to Qualifying Covidien Shareholders on a pro-rata basis in return, as more fully described in this Agreement and the Ancillary Agreements (the “Distribution”);

WHEREAS, the Distribution and certain related transactions, taken together, are intended to qualify as a reorganization under Section 368 of the Code for U.S. federal income tax purposes and under various reorganization provisions contained in Irish tax law;

WHEREAS, this Agreement is intended to be a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g); and

WHEREAS, each of Covidien and Mallinckrodt has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and to set forth certain other agreements that shall govern certain matters relating to the Separation and the Distribution and the relationship of Covidien, Mallinckrodt and their respective Subsidiaries following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

## ARTICLE I DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

“Action” shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, settlement, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Adjustment Amount” shall mean an amount, which may be positive or negative, equal to (a) Specified Working Capital as of immediately after the Distribution, less (b) Specified Indebtedness as of immediately after the Distribution, plus (c) the aggregate amount paid by any member of the Covidien Group or the Mallinckrodt Group in respect of Capital Expenditures in the period beginning on October 1, 2012 and ending immediately after the Distribution.

“Affiliate” (including with a correlative meaning, “affiliated”) shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, “control” (including with correlative meanings, “controlled by” and “under common control with”), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, on and after the Distribution Date, for purposes of this Agreement and the Ancillary Agreements, (1) no member of the Mallinckrodt Group shall be deemed to be an Affiliate of any member of the Covidien Group and (2) no member of the Covidien Group shall be deemed to be an Affiliate of any member of the Mallinckrodt Group. For the avoidance of doubt, after the Effective Time, the members of the Covidien Group and the members of the Mallinckrodt Group shall not be deemed to be under common control for purposes hereof due solely to the fact that Covidien and Mallinckrodt may have common shareholders.

“Agent” shall mean Computershare Trust Company, N.A., or such other trust company or bank duly appointed by Covidien to act as distribution agent, transfer agent and/or registrar for the Mallinckrodt Ordinary Shares in connection with the Distribution.

“Agreement” shall have the meaning set forth in the Preamble.

“Ancillary Agreement” shall mean the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intercompany Agreements and the Transfer Documents.

“Approvals or Notifications” shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

“Assets” shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, electronic or any other form;

(b) all apparatus, computers and other electronic data processing and communications equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all inventories of materials, parts, raw materials, components, supplies, works-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) (i) all interests in any capital stock or other equity interests of any Subsidiary, Affiliate or any other Person, (ii) all bonds, notes, debentures or other securities issued by any Subsidiary, Affiliate or any other Person, (iii) all loans, advances or other extensions of credit or capital contributions to any Subsidiary, Affiliate or any other Person and (iv) all other investments in securities of any Person;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services and other contracts, agreements or commitments;

(g) all deposits, letters of credit and performance and surety bonds;

(h) all written (including in electronic form) or oral technical information, data, specifications, research and development information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third Persons;

(i) all Intellectual Property and Technology;

(j) all Software;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data and literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivable;

(m) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(n) all rights under contracts, consent decrees, orders or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(o) all licenses, permits, approvals and authorizations that have been issued by any Governmental Authority;

(p) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(q) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

“Balance Sheet Date” shall mean March 29, 2013.

“Business Day” shall mean any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

“Capital Expenditures” shall have the meaning set forth in Schedule 2.15.

“Claims Administration” shall mean the processing of claims made under the Shared Policies and Mallinckrodt Policies, including the reporting of losses or claims to the insurance carriers and management and defense of claims, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any such claims.

“Closing Statement” shall have the meaning set forth in Section 2.15(b).

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Confidential Information” shall have the meaning set forth in Section 7.7(a).

“Covidien” shall have the meaning set forth in the Preamble.

“Covidien Accounts” shall have the meaning set forth in Section 2.10(a).

“Covidien Board” shall have the meaning set forth in the Recitals.

“Covidien Business” shall mean the businesses and operations of the Covidien Group other than the Mallinckrodt Business.

“Covidien Group” shall mean Covidien, each Subsidiary of Covidien and each other Person that is controlled directly or indirectly by Covidien (in each case other than any member of the Mallinckrodt Group).

“Covidien Indemnitees” shall have the meaning set forth in Section 4.2.

“Covidien Intellectual Property” shall mean (i) the Covidien Name and Covidien Marks and (ii) all other Intellectual Property that is owned or licensed by any member of the Covidien Group or the Mallinckrodt Group, other than the Mallinckrodt Intellectual Property.

“Covidien Name and Covidien Marks” shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of Covidien or any of its Affiliates using or containing “Covidien” (in block letters or otherwise), “Covidien” either alone or in combination with other words or elements and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

“Covidien Ordinary Shares” shall mean the ordinary shares, par value \$0.20 per share, of Covidien.

“Covidien Software” shall mean all Software that is owned or licensed by any member of the Covidien Group or the Mallinckrodt Group, other than the Mallinckrodt Software.

“Covidien Technology” shall mean all Technology that is owned or licensed by any member of the Covidien Group or the Mallinckrodt Group, other than the Mallinckrodt Technology.

“Covidien Transfer Documents” shall have the meaning set forth in Section 2.1(b).

“CPR” shall have the meaning set forth in Section 8.2.

“Credit Facility” shall mean the Credit Agreement, dated as of March 25, 2013, by and among MIFSA, as borrower, from the Distribution Date, Mallinckrodt, as guarantor, the lenders party thereto from time to time and JPMorgan Chase Bank, National Association, as administrative agent.

“Disclosure Document” shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any of its controlled Affiliates, and also includes any information statement (including the Information Statement), prospectus, offering memorandum (including the offering memorandum in connection with the offering of Senior Notes), offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the Mallinckrodt Group or primarily relates to the transactions contemplated hereby.

“Dispute” shall have the meaning set forth in Section 8.1.

“Dispute Notice” shall have the meaning set forth in Section 2.15(c).

“Dispute Resolution Period” shall have the meaning set forth in Section 2.15(c).

“Distribution” shall have the meaning set forth in the Recitals.

“Distribution Date” shall mean the date of the consummation of the Distribution, which shall be determined by Covidien in its sole discretion.

“Distribution Ratio” shall mean a fraction equal to [—].

“D&O Tail Policies” shall have the meaning set forth in Section 5.3(b).

“Effective Time” shall mean the time at which the Distribution occurs on the Distribution Date, which shall be deemed to be 6:59 p.m., New York City time, on the Distribution Date, or such other time as Covidien may determine.

“Employee Matters Agreement” shall mean the Employee Matters Agreement, dated as of the date hereof, by and between Covidien and Mallinckrodt, as such Employee Matters Agreement may be amended from time to time.

“Environmental Law” shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

“Environmental Liabilities” shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, equipment upgrades or replacements, asbestos survey and removal costs, property damages, personal injury damages, costs of compliance, including with any product take back requirements, or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Excluded Assets” shall have the meaning set forth in Section 2.2(b).

“Excluded Liabilities” shall have the meaning set forth in Section 2.3(b).

“Fiduciary Tail Policies” shall have the meaning set forth in Section 5.3(c).

“Force Majeure” shall have the meaning set forth in Section 11.7.

“Form 10” shall mean the registration statement on Form 10 filed by Mallinckrodt with the SEC to effect the registration of Mallinckrodt Ordinary Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Effective Time.

“GAAP” means United States generally accepted accounting principles, consistently applied.

“Governmental Approvals” shall mean any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

“Group” shall mean either the Mallinckrodt Group or the Covidien Group, as the context requires.

“Guarantee Release” shall have the meaning set forth in Section 4.9(b).

“Hazardous Materials” shall mean any chemical, radiological isotope, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.



“Indemnifying Party” shall have the meaning set forth in Section 4.4(a).

“Indemnitee” shall have the meaning set forth in Section 4.4(a).

“Indemnity Payment” shall have the meaning set forth in Section 4.4(a).

“Independent Accounting Firm” shall have the meaning set forth in Section 2.15(c).

“Information” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Information Statement” shall mean the information statement to be sent to each holder of Covidien Ordinary Shares in connection with the Distribution, as filed with the SEC, as such information statement may be amended or supplemented from time to time prior to the Effective Time.

“Initial Share Capital” shall mean all of the shares in the capital of Mallinckrodt issued and outstanding as of immediately prior to the consummation of the Distribution, which consists of seven Mallinckrodt Ordinary Shares and 40,000 ordinary A shares, par value €1.00 per share, of Mallinckrodt.

“Insurance Administration” shall mean, with respect to each Shared Policy and Mallinckrodt Policy, the accounting for premiums, retrospectively-rated premiums, defense costs, indemnity payments, deductibles and retentions, as appropriate, under the terms and conditions of each of the Shared Policies and Mallinckrodt Policies; discussions or negotiations with insurers and the control of any Actions relating to such Shared Policy or Mallinckrodt Policy; the reporting to excess insurance carriers of any losses or claims which may cause the per-occurrence, per claim or aggregate limits of any Shared Policy to be exceeded; and the distribution of Insurance Proceeds as contemplated by this Agreement.

“Insurance Proceeds” shall mean those monies (i) received by an insured from an insurance carrier, including due to premium adjustments, whether or not retrospectively rated, or

(ii) paid by an insurance carrier on behalf of an insured, in either case net of any applicable premium deductible or self-insured retention. For the avoidance of doubt, "Insurance Proceeds" shall not include any costs or expenses incurred by a Party in pursuing insurance coverage.

"Insured Claims" shall mean those Liabilities that, individually or in the aggregate, are covered within the terms and conditions of any of the Shared Policies, whether or not subject to deductibles, co-insurance, self-insured retentions, or uncollectibility due to insurer insolvency.

"Intellectual Property," shall mean all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (i) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (ii) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (iii) Internet domain names, (iv) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (v) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, and (vi) intellectual property rights arising from or in respect of any Technology.

"Intercompany Agreements" shall mean the agreements listed on Schedule 1.1.

"Intercompany Balances" shall mean the intercompany accounts receivable and accounts payable between any member of the Covidien Group, on the one hand, and any member of the Mallinckrodt Group, on the other hand.

"IRS" shall mean the United States Internal Revenue Service.

"IRS Ruling" shall have the meaning set forth in Section 3.3(a)(i).

"Law" shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Legacy Indebtedness" shall mean the indebtedness listed on Schedule 1.2.

"Liabilities" shall mean any and all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, Taxes, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or description, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or

unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

“linked” shall have the meaning set forth in Section 2.10(a).

“Losses” shall mean actual losses (including any diminution in value), costs, damages, penalties, Taxes and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

“Mallinckrodt” shall have the meaning set forth in the Preamble.

“Mallinckrodt Accounts” shall have the meaning set forth in Section 2.10(a).

“Mallinckrodt Assets” shall have the meaning set forth in Section 2.2(a).

“Mallinckrodt Balance Sheet” shall mean the unaudited pro forma balance sheet of the Mallinckrodt Business, as of the Balance Sheet Date, including the notes thereto, as reflected in the Form 10.

“Mallinckrodt Board” shall have the meaning set forth in the Recitals.

“Mallinckrodt Business” shall mean: (a) (i) the business and operations of the Pharmaceuticals Business and (ii) such other businesses and operations relating thereto carried on by the Pharmaceuticals Business, (b) except as otherwise expressly provided herein, any terminated, divested or discontinued businesses or operations that at the time of termination, divestiture or discontinuation primarily related to the Mallinckrodt Business (as described in the foregoing clause (a)) as then conducted and (c) the business and operations of Mallinckrodt Inc., a New York corporation, any Person that was a Subsidiary thereof as of the acquisition thereof by Tyco International Ltd. on October 17, 2000 and any predecessor-in-interest or successor-in-interest to any of the foregoing, as such business and operations were conducted at any time prior to or after such acquisition (whether or not any such business and operations or Subsidiary was terminated, divested or discontinued (as applicable) by Mallinckrodt Inc., Tyco International Ltd. or Covidien prior to the date hereof), excluding, in the case of each of clauses (a) through (c), the businesses and operations primarily related to the Excluded Assets.

“Mallinckrodt Cash” shall have the meaning set forth in Section 2.2(a)(vii).

“Mallinckrodt Contracts” shall mean the following contracts and agreements to which Covidien or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, in each case immediately prior to the Distribution (including, for the avoidance of doubt, any Person that will be a member of the Mallinckrodt Group at the time of the Distribution), except for any such contract or agreement that is contemplated to be retained by Covidien or any member of the Covidien Group pursuant to any provision of this Agreement or any Ancillary Agreement:

(a) any customer, distribution, supply or vendor contracts or agreements entered into prior to the Effective Time that relate exclusively to the Mallinckrodt Business;

(b) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Mallinckrodt Group;

(c) any joint venture agreement or, subject to Section 2.13, any license agreement that relates primarily to the Mallinckrodt Business;

(d) any guarantee, indemnity, representation, warranty or other Liability of any member of the Mallinckrodt Group or the Covidien Group in respect of any other Mallinckrodt Contract, any Mallinckrodt Liability or the Mallinckrodt Business;

(e) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any Mallinckrodt Group Employee or consultants of the Mallinckrodt Group that are in effect as of the Distribution Date;

(f) any consent order, decree or agreement with any third party including but not limited to Governmental Authorities entered into in the name of, or expressly on behalf of, any division, business unit or member of the Mallinckrodt Group;

(g) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Mallinckrodt or any member of the Mallinckrodt Group; and

(h) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements entered into by or on behalf of any member of the Mallinckrodt Group, including the hedging arrangements listed on Schedule 1.3.

“Mallinckrodt Designees” shall have the meaning set forth in the Recitals.

“Mallinckrodt Employee” shall have the meaning set forth in the Employee Matters Agreement.

“Mallinckrodt Financing Arrangements” shall mean the Senior Notes and the Credit Facility.

“Mallinckrodt Group” shall mean Mallinckrodt, each Subsidiary of Mallinckrodt and each other Person that is controlled directly or indirectly by Mallinckrodt.

“Mallinckrodt Holding Companies” means MIFSA and Mallinckrodt Belgium BVBA;

“Mallinckrodt Indemnitees” shall have the meaning set forth in Section 4.3.

“Mallinckrodt Intellectual Property” shall mean (a) all patents, patent applications, statutory invention registrations, registered trademarks, registered service marks, registered Internet domain names and copyright registrations (collectively, “Registrable IP”) that are owned exclusively by any member of the Mallinckrodt Group at or prior to the Distribution Date, excluding any such Registrable IP that has been assigned by any member of the Mallinckrodt Group to any member of the Covidien Group prior to the Distribution Date, and (b) all Intellectual Property, other than Registrable IP, that is owned by any member of the Covidien Group or Mallinckrodt Group and that is used or held for use primarily in the Mallinckrodt Business as of the Distribution Date.

“Mallinckrodt Liabilities” shall have the meaning set forth in Section 2.3(a).

“Mallinckrodt Lines of Credit” shall mean any third-party line of credit in favor of any member of the Mallinckrodt Group.

“Mallinckrodt Ordinary Shares” shall mean the ordinary shares, par value \$0.20 per share, of Mallinckrodt.

“Mallinckrodt Policies” shall mean all Policies in the name of Mallinckrodt Inc., a New York corporation, any Subsidiary thereof and any predecessor-in-interest to any of the foregoing, in each case as of October 17, 2000, including the Policies set forth on Schedule 1.4.

“Mallinckrodt Software” shall mean all Software owned or licensed by any member of the Covidien Group or Mallinckrodt Group and that is primarily used or held for use in the Mallinckrodt Business as of the Distribution Date.

“Mallinckrodt Spin Shares” shall mean those Mallinckrodt Ordinary Shares to be issued, with effect from the Effective Time, to Qualifying Covidien Shareholders pursuant to the Distribution and in accordance with Section 3.4(b);

“Mallinckrodt Technology” shall mean all Technology owned or licensed by any member of the Covidien Group or Mallinckrodt Group and that is primarily used or held for use in the Mallinckrodt Business as of the Distribution Date.

“Mallinckrodt Transfer Documents” shall have the meaning set forth in Section 2.4(b).

“Mediation Request” shall have the meaning set forth in Section 8.2.

“MIFSA” shall mean Mallinckrodt International Finance S.A., a Luxembourg company.

“NYSE” shall mean the New York Stock Exchange.

“Parties” or “Party” shall have the meaning set forth in the Preamble.

“Person” shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity or any Governmental Authority.

“Pharmaceuticals Business” shall mean the pharmaceuticals business segment of Covidien described in Covidien’s Annual Report on Form 10-K for the period ended September 28, 2012, which business develops, manufactures and distributes specialty pharmaceuticals, active pharmaceutical ingredients, contrast products and radiopharmaceuticals.

“Plan of Reorganization” shall have the meaning set forth in Section 2.1(a).

“Policies” shall mean insurance policies and insurance contracts of any kind (other than life and benefits policies or contracts), including primary, excess and umbrella policies, comprehensive general liability policies, director and officer liability, fiduciary liability, automobile, aircraft, marine, property and casualty, workers’ compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

“Prime Rate” shall mean the rate that Citibank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the Parties) announces from time to time as its prime lending rate, as in effect from time to time.

“Procedure” shall have the meaning set forth in Section 8.2.

“Qualifying Covidien Shareholder” shall have the meaning set forth in the Recitals.

“Record Date” shall mean the close of business on [—], 2013 or the close of business on another date if determined by the Covidien Board as the record date for determining holders of Covidien Ordinary Shares entitled to receive Mallinckrodt Ordinary Shares pursuant to the Distribution.

“Registrable IP” shall have the meaning set forth in the definition of Mallinckrodt Intellectual Property.

“Release” shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

“Reorganization Agreement” means any contract, agreement, arrangement, commitment, understanding, instrument, loan note, security, transfer document, or other document executed or presented for the purposes of, in relation to or arising from, the implementation of the Plan of Reorganization.

“Representatives” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

“Respiratory Business” shall mean (1) the Oximetry and Monitoring Products business line of Covidien, which business line develops, manufactures and distributes sensors, monitors and temperature management products, and (2) the Airway and Ventilation Products business line of Covidien, which business line develops, manufactures and distributes airway, ventilator, breathing systems and inhalation therapy products, in each of cases (1) and (2) as described in Covidien’s Annual Report on Form 10-K for the period ended September 28, 2012 and any terminated, divested or discontinued businesses or operations that at the time of termination, divestiture or discontinuation primarily related to any of the foregoing.

“Sample Closing Statement” shall have the meaning set forth in Section 2.15(a).

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Security Interest” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

“Senior Notes” shall mean the 3.500% Senior Notes due 2018 and the 4.750% Senior Notes due 2023 issued by MIFSA under an indenture dated April 11, 2013.

“Separation” shall have the meaning set forth in the Recitals.

“Shared Contract” shall have the meaning set forth in Section 2.9(a).

“Shared Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Covidien or any of its Subsidiaries which relate to the Covidien Business or the Mallinckrodt Business, other than the Mallinckrodt Policies but including Mallinckrodt Policies to the extent they relate to workers compensation; provided that any products liability Policy shall not be a Shared Policy hereunder (and will be deemed to be an Excluded Asset hereunder), except for the products liability Policies listed on Schedule 1.5, which shall be treated as Shared Policies hereunder.

“Specified Indebtedness” means: (a) the Senior Notes, (b) the Legacy Indebtedness and (c) the Mallinckrodt Lines of Credit (to the extent drawn upon); but in no event including any Liabilities otherwise taken into account in determining the Adjustment Amount as finally determined pursuant to Schedule 2.15.

“Specified Working Capital” shall have the meaning set forth in Schedule 2.15.

“Software” shall mean any and all (i) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (iv) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (v) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“Subsidiary” shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such Person, (B) the total combined equity interests or (C) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Target Adjustment Amount” means [—].

“Tax Matters Agreement” shall mean the Tax Matters Agreement, dated as of the date hereof, by and between Covidien and Mallinckrodt, as such Tax Matters Agreement may be amended from time to time.

“Tax Return” shall have the meaning set forth in the Tax Matters Agreement.

“Taxes” shall have the meaning set forth in the Tax Matters Agreement.

“Technology” shall mean all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

“Third-Party Claim” shall have the meaning set forth in Section 4.5(a).

“Transaction Accounting Principles” means GAAP applied on a basis consistent with the accounting principles, practices, methodologies and policies used in preparing the Mallinckrodt Balance Sheet, except as otherwise described on Schedule 2.15.

“Transfer Documents” shall have the meaning set forth in Section 2.4(b).

“Transferred Entities” shall have the meaning set forth in Section 2.2(a)(ii).

“Transition Services Agreement” shall mean the Transition Services Agreement, dated as of the date hereof, by and between Covidien and Mallinckrodt, as such Transition Services Agreement may be amended from time to time.

“Unreleased Excluded Liability” shall have the meaning set forth in Section 2.7(b).

“Unreleased Mallinckrodt Liability” shall have the meaning set forth in Section 2.6(b).

## ARTICLE II THE SEPARATION

### 2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Distribution Date, but in any case prior to the Effective Time, in accordance with the plan and structure set forth on Schedule 2.1(a) (such plan and structure being referred to as the “Plan of Reorganization”) and to the extent not previously effected pursuant to the steps of the Plan of Reorganization that have been completed prior to the date hereof:

(i) Covidien shall, and shall cause its applicable Subsidiaries to, assign, transfer, convey and deliver to Mallinckrodt or the applicable Mallinckrodt Designees, and Mallinckrodt or such Mallinckrodt Designees shall



accept from Covidien and its applicable Subsidiaries, all of Covidien's and such Subsidiaries' respective direct or indirect right, title and interest in and to all of the Mallinckrodt Assets (it being understood that if any Mallinckrodt Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Mallinckrodt Asset may be assigned, transferred, conveyed and delivered to Mallinckrodt as a result of the transfer of all or substantially all of the equity interests in such Transferred Entity from Covidien or its applicable Subsidiaries to Mallinckrodt or its applicable Subsidiaries);

(ii) subject to Section 2.5(c), Mallinckrodt and the applicable Mallinckrodt Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the Mallinckrodt Liabilities in accordance with their respective terms. Mallinckrodt and such Mallinckrodt Designees shall be responsible for all Mallinckrodt Liabilities, regardless of when or where such Mallinckrodt Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Mallinckrodt Liabilities are asserted or determined (including any Mallinckrodt Liabilities arising out of claims made by Covidien's or Mallinckrodt's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Covidien Group or the Mallinckrodt Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any other cause by any member of the Covidien Group or the Mallinckrodt Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) Covidien shall cause the Mallinckrodt Designees to assign, transfer, convey and deliver to certain of its other Subsidiaries designated by Covidien, and such other Subsidiaries shall accept from the Mallinckrodt Designees, the Mallinckrodt Designees' respective right, title and interest in and to any Excluded Assets specified by Covidien to be so assigned, transferred, conveyed and delivered; and

(iv) Covidien and certain of its Subsidiaries designated by Covidien shall accept and assume from the Mallinckrodt Designees and agree faithfully to perform, discharge and fulfill certain Excluded Liabilities of the Mallinckrodt Designees, and Covidien and its applicable Subsidiaries shall be responsible for all Excluded Liabilities, regardless of when or where such Excluded Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Excluded Liabilities are asserted or determined (including any such Excluded Liabilities arising out of claims made by Covidien's or Mallinckrodt's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Covidien Group or the Mallinckrodt Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any other cause by any member of the Covidien Group or the Mallinckrodt Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) In furtherance of the assignment, transfer, conveyance and delivery of the Mallinckrodt Assets and the assumption of the Mallinckrodt Liabilities in accordance with Sections 2.1(a)(i) and 2.1(a)(ii), on or before the date that such Mallinckrodt Assets are assigned, transferred, conveyed or delivered or such Mallinckrodt Liabilities are assumed (i) Covidien shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Covidien's and its applicable Subsidiaries' (other than Mallinckrodt's Subsidiaries) right, title and interest in and to the Mallinckrodt Assets to Mallinckrodt and/or the Mallinckrodt Designees, and (ii) Mallinckrodt shall execute and deliver, and shall cause the applicable Mallinckrodt Designees to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Mallinckrodt Liabilities by Mallinckrodt and the Mallinckrodt Designees. All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Covidien Transfer Documents."

(c) In the event that, in connection with the Separation, any Party (or any member of such Party's respective Group) shall receive or otherwise possess any Asset or Liability that is allocated to any other Person pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset or Liability, as the case may be, to the Person entitled to such Asset or responsible for such Liability, as the case may be. Prior to any such transfer, the Person receiving, possessing or responsible for such Asset or Liability shall be deemed to be holding such Asset or Liability, as the case may be, in trust for any such other Person.

(d) Mallinckrodt hereby waives compliance by each and every member of the Covidien Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Mallinckrodt Assets to any member of the Mallinckrodt Group.

(e) Covidien hereby waives compliance by each and every member of the Mallinckrodt Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Excluded Assets to any member of the Covidien Group.

## 2.2 Mallinckrodt Assets.

(a) For the purposes of this Agreement, "Mallinckrodt Assets" shall mean (without duplication):

(i) all Assets that are expressly provided by this Agreement or any Ancillary Agreement (including for the avoidance of doubt the Schedules hereto or thereto) as Assets to be transferred to Mallinckrodt or any other member of the Mallinckrodt Group, including the Assets listed on Schedule 2.2(a)(i);

(ii) (A) all the Mallinckrodt Contracts and all rights, interests or claims of either Covidien or Mallinckrodt or any of their respective Subsidiaries thereunder and (B) all issued and outstanding capital stock or other equity interests held by Covidien or its Subsidiaries in the wholly owned Subsidiaries of Covidien that shall have been contributed to, or otherwise transferred, conveyed, or assigned to, the Mallinckrodt Group pursuant to the Plan of Reorganization on or prior to the Distribution Date, including the wholly owned Subsidiaries listed on Schedule 2.2(a)(ii) (such Subsidiaries, the “Transferred Entities”);

(iii) all Assets reflected as assets of Mallinckrodt and its Subsidiaries on the Mallinckrodt Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Mallinckrodt Balance Sheet; provided that the amounts set forth on the Mallinckrodt Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Mallinckrodt Assets pursuant to this subclause (iii);

(iv) subject to Section 6.2, all rights, interests and claims of either Covidien or Mallinckrodt or any of their respective Subsidiaries to any Mallinckrodt Intellectual Property, Mallinckrodt Software and Mallinckrodt Technology;

(v) all other rights, interests and claims of either Party or any of its Subsidiaries with respect to Information that is exclusively related to the Mallinckrodt Assets, the Mallinckrodt Liabilities, the Mallinckrodt Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a nonexclusive right to all Information that is related to the Mallinckrodt Assets, the Mallinckrodt Liabilities, the Mallinckrodt Business or the Transferred Entities (but is not exclusively related to such matters);

(vi) subject to, and to the extent provided in, Article V, any and all rights of any member of the Mallinckrodt Group under any Shared Policies and Mallinckrodt Policies, including any rights thereunder arising after the Effective Time in respect of any Policies that are occurrence policies;

(vii) all cash or cash equivalents of Mallinckrodt or any Transferred Entity (the “Mallinckrodt Cash”);

(viii) any cash or cash equivalents withdrawn from Covidien Accounts in accordance with Section 2.10(e); and

(ix) except as contemplated by Section 2.5(b), any and all Assets, other than Intellectual Property, Software and Technology, owned and used or held for

use immediately prior to the Effective Time by Covidien or any of its Subsidiaries that are used primarily in the Mallinckrodt Business. The intention of this clause (ix) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Mallinckrodt Asset. No Asset shall be deemed to be a Mallinckrodt Asset solely as a result of this clause (ix) if such Asset is within the category or type of Asset expressly covered by the terms of this Agreement or an Ancillary Agreement unless the Party claiming entitlement to such Asset can establish that the omission of the transfer or conveyance of such Asset was inadvertent.

Notwithstanding the foregoing, the Mallinckrodt Assets shall not in any event include the Excluded Assets referred to in Section 2.2(b).

(b) For the purposes of this Agreement, "Excluded Assets" shall mean (without duplication):

- (i) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Covidien or any other member of the Covidien Group,
- (ii) the Assets described on Schedule 2.2(b)(ii);
- (iii) any cash or cash equivalents withdrawn from Mallinckrodt Accounts in accordance with Section 2.10(e);
- (iv) all rights, interests and claims of either Party or any of its Subsidiaries to any Covidien Intellectual Property, Covidien Software or Covidien Technology;
- (v) any and all Assets that are primarily related to the Respiratory Business;
- (vi) any and all Shared Contracts (other than Mallinckrodt Assets arising under any Shared Contracts);
- (vii) except to the extent provided in Article V, any and all rights of any member of the Covidien Group and/or the Mallinckrodt Group under any Shared Policies or Mallinckrodt Policies, including any rights thereunder arising before or after the Effective Time in respect of such Policies; and
- (viii) subject to Section 2.2(a)(ix), any and all Assets of any members of the Covidien Group that are not Mallinckrodt Assets.

### 2.3 Mallinckrodt Liabilities.

(a) For the purposes of this Agreement, “Mallinckrodt Liabilities” shall mean (without duplication):

(i) all Liabilities, including any Environmental Liabilities and any Liability relating to the protection of human and occupational health and safety, the protection or restoration of, or prevention of harm to, the environment or natural resources, relating to, arising out of or resulting from:

(A) the operation or ownership of the Mallinckrodt Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person’s authority));

(B) the operation or ownership of any business conducted by any member of the Mallinckrodt Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person’s authority)); or

(C) any Mallinckrodt Assets (including any Mallinckrodt Contracts and any Mallinckrodt Assets arising under any Shared Contracts, to the extent related to the Mallinckrodt Business, and any real property and leasehold interests) in any such case whether arising before, on or after the Distribution Date;

(ii) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Mallinckrodt or any other member of the Mallinckrodt Group, and all agreements, obligations and Liabilities of any member of the Mallinckrodt Group under this Agreement or any of the Ancillary Agreements;

(iii) all Liabilities relating to, arising out of or resulting from the Mallinckrodt Financing Arrangements;

(iv) all Liabilities relating to, arising out of or resulting from any of the terminated, divested or discontinued businesses and operations of the Mallinckrodt Business, including the businesses listed on Schedule 2.3(a)(iv);

(v) all Liabilities reflected as liabilities or obligations of Mallinckrodt and its Subsidiaries on the Mallinckrodt Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Mallinckrodt Balance Sheet; provided that the amounts set forth on the Mallinckrodt Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Mallinckrodt Liabilities pursuant to this subclause (v);

(vi) all Liabilities relating to, arising out of or resulting from the Actions listed on Schedule 2.3(a)(v);

(vii) all Liabilities relating to, arising out of or resulting from the Specified Indebtedness; and

(viii) all Liabilities arising out of claims made by Covidien's or Mallinckrodt's respective directors, officers, shareholders, employees, agents, Subsidiaries or Affiliates against any member of the Covidien Group or the Mallinckrodt Group to the extent relating to, arising out of or resulting from the Mallinckrodt Business or the other businesses, operations, activities or Liabilities referred to in clauses (i) through (vii) above, inclusive.

Notwithstanding the foregoing, the Mallinckrodt Liabilities shall not include the Excluded Liabilities referred to in Section 2.3(b).

(b) For the purposes of this Agreement, "Excluded Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Covidien or any other member of the Covidien Group, and all agreements and obligations of any member of the Covidien Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities of a member of the Covidien Group to the extent relating to, arising out of or resulting from any Excluded Assets (other than Liabilities arising under any Shared Contracts to the extent such Liabilities relate to the Mallinckrodt Business);

(iii) the Liabilities described on Schedule 2.3(b)(iii);

(iv) any and all Liabilities that are primarily related to the Respiratory Business; and

(v) any and all Liabilities of any members of the Covidien Group that are not Mallinckrodt Liabilities.

#### 2.4 Transfer of Excluded Assets; Assumption of Excluded Liabilities.

(a) To the extent any Excluded Asset is transferred or assigned to, or any Excluded Liability is assumed by, a member of the Mallinckrodt Group upon consummation of the Distribution or is owned or held by a member of the Mallinckrodt Group after the Effective Time, from and after the Distribution Date:

(i) Mallinckrodt shall, and shall cause its applicable Subsidiaries to, promptly assign, transfer, convey and deliver to Covidien or certain of its Subsidiaries designated by Covidien, and Covidien or such Subsidiaries shall accept from Mallinckrodt and its applicable Subsidiaries, all of Mallinckrodt's and such Subsidiaries' respective right, title and interest in and to such Excluded Assets; and

(ii) Covidien and certain of its Subsidiaries designated by Covidien shall promptly accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(b) In furtherance of the assignment, transfer, conveyance and delivery of Excluded Assets and the assumption of Excluded Liabilities set forth in Sections 2.1(a)(iii), 2.1(a)(iv), 2.4(a)(i) and 2.4(a)(ii) and without any additional consideration therefor: (i) Mallinckrodt shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Mallinckrodt's and its applicable Subsidiaries' right, title and interest in and to the Excluded Assets to Covidien and its applicable Subsidiaries, and (ii) Covidien shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by Covidien and such Subsidiaries. All of the foregoing documents contemplated by this Section 2.4(b) shall be referred to collectively herein as the "Mallinckrodt Transfer Documents" and, together with the Covidien Transfer Documents, the "Transfer Documents."

#### 2.5 Approvals and Notifications.

(a) To the extent that the transfer or assignment of any Excluded Assets or the assumption of any Excluded Liabilities requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Covidien and Mallinckrodt, neither Covidien nor Mallinckrodt shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) If and to the extent that the valid, complete and perfected transfer or assignment to the Covidien Group of any Excluded Assets or the assumption by the Covidien Group of any Excluded Liabilities would be a violation of applicable Law, or require any Approval or Notification that has not been obtained or made on or before the Distribution Date, then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the Covidien Group of such Excluded Assets or the assumption by the Covidien Group of such Excluded Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal

impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Excluded Assets or Excluded Liabilities shall continue to constitute Excluded Assets or Excluded Liabilities for all other purposes of this Agreement.

(c) If any transfer or assignment of any Excluded Asset or any assumption of any Excluded Liability not intended to be transferred, assigned or assumed hereunder, as the case may be, is consummated on or prior to the Distribution Date, then, insofar as reasonably possible, the member of the Mallinckrodt Group holding or owning such Excluded Asset or such Excluded Liability, as the case may be, shall thereafter hold such Excluded Asset or Excluded Liability, as the case may be, for the use and benefit of the member of the Covidien Group entitled thereto (at the expense of the member of the Covidien Group entitled thereto). In addition, the member of the Mallinckrodt Group retaining such Excluded Asset or such Excluded Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset or Excluded Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Covidien Group to whom such Excluded Asset is to be transferred or assigned, or which will assume such Excluded Liability, as the case may be, in order to place such member of the Covidien Group in a substantially similar position as if such Excluded Asset or Excluded Liability had not been so transferred, assigned or assumed and so that all the benefits and burdens relating to such Excluded Asset or Excluded Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset or Excluded Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution Date to the Covidien Group.

(d) If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Excluded Asset or the deferral of assumption of any Excluded Liability, are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Excluded Asset or the assumption of any Excluded Liability have been removed, the transfer or assignment of the applicable Excluded Asset or the assumption of the applicable Excluded Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) Any member of the Mallinckrodt Group retaining an Excluded Asset or Excluded Liability due to the deferral of the transfer or assignment of such Excluded Asset or the deferral of the assumption of such Excluded Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Covidien or the member of the Covidien Group entitled to the Excluded Asset or Excluded Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Covidien or the member of the Covidien Group entitled to such Excluded Asset or Excluded Liability.

(f) To the extent that the transfer or assignment of any Mallinckrodt Asset, the assumption of any Mallinckrodt Liability, the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Covidien and Mallinckrodt, neither Covidien nor



Mallinckrodt shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(g) If and to the extent that the valid, complete and perfected transfer or assignment to the Mallinckrodt Group of any Mallinckrodt Asset or assumption by the Mallinckrodt Group of any Mallinckrodt Liability would be a violation of applicable Law, or require any Approvals or Notifications in connection with the Separation or the Distribution that have not been obtained or made on or before the Distribution Date, then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the Mallinckrodt Group of such Mallinckrodt Assets or the assumption by the Mallinckrodt Group of such Mallinckrodt Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Mallinckrodt Assets or Mallinckrodt Liabilities shall continue to constitute Mallinckrodt Assets and Mallinckrodt Liabilities for all other purposes of this Agreement.

(h) If any transfer or assignment of any Mallinckrodt Asset or any assumption of any Mallinckrodt Liability intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Distribution Date, whether as a result of the provisions of Section 2.5(g) or for any other reason, then, insofar as reasonably possible, the member of the Covidien Group retaining such Mallinckrodt Asset or such Mallinckrodt Liability, as the case may be, shall thereafter hold such Mallinckrodt Asset or Mallinckrodt Liability, as the case may be, for the use and benefit of the member of the Mallinckrodt Group entitled thereto (at the expense of the member of the Mallinckrodt Group entitled thereto). In addition, the member of the Covidien Group retaining such Mallinckrodt Asset or such Mallinckrodt Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Mallinckrodt Asset or Mallinckrodt Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Mallinckrodt Group to whom such Mallinckrodt Asset is to be transferred or assigned, or which will assume such Mallinckrodt Liability, as the case may be, in order to place such member of the Mallinckrodt Group in a substantially similar position as if such Mallinckrodt Asset or Mallinckrodt Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Mallinckrodt Asset or Mallinckrodt Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Mallinckrodt Asset or Mallinckrodt Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution Date to the Mallinckrodt Group.

(i) If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Mallinckrodt Asset or the deferral of assumption of any Mallinckrodt Liability pursuant to Section 2.5(g), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Mallinckrodt Asset or the assumption of any Mallinckrodt Liability have been removed, the transfer or assignment of the applicable Mallinckrodt Asset or the assumption of the applicable Mallinckrodt Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) Any member of the Covidien Group retaining a Mallinckrodt Asset or Mallinckrodt Liability due to the deferral of the transfer or assignment of such Mallinckrodt Asset or the deferral of the assumption of such Mallinckrodt Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Mallinckrodt or the member of the Mallinckrodt Group entitled to the Mallinckrodt Asset or Mallinckrodt Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Mallinckrodt or the member of the Mallinckrodt Group entitled to such Mallinckrodt Asset or Mallinckrodt Liability.

#### 2.6 Novation of Mallinckrodt Liabilities.

(a) Each of Covidien and Mallinckrodt, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Mallinckrodt Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Mallinckrodt Group, so that, in any such case, the members of the Mallinckrodt Group will be solely responsible for such Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Covidien nor Mallinckrodt shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(b) If Covidien or Mallinckrodt is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Covidien Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Mallinckrodt Liability"), Mallinckrodt shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Covidien Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Covidien Group that constitute Unreleased Mallinckrodt Liabilities from and after the Distribution Date and (ii) use its commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the Covidien Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Mallinckrodt Liabilities shall otherwise become assignable or able to be novated, Covidien shall promptly assign, or cause to be assigned, and Mallinckrodt or the applicable Mallinckrodt Group member shall assume, such Unreleased Mallinckrodt Liabilities without exchange of further consideration.

#### 2.7 Novation of Excluded Liabilities.

(a) Each of Covidien and Mallinckrodt, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the Covidien Group and a member of the Mallinckrodt Group are jointly or severally liable and that constitute Excluded Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Covidien Group, so that, in any such case, the members of the Covidien Group will be solely responsible for such Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Covidien nor Mallinckrodt shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(b) If Covidien or Mallinckrodt is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Mallinckrodt Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an “Unreleased Excluded Liability”), Covidien shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Mallinckrodt Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Mallinckrodt Group that constitute Unreleased Excluded Liabilities from and after the Distribution Date and (ii) use its commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the Mallinckrodt Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Excluded Liabilities shall otherwise become assignable or able to be novated, Mallinckrodt shall promptly assign, or cause to be assigned, and Covidien or the applicable Covidien Group member shall assume, such Unreleased Excluded Liabilities without exchange of further consideration.

#### 2.8 Intercompany Agreements and Arrangements.

(a) Except as set forth in Section 2.8(b), in furtherance of the releases and other provisions of Section 4.1 hereof, Mallinckrodt and each member of the Mallinckrodt Group, on the one hand, and Covidien and each member of the Covidien Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Mallinckrodt and/or any member of the Mallinckrodt Group, on the one hand, and Covidien and/or any member of the Covidien Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.8(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument

expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued following the Effective Time); (ii) any agreements, arrangements, commitments or understandings to which any Person other than the Parties and their respective Affiliates is a party; (iii) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.8(d); (iv) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Covidien or Mallinckrodt, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); (v) any Shared Contracts; (vi) any agreements, arrangements, commitments or understandings relating to the purchase and sale of products in the ordinary course of business between any member of the Mallinckrodt Group and any member of the Covidien Group; (vii) the Reorganization Agreements; and (viii) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive past the Effective Time.

(c) The Parties acknowledge and agree that all of the Intercompany Balances as of five (5) Business Days prior to the date hereof have been repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing or otherwise, as determined by Covidien.

(d) All Intercompany Balances outstanding as of the date hereof shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing or otherwise, as determined by Covidien.

#### 2.9 Treatment of Shared Contracts.

(a) Without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.9 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, (i) any contract, agreement, arrangement, commitment or understanding that is listed on Schedule 2.9(a) shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each Party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses, in each case, in accordance with the allocation of benefits and burdens set forth on Schedule 2.9(a), and (ii) (A) any contract, agreement, arrangement, commitment or understanding that is an Excluded Asset or Excluded Liability but, prior to the Effective Time, inured in part to the benefit or burden of any member of the Mallinckrodt Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the Mallinckrodt Group in

connection with the Separation), and (B) any contract, agreement, arrangement, commitment or understanding that is a Mallinckrodt Asset or a Mallinckrodt Liability but, prior to the Effective Time, inured in part to the benefit or burden of any member of the Covidien Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the Covidien Group in connection with the Separation), shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each Party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses (any contract, agreement, arrangement, commitment or understanding referred to in clause (i) or (ii) above, a “Shared Contract”); provided, however, that, in the case of each of clause (i) and (ii), (1) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (2) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the Parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the Mallinckrodt Group or the Covidien Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the Mallinckrodt Business or the businesses retained by Covidien, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.9, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.9.

(b) Each of Covidien and Mallinckrodt shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party, or its subsidiaries, as applicable, not later than the Distribution Date, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.9 shall require any member of any Group to make any payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any obligation or grant any concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.9.

## 2.10 Bank Accounts; Cash Balances.

(a) Covidien and Mallinckrodt each agrees to take, or cause the respective members of their respective Groups to take, on the Distribution Date (or such earlier time as Covidien and Mallinckrodt may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Mallinckrodt or any other member of the Mallinckrodt Group (collectively, the "Mallinckrodt Accounts") and all contracts or agreements governing each bank or brokerage account owned by Covidien or any other member of the Covidien Group (collectively, the "Covidien Accounts") so that each such Mallinckrodt Account and Covidien Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any Covidien Account or Mallinckrodt Account, respectively, is delinked from such Covidien Account or Mallinckrodt Account, respectively.

(b) It is intended that, following consummation of the actions contemplated by Section 2.10(a), there will be in place a centralized cash management process pursuant to which the Mallinckrodt Accounts will be managed centrally and funds collected will be transferred into one (1) or more centralized accounts maintained by Mallinckrodt.

(c) It is intended that, following consummation of the actions contemplated by Section 2.10(a), there will continue to be in place a centralized cash management process pursuant to which the Covidien Accounts will be managed centrally and funds collected will be transferred into one (1) or more centralized accounts maintained by Covidien.

(d) With respect to any outstanding payments initiated by Covidien, Mallinckrodt or any of their respective Subsidiaries prior to the Effective Time, such outstanding payments shall be honored following the Effective Time by the Person or Group owning the account from which the payment was initiated.

(e) As between Covidien and Mallinckrodt (and the members of their respective Groups) all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group) shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over, to the other Party the amount of such payment or reimbursement without right of set-off.

2.11 Ancillary Agreements. Effective on or prior to the Distribution Date, each of Covidien and Mallinckrodt will execute and deliver all Ancillary Agreements to which it is a party.

2.12 Disclaimer of Representations and Warranties. EACH OF COVIDIEN (ON BEHALF OF ITSELF AND EACH MEMBER OF THE COVIDIEN GROUP) AND MALLINCKRODT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE MALLINCKRODT GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY

TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS, NOTIFICATIONS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, EXCEPT AS OTHERWISE AGREED BY COVIDIEN, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.13 Intellectual Property. Notwithstanding anything to the contrary in this Agreement or any Ancillary Agreement, except for Intellectual Property related agreements which relate specifically to the Mallinckrodt Business and were executed or entered into by the Mallinckrodt Business, Covidien will retain all licenses, rights and royalty payments in and to any and all existing Intellectual Property license agreements with third parties, including the sole right to amend or modify such agreements.

2.14 Mallinckrodt Financing Arrangements.

(a) Prior to or as of the date hereof, Mallinckrodt and MIFSA entered into the Mallinckrodt Financing Arrangements. Mallinckrodt and its Subsidiaries agree to take all such reasonable action as Covidien shall request after the date hereof to ensure that Mallinckrodt and its Subsidiaries, as the case may be, shall be solely and exclusively liable for all obligations under the Mallinckrodt Financing Arrangements and each of Covidien and any other member of the Covidien Group are fully released and discharged of any and all of their obligations thereunder as of the Distribution Date.

(b) On or prior to the Distribution Date, MIFSA shall redeem a portion of its equity interest for an amount in cash that equals (i) \$889.3 million (which represents the net proceeds of the Senior Notes Offering), plus (ii) Covidien's estimate as of the time of such redemption of (x) the amount of Mallinckrodt Cash and (y) the amount drawn under the Mallinckrodt Lines of Credit, in each case as of a then-recent date, and without duplication, less (iii) \$168 million.

## 2.15 Adjustment Amount.

(a) Schedule 2.15 sets forth a sample calculation of the Adjustment Amount as of the Balance Sheet Date (the “Sample Closing Statement”), including the asset, liability and other line items and accounting principles used in such calculation, and assuming that all of such asset and liability line items that constitute Mallinckrodt Assets or Mallinckrodt Liabilities under this Agreement will be transferred to Mallinckrodt as of the Distribution.

(b) Within sixty (60) days after the Distribution Date, Mallinckrodt shall cause to be prepared and delivered to Covidien a statement (the “Closing Statement”) setting forth the Adjustment Amount and the calculation of the Adjustment Amount. The Closing Statement shall be prepared in accordance with the Transaction Accounting Principles, including the use of the same line items and line item entries, set forth on and used in the preparation of the Sample Closing Statement; provided, however, that assets newly acquired and liabilities newly incurred following the date of the Sample Closing Statement which cannot be appropriately placed in line items previously used by Mallinckrodt, but that constitute Mallinckrodt Assets or Mallinckrodt Liabilities, will also be included to the extent consistent with the Transaction Accounting Principles.

(c) Within thirty (30) days following receipt by Covidien of the Closing Statement, Covidien shall deliver written notice to Mallinckrodt of any dispute Covidien has with respect to the preparation or content of the Closing Statement (the “Dispute Notice”); provided, however, that if Covidien does not deliver any Dispute Notice to Mallinckrodt within such thirty (30)-day period, the Closing Statement will be final, conclusive and binding on the Parties. Any Dispute Notice shall (i) set forth in reasonable detail the basis for any dispute included therein, the amounts involved and Covidien’s determination of the Adjustment Amount and (ii) include only disagreements based on the Adjustment Amount not being calculated properly in accordance with this Agreement or containing mathematical errors. Upon receipt by Mallinckrodt of a Dispute Notice, Mallinckrodt and Covidien shall negotiate in good faith to resolve any dispute set forth therein. If Mallinckrodt and Covidien, such good faith effort notwithstanding, fail to resolve any such dispute within fifteen (15) Business Days following receipt by Mallinckrodt of the Dispute Notice (the “Dispute Resolution Period”), then Mallinckrodt and Covidien jointly shall engage, within ten (10) Business Days following the expiration of the Dispute Resolution Period, Ernst & Young LLP or, if Ernst & Young LLP is unavailable or conflicted, another nationally recognized major accounting firm selected jointly by Covidien and Mallinckrodt (the “Independent Accounting Firm”) to resolve any such dispute. If Ernst & Young LLP is unavailable or conflicted and Covidien and Mallinckrodt are unable to agree on the Independent Accounting Firm, then each of Covidien and Mallinckrodt shall select a nationally recognized major accounting firm, and the two (2) firms will mutually select a third nationally recognized major accounting firm to serve as the Independent Accounting Firm. As promptly as practicable, and in any event not more than fifteen (15) days following the engagement of the Independent Accounting Firm, Mallinckrodt and Covidien shall each prepare and submit a presentation detailing each Party’s complete statement of proposed resolution of each issue still in dispute to the Independent Accounting Firm. Mallinckrodt and Covidien shall cause the Independent Accounting Firm to, as soon as practicable after the submission of the presentations described in the immediately preceding sentence and in any event not more than thirty (30) days following such presentations, make a final determination, binding on the Parties, of the appropriate amount of



each of the line items that remain in dispute as indicated in the Dispute Notice. With respect to each disputed line item, such determination, if not in accordance with the position of either Covidien or Mallinckrodt, shall not be in excess of the higher, nor less than the lower, of the amounts set forth by Mallinckrodt in the Closing Statement or by Covidien in the Dispute Notice, as applicable. Notwithstanding the foregoing, the scope of the disputes to be resolved by the Independent Accounting Firm shall be limited to whether any determination of the Adjustment Amount was properly calculated in accordance with the Transaction Accounting Principles, and the Independent Accounting Firm is not to make any other determination, including any determination as to whether GAAP was followed, to the extent GAAP is inconsistent with the Transaction Accounting Principles. All fees and expenses relating to the work, if any, to be performed by the Independent Accounting Firm shall be borne equally by Covidien and Mallinckrodt. All determinations made by the Independent Accounting Firm, and the Closing Statement, as modified by the Independent Accounting Firm, will be final, conclusive and binding on the Parties, absent fraud or manifest error.

(d) For purposes of complying with the terms set forth in this Section 2.15, Mallinckrodt and Covidien shall cooperate with and make available to each other and their respective Representatives all information, records, data and working papers, in each case, to the extent related to the Mallinckrodt Assets, Mallinckrodt Liabilities or Mallinckrodt Business, and shall permit access to its facilities and personnel, as may be reasonably required in connection with the preparation and analysis of the Closing Statement and the resolution of any disputes thereunder.

(e) If the Adjustment Amount, as finally determined pursuant to Section 2.15(c), is greater than the Target Adjustment Amount, then Mallinckrodt shall pay or cause to be paid an amount in cash equal to such excess to Covidien by wire transfer of immediately available funds to an account or accounts designated in writing by Covidien to Mallinckrodt. If the Adjustment Amount, as finally determined pursuant to Section 2.15(c), is less than the Target Adjustment Amount, then Covidien shall pay or cause to be paid an amount in cash equal to such shortfall to Mallinckrodt by wire transfer of immediately available funds to an account or accounts designated in writing by Mallinckrodt to Covidien. Any such payment pursuant to this Section 2.15(e) is to be made within five (5) Business Days of the date on which the Adjustment Amount is finally determined pursuant to this Section 2.15.

### ARTICLE III THE DISTRIBUTION

#### 3.1 The Distribution.

(a) Subject to the terms and conditions of this Agreement (including the conditions set out in Section 3.3), Covidien agrees that, on the Distribution Date and with effect from the Effective Time, it will effect the Distribution.

(b) Mallinckrodt agrees that the Mallinckrodt Spin Shares shall be allotted credited as fully paid up and free from any liens, charges and encumbrances whatsoever and shall have the rights described in Mallinckrodt's Memorandum and Articles of Association adopted pursuant to Section 3.2(d).

(c) Notwithstanding any other provision of this Agreement, Covidien shall, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Covidien may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution. For the avoidance of doubt, nothing in the foregoing shall in any way limit Covidien's right to terminate this Agreement or the Distribution as set forth in Article X or alter the consequences of any such termination from those specified in such Article.

(d) Mallinckrodt shall cooperate with Covidien to accomplish the Distribution and shall, at Covidien's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including, without limitation, the registration under the Exchange Act of Mallinckrodt Ordinary Shares on an appropriate registration form or forms to be designated by Covidien. Covidien shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Covidien. Mallinckrodt and Covidien, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

### 3.2 Actions Prior to the Distribution.

(a) Covidien and Mallinckrodt shall prepare and mail, prior to the Distribution Date, to the holders of Covidien Ordinary Shares, such information concerning Mallinckrodt, its business, operations and management, the Distribution and such other matters as Covidien shall reasonably determine and as may be required by Law. Covidien and Mallinckrodt will prepare, and Mallinckrodt will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters which Covidien determines are necessary or desirable to effectuate the Distribution and Covidien and Mallinckrodt shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable.

(b) Covidien and Mallinckrodt shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(c) Mallinckrodt shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the Mallinckrodt Spin Shares on the NYSE, subject to official notice of issuance.

(d) Covidien and Mallinckrodt shall take all such action as may be necessary or appropriate to provide for the adoption by Mallinckrodt of the Memorandum and Articles of Association in such form as may be reasonably determined by Covidien and Mallinckrodt.

(e) Covidien shall take all such action as may be necessary or appropriate so that, prior to the Distribution, the board of directors of each of the Mallinckrodt Holding Companies shall meet to consider, and if thought fit, approve: (i) the transfer of its entire issued share capital from Covidien to Mallinckrodt, conditional only upon the Distribution being effected; and (ii) the updating of all statutory registers to reflect such transfer.

### 3.3 Conditions to Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Covidien in its sole and absolute discretion, of the following conditions:

(i) The continued validity of a private letter ruling received by Covidien from the IRS (the "IRS Ruling") prior to the date hereof in connection with the transactions contemplated hereby, which shall continue in full force and effect and which shall not be modified or amended in any respect adversely affecting the intended tax-free treatment of the Distribution and certain related transactions.

(ii) The receipt of a tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Covidien, dated as of the Distribution Date to be in form and substance satisfactory to Covidien in its sole and absolute discretion, which tax opinion shall rely on the effectiveness of the IRS Ruling, substantially to the effect that, for U.S. federal income tax purposes, the Distribution and certain related transactions, taken together, will qualify as transactions under Sections 355(a) and/or 368(a) of the Code.

(iii) The receipt of one or more opinions from Houlihan Lokey or another independent firm acceptable to Covidien in its sole and absolute discretion, confirming the solvency and financial viability of each of Covidien and Mallinckrodt and the satisfaction of any legal capital requirements in connection with the Separation, which opinions shall be in form and substance acceptable to Covidien in its sole and absolute discretion and which opinions shall not have been withdrawn or rescinded.

(iv) The Reorganization shall have been completed in accordance with the Plan of Reorganization.

(v) The financing contemplated to be obtained in connection with the Separation as described in Section 2.14 herein shall have been obtained.

(vi) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(vii) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be pending, threatened, issued or in effect.

(viii) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(ix) All Governmental Approvals necessary to consummate the Separation, the Distribution and the transactions related thereto and to permit the operation of the Mallinckrodt Business after the Distribution Date shall have been obtained and be in full force and effect.

(x) The Separation and the Distribution shall not violate or result in a breach of applicable law or any material contract of Covidien or Mallinckrodt or any of their respective Subsidiaries.

(xi) The approval for listing on the NYSE for the Mallinckrodt Ordinary Shares to be delivered to the Covidien shareholders in the Distribution shall have been obtained, subject to official notice of issuance.

(xii) The SEC declaring effective the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC.

(xiii) The Information Statement and such other information concerning Mallinckrodt, its business, operations and management, the Distribution and such other matters as Covidien shall determine in its sole and absolute discretion and as may otherwise be required by law shall have been mailed to the Qualifying Covidien Shareholders.

(xiv) No other events or developments shall exist or shall have occurred that, in the judgment of the Covidien Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions related thereto.

(b) The foregoing conditions are for the sole benefit of Covidien and shall not give rise to or create any duty on the part of Covidien or the Covidien Board to waive or not waive such conditions or in any way limit Covidien's right to terminate this Agreement as set forth in Article X or alter the consequences of any such termination from those specified in such Article. Any determination made by the Covidien Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.3 shall be conclusive and binding on the Parties.

#### 3.4 Certain Stockholder Matters.

(a) Subject to Section 3.3, on or prior to the Distribution Date, Mallinckrodt will deliver to the Agent for the benefit of Qualifying Covidien Shareholders all of the Mallinckrodt Ordinary Shares to be delivered in the Distribution, and shall cause the transfer agent for the Covidien Ordinary Shares to instruct the Agent to distribute on the Distribution Date the appropriate number of Mallinckrodt Ordinary Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. Mallinckrodt will not issue paper stock certificates. The Distribution shall be effective at the Effective Time.

(b) Subject to Section 3.3, each Qualifying Covidien Shareholder will be entitled to receive in the Distribution a number of whole Mallinckrodt Ordinary Shares equal to the number of Covidien Ordinary Shares held by such holder on the Record Date multiplied by the Distribution Ratio and rounded down to the nearest whole number, with any residual fractional interest dealt with in accordance with paragraph (c) below.

(c) No fractional interests in Mallinckrodt Ordinary Shares will be distributed or credited to book-entry accounts in connection with the Distribution. As soon as practicable after the Distribution Date, Covidien shall direct the Agent to determine the fractional interests in Mallinckrodt Ordinary Shares which would have been allocable to each Qualifying Covidien Shareholder had no rounding down occurred as part of the calculation in paragraph (b) above, to aggregate all such fractional interests into whole Mallinckrodt Ordinary Shares and to sell those whole shares in open market transactions (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such holder or for the benefit of each such beneficial

owner, in lieu of any fractional interest, such holder's or owner's ratable share of the proceeds of such sale, after deducting any Taxes required to be withheld and after deducting an amount equal to all brokerage charges, commissions and transfer Taxes attributed to such sale. Neither Covidien nor Mallinckrodt will be required to guarantee any minimum sale price for the relevant Mallinckrodt Ordinary Shares. Neither Covidien nor Mallinckrodt will be required to pay any interest on the proceeds from the sale of such Mallinckrodt Ordinary Shares.

(d) Until the Mallinckrodt Ordinary Shares are duly issued in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, Mallinckrodt will regard the Persons entitled to receive such Mallinckrodt Ordinary Shares as record holders of Mallinckrodt Ordinary Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Mallinckrodt agrees that, subject to any transfers of such shares, from and after the Effective Time (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the Mallinckrodt Ordinary Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the Mallinckrodt Ordinary Shares then held by such holder.

(e) At the Effective Time, Mallinckrodt shall acquire and cancel, for no consideration, the Initial Share Capital.

#### ARTICLE IV MUTUAL RELEASES; INDEMNIFICATION

##### 4.1 Release of Pre-Distribution Claims.

(a) Except as provided in (i) Sections 4.1(c) and 4.1(d) and (ii) any Ancillary Agreement, effective as of the Effective Time, Mallinckrodt does hereby, for itself and each other member of the Mallinckrodt Group, their respective Affiliates (other than any member of the Covidien Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Mallinckrodt Group (in each case, in their respective capacities as such), remise, release and forever discharge Covidien and the members of the Covidien Group, their respective Affiliates (other than any member of the Mallinckrodt Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Covidien Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(b) Except as provided in (i) Sections 4.1(c) and 4.1(d) and (ii) any Ancillary Agreement, effective as of the Effective Time, Covidien does hereby, for itself and each other member of the Covidien Group, their respective Affiliates (other than any member of the

Mallinckrodt Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Covidien Group (in each case, in their respective capacities as such), remise, release and forever discharge Mallinckrodt, the respective members of the Mallinckrodt Group, their respective Affiliates (other than any member of the Covidien Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Mallinckrodt Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(c) Nothing contained in Section 4.1(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.8(b) or the applicable Schedules thereto not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Covidien Group or the Mallinckrodt Group that is specified in Section 2.8(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, or any other Liability specified in such Section 2.8(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group;

(v) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) shall release any member of the Covidien Group from honoring its existing obligations to indemnify any director, officer or employee of Mallinckrodt who was a director, officer or employee of any member of the Covidien Group on or prior to the Distribution Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to then-existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a Mallinckrodt Liability, Mallinckrodt shall indemnify, or procure from a Subsidiary the effective indemnification of, Covidien for such Liability (including Covidien's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) Mallinckrodt shall not make, and shall not permit any member of the Mallinckrodt Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Covidien or any other member of the Covidien Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Covidien shall not make, and shall not permit any member of the Covidien Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Mallinckrodt or any other member of the Mallinckrodt Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) It is the intent of each of Covidien and Mallinckrodt, by virtue of the provisions of this Section 4.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among Mallinckrodt or any other member of the Mallinckrodt Group, on the one hand, and Covidien or any other member of the Covidien Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 4.1(c). At any time, at the request of any other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

(f) Any breach of the provisions of this Section 4.1 by either Covidien or Mallinckrodt shall entitle the other Party to recover reasonable fees and expenses of counsel in connection with such breach or any Action resulting from such breach.

4.2 Indemnification by Mallinckrodt. Except as provided in Section 4.4, Mallinckrodt shall, and shall cause the other members of the Mallinckrodt Group to, indemnify, defend and hold harmless Covidien, each member of the Covidien Group and each of their respective directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “Covidien Indemnitees”), from and against any and all Liabilities of the Covidien Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

- (a) the failure of Mallinckrodt or any other member of the Mallinckrodt Group or any other Person to pay, perform or otherwise promptly discharge any Mallinckrodt Liabilities or Mallinckrodt Contract in accordance with its respective terms, whether prior to, on or after the Distribution Date;
- (b) the Mallinckrodt Business (except to the extent it relates to an Excluded Liability), any Mallinckrodt Liability or any Mallinckrodt Contract;
- (c) any breach by Mallinckrodt or any other member of the Mallinckrodt Group of this Agreement or any of the Ancillary Agreements;
- (d) except to the extent it relates to an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Mallinckrodt Group by any member of the Covidien Group that survives following the Distribution; and
- (e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement, the preliminary or final offering memorandum with respect to the Senior Notes or any other Disclosure Document, in each case, as amended or supplemented.

4.3 Indemnification by Covidien. Covidien shall, and shall cause the other members of the Covidien Group to, indemnify, defend and hold harmless Mallinckrodt, each member of the Mallinckrodt Group and each of their respective directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “Mallinckrodt Indemnitees”), from and against any and all Liabilities of the Mallinckrodt Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

- (a) the failure of Covidien or any other member of the Covidien Group or any other Person to pay, perform or otherwise promptly discharge any Excluded Liabilities in accordance with their terms, whether prior to, on or after the Distribution Date;
- (b) the Excluded Liabilities;
- (c) the Covidien Business (except to the extent it relates to a Mallinckrodt Liability and other than the conduct of business, operations or activities for the benefit of the Mallinckrodt Group pursuant to any Ancillary Agreement); and
- (d) any breach by Covidien or any other member of the Covidien Group of this Agreement or any of the Ancillary Agreements.



#### 4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds that actually reduce the amount of the Liability. Accordingly, the amount which any Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification hereunder (an “Indemnitee”) will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an “Indemnity Payment”) required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a “windfall” (*i.e.*, a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or any Ancillary Agreement shall obligate any member of any Group to seek to collect or recover any Insurance Proceeds.

(c) The Parties intend that any indemnification or reimbursement payment in respect of a Liability pursuant to this Article IV or Article V shall be (i) reduced by the Tax Benefit Amount (as defined in the Tax Matters Agreement), if any, realized by such indemnified or reimbursed Person as a result of such payment and (ii) increased so that the amount of such payment, reduced by the amount of all Income Taxes (as defined in the Tax Matters Agreement) payable with respect to the receipt thereof (but taking into account, for the avoidance of doubt, all correlative Tax Benefit Amounts resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Person receiving such payment would otherwise be entitled to receive pursuant to this Agreement.

#### 4.5 Procedures for Indemnification of Third-Party Claims.

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Covidien Group or the Mallinckrodt Group of any claim or of the commencement by any such Person of any Action (collectively, a “Third-Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and no later than thirty (30) days or sooner, if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an

Indemnitee to provide notice in accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.5(a).

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim. Within thirty (30) days after the receipt of notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee except as set forth in the next sentence.

(c) In the event that the Indemnifying Party has elected to assume the defense of the Third-Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one (1) separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(d) If an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.5(b), such Indemnitee may defend such Third-Party Claim at the cost and expense of the Indemnifying Party.

(e) Unless the Indemnifying Party has failed to assume the defense of the Third-Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third-Party Claim without the consent of the Indemnifying Party.

(f) In the case of a Third-Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third-Party Claim without the consent of the Indemnitee if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly against any Indemnitee.

(g) For the avoidance of doubt, the provisions of this Article IV shall apply to Third-Party Claims that have already been asserted as well as Third-Party Claims asserted after the date hereof, and there shall be no requirement under this Section 4.5 to give notice with respect to any Third-Party Claims that have already been asserted as of the Effective Time.

#### 4.6 Additional Matters.

(a) Indemnification payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification under this Article IV shall be paid by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee,

including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity agreements contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements.

(c) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section 4.6, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

(e) For all claims as to which indemnification or contribution is provided under this Article IV, other than Third-Party Claims (as to which Section 4.5 shall apply), the reasonable fees and expenses of counsel to the Indemnitee for the enforcement of the indemnity obligations shall be borne by the Indemnifying Party.

4.7 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.8 Survival of Indemnities. The rights and obligations of each of Covidien and Mallinckrodt and their respective Indemnitees under this Article IV shall survive the sale or other transfer by any Party of any Assets or businesses or the assignment by it of any Liabilities.

4.9 Guarantees, Letters of Credit or Other Obligations. In furtherance of, and not in limitation of, the obligations set forth in Section 2.6 and this Article IV:

(a) On or prior to the Distribution Date or as soon as practicable thereafter, Mallinckrodt shall (with the reasonable cooperation of the applicable member(s) of the Covidien Group) use its reasonable best efforts to have any member(s) of the Covidien Group removed as guarantor of or obligor for any Mallinckrodt Liability to the extent that they relate to Mallinckrodt Liabilities.

(b) On or prior to the Distribution Date, to the extent required to obtain a release from a guarantee or letter of credit, including the guarantees listed on Schedule 4.9(b) (a "Guarantee Release"), of any member of the Covidien Group, Mallinckrodt shall execute a guarantee agreement in the form of the existing guarantee or letter of credit, as applicable, or such other form as is agreed to by the relevant parties to such guarantee agreement or letter of credit, except to the extent that such existing guarantee or letter of credit contains representations, covenants or other terms or provisions either (i) with which Mallinckrodt would be reasonably unable to comply or (ii) which would be reasonably expected to be breached.

(c) If the Parties are unable to obtain, or to cause to be obtained, any such required removal as set forth in clauses (a) and (b) of this Section 4.9, (i) Mallinckrodt shall, and shall cause the other members of the Mallinckrodt Group to, indemnify, defend and hold harmless each of the Covidien Indemnitees for any Liability arising from or relating to such guarantee and shall, as agent or subcontractor for the applicable Covidien Group guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder, and (ii) Mallinckrodt shall not, and shall cause the other members of the Mallinckrodt Group not to, agree to renew or extend the term of, increase any obligations under, or transfer to a third Person, any loan, guarantee, letter of credit, lease, contract or other obligation for which a member of the Covidien Group is or may be liable unless all obligations of the members of the Covidien Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to Covidien in its sole and absolute discretion.

4.10 Contribution. If the indemnification provided for in Section 4.2 is unavailable to, or insufficient to hold harmless, the Covidien Indemnitees under this Article IV, then Mallinckrodt shall, or shall cause the other members of the Mallinckrodt Group to, contribute to the amount paid or payable to such Covidien Indemnitee as a result of such Liabilities (or actions in respect thereof).

4.11 Taxes. The provisions of this Agreement, including this Article IV, shall not apply to any matters relating to Taxes to the extent such matters are addressed in the Tax Matters Agreement or the Employee Matters Agreement. In the case of any conflict between this Agreement and either the Tax Matters Agreement or the Employee Matters Agreement in relation to any matters related to Taxes, the Tax Matters Agreement or the Employee Matters Agreement, as applicable, shall prevail.

ARTICLE V  
INSURANCE

5.1 Cooperation. Covidien and Mallinckrodt agree to use their respective reasonable best efforts to cooperate in good faith to arrange insurance coverage for Mallinckrodt to be effective no later than the Effective Time. In no event shall Covidien, any other member of the Covidien Group or any Covidien Indemnitee have any liability or obligation whatsoever to any member of the Mallinckrodt Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Mallinckrodt Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. Covidien and Mallinckrodt further agree to use their respective reasonable best efforts to cooperate with each other and the other members of their respective Groups with respect to the various insurance matters contemplated by this Agreement and to provide assistance in accessing coverage under any Shared Policy or Mallinckrodt Policy, as applicable.

5.2 Policies and Rights Included Within Assets. The Mallinckrodt Assets shall include any and all rights of an insured party under each of the Shared Policies, subject to the terms of such Shared Policies and any limitations or obligations of Mallinckrodt contemplated by this Article V, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all actual, contingent or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, or were incurred or claimed to have been incurred prior to the Effective Time by any Party in or in connection with the conduct of the Mallinckrodt Business, and which actual or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence or wrongful act under one or more of such Shared Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Shared Policies, or any of them, to Mallinckrodt. Notwithstanding the foregoing, with regard to the Mallinckrodt Assets in respect of any claims made Policy that is not put into run-off as further described below in Section 5.3, nothing in this Agreement is intended to provide coverage for alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, prior to the Effective Time and are covered under a claims made policy form, that were not reported to Covidien's Director of Risk Management prior to the Effective Time.

5.3 Claims Made Tail Policies.

(a) The claims made tail policies provided for in this Section 5.3 will solely provide coverage for any claim arising from any wrongful act occurring, in whole or in part, prior to the Effective Time.

(b) Subject to prevailing market conditions and underwriting, Covidien shall purchase Directors and Officers Liability Insurance Policies having total limits of \$250 million, consisting of \$200 million of traditional Side A/B/C coverage and \$50 million of Side A DIC coverage and having a policy period incepting at the Effective Time, or the expiration date of the current Covidien Directors and Officers Liability Insurance Policies, whichever date is earlier, and ending on a date that is six years after the Effective Time (“D&O Tail Policies”). The premium for the D&O Tail Policies shall be pre-paid for the full six-year term of the D&O Tail Policies. Such D&O Tail Policies shall cover Covidien and Mallinckrodt and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Covidien Directors and Officers Liability Insurance program incepting on June 29, 2012, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors or omissions, post-dating the Effective Time. Covidien (i) shall provide Mallinckrodt with copies of the D&O Tail Policies upon Mallinckrodt’s written request but no sooner than a reasonable time after such Policies are issued and (ii) shall not amend the terms of, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Mallinckrodt.

(c) Subject to prevailing market conditions and underwriting, Covidien shall purchase Fiduciary Liability Insurance Policies having total limits of \$50 million and having a policy period incepting at the Effective Time, or the expiration date of the current Covidien Fiduciary Liability Insurance Policies, whichever date is earlier, and ending on a date that is six years after the Effective Time (“Fiduciary Tail Policies”). The premium for the Fiduciary Tail Policies shall be pre-paid for the full six-year term of the Fiduciary Tail Policies. Such Fiduciary Tail Policies shall cover Covidien and Mallinckrodt and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Covidien Fiduciary Liability Insurance program incepting on October 1, 2012, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors and omissions, post-dating the Effective Time. Covidien (i) shall provide Mallinckrodt with copies of the Fiduciary Tail Policies upon Mallinckrodt’s written request but no sooner than a reasonable time after such Policies are issued and (ii) shall not amend the terms of, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Mallinckrodt.

(d) Subject to prevailing market conditions and underwriting, to the extent that Covidien is unable prior to the Effective Time to obtain any of the Policies as provided for in paragraphs (a), (b) and (c) of this Section 5.3, then, with respect to suits or claims based on wrongful acts, errors or omissions on or before the Effective Time, Covidien shall use commercially reasonable efforts to secure alternative insurance arrangements on the applicable standalone insurance policies for Mallinckrodt to provide benefits on terms and conditions (including policy limits) in favor of Mallinckrodt and the insured persons thereof no less favorable than the benefits (including policy limits) that were to be afforded by the policies described in paragraphs (a), (b) and (c) of this Section 5.3. With respect to such alternative insurance arrangements, Covidien and Mallinckrodt shall be responsible for their own costs under their applicable standalone insurance policies. Covidien shall not under any circumstances purchase any such alternative coverage containing an exclusion for suits or claims based on wrongful acts, errors or omissions up to and including the Effective Time to the extent such exclusion would preclude coverage for Mallinckrodt and/or the insured persons thereof, but would not preclude coverage for Covidien and/or the insured persons thereof.

#### 5.4 Occurrence Based Policies.

(a) With respect to Shared Policies of workers' compensation, automobile liability and general liability insurance, for suits or claims that are filed or made either before, on or after the Effective Time, with respect to occurrences which took place, in whole or in part, prior to the Effective Time and for which Old Colony State Insurance Company funds claim payments and claim adjustment expenses, Mallinckrodt shall pay to Old Colony State Insurance Company a one-time separation payment equal to \$[—]. Payment by Mallinckrodt will be due upon demand by Old Colony State Insurance Company.

(b) With respect to all other occurrence based Shared Policies, for suits or claims relating to the Mallinckrodt Business that are filed or made based upon occurrences that occurred or are alleged to have occurred in whole or in part prior to the Effective Time, Mallinckrodt shall be responsible for bearing the full amount of the deductible, self-insured retention and/or any claims, costs and expenses that are not covered under such insurance policies including that portion of any premium adjustments, tax, assessment or similar regulatory surcharges that relates to claims based on occurrences that predate the Effective Time.

#### 5.5 Administration; Other Matters.

(a) Administration. Except as otherwise provided in Section 5.4 hereof, from and after the Effective Time, Covidien shall have responsibility for and shall have the exclusive right to control (i) Insurance Administration of the Shared Policies and the Mallinckrodt Policies and (ii) subject to Section 5.5, Claims Administration under the Shared Policies and Mallinckrodt Policies; provided, that the retention of such responsibilities by Covidien is in no way intended to limit, inhibit or preclude any right to insurance coverage for any Insured Claim of a named insured under such Policies as contemplated by the terms of this Agreement; provided, further, that Covidien's retention of the administrative responsibilities for the Shared Policies and Mallinckrodt Policies shall not relieve the Party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim accurately, completely and in a timely manner or of such Party's authority to settle any such Insured Claim within any period or amount permitted or required by the relevant Policy; provided, further, that notwithstanding the foregoing, with respect to Mallinckrodt Liabilities, Mallinckrodt shall have responsibility for reporting to excess insurance carriers of any losses or claims which may cause the per-occurrence, per-claim or aggregate limits of any Shared Policy to be exceeded. Covidien may discharge its administrative responsibilities under this Section 5.5 by contracting for the provision of services by independent parties. Each of the applicable Parties shall pay any costs relating to defending its respective Insured Claims under Shared Policies to the extent such costs including defense, out-of-pocket expenses, and direct and indirect costs of employees or agents of Covidien related to Claims Administration and Insurance Administration are not covered under such Policies. Each of the Parties shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Shared Policies. Covidien shall retain the exclusive right to amend, modify or waive any rights under the Shared Policies and Mallinckrodt Policies, notwithstanding whether any such Shared Policies or

Mallinckrodt Policies apply to any Mallinckrodt Liabilities and/or claims Mallinckrodt has made or could make in the future, and no member of the Mallinckrodt Group shall, without the prior written consent of Covidien, erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with any insurer with respect to any of the Shared Policies or Mallinckrodt Policies, or amend, modify or waive any rights under any such Shared Policies or Mallinckrodt Policies. Mallinckrodt shall cooperate with Covidien and share such information at Mallinckrodt's cost as is reasonably necessary in order to permit Covidien to manage and conduct its insurance matters as it deems appropriate. Neither Covidien nor any of its Affiliates shall have any obligation to secure extended reporting for any claims under any of Covidien's or its Affiliates' liability Policies for any acts or omissions by any member of the Mallinckrodt Group incurred prior to the Effective Time. To the extent reasonably practicable, Covidien will notify Mallinckrodt at least ten (10) days prior to terminating or finalizing any buy-back of any rights under any Shared Policy or Mallinckrodt Policy with respect to which Mallinckrodt has asserted a claim or given written notice to Covidien that it proposes to submit a claim.

(b) Exceeding Policy Limits. Where Mallinckrodt Liabilities are specifically covered under the same Shared Policy for occurrences, acts or events prior to the Effective Time, then Mallinckrodt may claim coverage for Insured Claims under such Shared Policy as and to the extent that such insurance is available up to the full extent of the applicable limits of liability of such Shared Policy (and may receive any Insurance Proceeds with respect thereto as contemplated by Section 5.3, Section 5.4 or Section 5.5(c) hereof), subject to the terms of this Section 5.5. Except as set forth in this Section 5.5, Covidien and Mallinckrodt shall not be liable to one another for claims not reimbursed by insurers for any reason not within the control of Covidien or Mallinckrodt, as the case may be, including coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, bankruptcy or insolvency of an insurance carrier, Shared Policy limitations or restrictions, any coverage disputes, any failure to timely claim by Covidien or Mallinckrodt or any defect in such claim or its processing. For the avoidance of doubt, with respect to the Mallinckrodt Liabilities, Mallinckrodt shall exclusively bear (and neither Covidien nor any member of the Covidien Group shall have any obligation to repay or reimburse Mallinckrodt or members of the Mallinckrodt Group for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by Mallinckrodt or any member of the Mallinckrodt Group under the Shared Policies as provided for in this Article V. Mallinckrodt and members of the Mallinckrodt Group shall indemnify, hold harmless and reimburse Covidien and members of the Covidien Group for any coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, fees and expenses incurred by Covidien or members of the Covidien Group to the extent resulting from any such access to, or any claims made by Mallinckrodt or members of the Mallinckrodt Group under, any Shared Policy insurance provided pursuant to this Article V, including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim-handling fees, whether such claims are made by Mallinckrodt, its employees or third Persons. It is expressly understood that the foregoing shall not limit any Party's liability to the other Party for indemnification pursuant to Article IV.

(c) Allocation of Insurance Proceeds. Except as otherwise provided in Section 5.4, Insurance Proceeds received with respect to suits, occurrences, claims, costs and expenses covered under the Shared Policies shall be paid to Covidien with respect to Excluded Liabilities and to Mallinckrodt with respect to Mallinckrodt Liabilities. In the event that the



aggregate limits on any Shared Policies are exhausted by the payment of Insured Claims by the relevant parties, such parties agree to allocate the Insurance Proceeds received thereunder based upon their respective percentage of the total insured claim or claims which were covered under such Shared Policy (their “allocable portion of Insurance Proceeds”), and any Party who has received Insurance Proceeds in excess of such Party’s allocable portion of Insurance Proceeds shall pay to the other Party the appropriate amount so that each Party will have received its allocable portion of Insurance Proceeds. Each of the Parties agrees to use their respective reasonable best efforts to maximize available coverage under those Shared Policies applicable to it for the benefit of both Parties, and to take all commercially reasonable steps to recover from all other responsible parties (except the other Party hereto) in respect of an Insured Claim to the extent coverage limits under a Shared Policy have been exceeded or would be exceeded as a result of such Insured Claim.

(d) Allocation of Aggregate Deductibles. In the event that both Parties have insured claims under any Shared Policy for which an aggregate deductible is payable, the Parties agree that the aggregate amount of the total deductible paid shall be borne by the Parties in the same proportion to which the Insurance Proceeds received by each such Party bears to the total Insurance Proceeds received under the applicable Shared Policy (their “allocable share of the deductible”), and any Party who has paid more than its allocable share of the deductible shall be entitled to receive from the other Party an appropriate amount such that each Party will only have to bear its allocable share of the deductible.

(e) Mallinckrodt Policies. Notwithstanding anything to the contrary herein, (i) Mallinckrodt shall have no right to any Insurance Proceeds under any Mallinckrodt Policy except (A) any amounts payable to Mallinckrodt pursuant to the cost-sharing agreements listed on Schedule 5.5(e) and (B) amounts payable with respect to claims for any Mallinckrodt Liabilities under any workers’ compensation policies that are included in the Mallinckrodt Policies, and (iii) all costs and other Liabilities relating to such Policies and claims (including premiums and Liabilities incurred in connection with any such Actions) and all other Insurance Proceeds received in respect of any such Policies, claims or Actions, shall be shared 70% by Covidien and 30% by Mallinckrodt after reduction from such recovery of all legal fees and other out-of-pocket expenses incurred by Covidien to date of such recovery, provided that such allocation of costs and Insurance Proceeds shall not apply to (x) any amounts payable to Mallinckrodt pursuant to the preceding clause (i) or (y) any amounts payable with respect to claims for any Excluded Liabilities under any workers’ compensation policies that are included in the Mallinckrodt Policies.

(f) Old Colony Policies. Notwithstanding anything to the contrary herein, any and all claims in respect of the Policies provided by Old Colony State Insurance Company shall be administered, paid, accounted for and otherwise managed as provided on Schedule 5.5(f).

5.6 Agreement for Waiver of Conflict and Shared Defense. In the event that Insured Claims of more than one of the Parties exist relating to the same occurrence, the relevant Party (on behalf of itself and the other members of its respective Group) shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense. Nothing in this Article V shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of Law or otherwise.

ARTICLE VI  
CERTAIN OTHER MATTERS

6.1 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus five percent (5%).

6.2 Grant of License for Mallinckrodt Name. Subject to the terms, conditions and limitations contained herein, Mallinckrodt, on its own behalf and on behalf of the other members of the Mallinckrodt Group, hereby grants to the members of the Covidien Group listed on Schedule 6.2 a non-exclusive, worldwide, irrevocable, royalty-free license to use and display the name "Mallinckrodt" in their legal names and for related incidental uses following the Effective Time (e.g., in payroll checks, regulatory filings and bank accounts). The members of the Covidien Group's use of the "Mallinckrodt" name is limited to incidental, non-substantive use, such as use for payroll, banking, regulatory and other similar purposes. In no event shall the members of the Covidien Group create, reproduce or arrange for the creation or reproduction of the "Mallinckrodt" name or use the "Mallinckrodt" name in any advertising or marketing materials.

ARTICLE VII  
EXCHANGE OF INFORMATION; CONFIDENTIALITY

7.1 Agreement for Exchange of Information; Archives. Subject to Section 7.7 and any other applicable confidentiality obligations, each of Covidien and Mallinckrodt, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before, on or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities or Tax Laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative, Tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, Tax or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that, in the event that any Party determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any privilege otherwise available under applicable Law, including the attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.1 with respect to the sharing of Information related to Taxes are subject to the rights and obligations described in the Tax Matters Agreement.

7.2 Ownership of Information. Any Information owned by one Group that is provided to a requesting Party pursuant to Section 7.1 or Section 7.6 shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

7.3 Compensation for Providing Information. The Party requesting Information agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party.

7.4 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VII and other provisions of this Agreement after the Effective Time, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control on the Distribution Date in accordance with the policies of Covidien as in effect on the Distribution Date or such other policies as may be adopted by Covidien after the Effective Time (provided, in the case of Mallinckrodt, that Covidien notifies Mallinckrodt of any such material change). No Party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other Party may have the right to obtain pursuant to this Agreement prior to the end of the retention period set forth in such policies without first notifying the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such information prior to such destruction; provided, however, that in the case of any Information relating to Taxes, employee benefits or Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 8.01 of the Tax Matters Agreement shall govern the retention of Tax Records (as defined in the Tax Matters Agreement).

7.5 Limitations of Liability. No Party shall have any liability to any other Party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the Party providing such Information. No Party shall have any liability to any other Party if any Information is destroyed after reasonable best efforts by such Party to comply with the provisions of Section 7.4.

7.6 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action by one Party against another Party, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. Without limiting any indemnification obligations of the non-requesting Party pursuant to Article IV, the requesting

Party shall bear all costs and expenses in connection therewith. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.6 are subject to the rights and obligations described in the Tax Matters Agreement.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 7.6, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 7.6 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers (subject to the exception set forth in the first sentence of Section 7.6(a)).

(f) In connection with any matter contemplated by this Section 7.6, the Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

#### 7.7 Confidentiality.

(a) Subject to Section 7.8, until the five (5)-year anniversary of the Distribution Date, each of Covidien and Mallinckrodt, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Covidien's confidential and proprietary information pursuant to policies in effect as of the Distribution Date (and in no event less than a reasonable degree of care), all confidential or proprietary Information ("Confidential Information") concerning each such other Group that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by any such other Group or its respective Representatives at any time pursuant to this Agreement, any Ancillary

Agreement or otherwise, and shall not use any such Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Confidential Information has been (i) in the public domain through no fault of such Party or any member of such Group or any of their respective Representatives, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any Confidential Information of the other Party. Each Party shall maintain, and shall cause its respective Group members and Representatives to maintain, policies and procedures, and develop such further policies and procedures as will from time to time become necessary or appropriate, to ensure compliance with this Section 7.7.

(b) Mallinckrodt acknowledges that it and other members of the Mallinckrodt Group may have in its or their possession Confidential Information of third Persons that was received under a confidentiality or nondisclosure agreement with such third Person while part of Covidien. Mallinckrodt will, and will cause its respective Group members and its Representatives to, hold in strict confidence the Confidential Information of third Persons to which any member of the Mallinckrodt Group has access, in accordance with the terms of any agreements entered into prior to the Effective Time between members of the Covidien Group and such third Persons.

(c) Each Party agrees not to release, communicate or disclose, or permit to be released, communicated or disclosed, directly or indirectly, any Confidential Information to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 7.8. Without limiting the foregoing, when any Confidential Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly after request of the other Party either return to the other Party all Confidential Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Confidential Information (and such copies thereof and such notes, extracts or summaries based thereon).

(d) Each Party shall be liable for any failure by its respective Representatives to comply with the restrictions on use and disclosure of Confidential Information contained in this Agreement.

7.8 Protective Arrangements. In the event that any Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Confidential Information pursuant to applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other Party (or any member of any other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (if legally permissible under the circumstances) prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide Confidential Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority. The disclosing Party shall

promptly provide the Party owning such Confidential Information with a copy of the Information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such Information was disclosed, in each case to the extent permitted by law.

## ARTICLE VIII DISPUTE RESOLUTION

8.1 Good Faith Negotiation. Subject to Section 8.3, either Party hereto seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement, the Transition Services Agreement, the Employee Matters Agreement or the validity, interpretation, breach or termination of this Agreement, the Transition Services Agreement or the Employee Matters Agreement (a "Dispute"), shall provide written notice thereof to the other Party hereto, and following delivery of such notice, the Parties shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for the subject matter of the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by this Section 8.1, the Dispute shall be submitted to mediation in accordance with Section 8.2.

8.2 Mediation. Any Dispute not resolved pursuant to Section 8.1 shall, at the written request of any Party hereto (a "Mediation Request"), be submitted to nonbinding mediation in accordance with the then-current International Institute for Conflict Prevention and Resolution ("CPR") Mediation Procedure (the "Procedure"), except as modified herein. The mediation shall be held in New York, New York or such other place as the Parties may mutually agree. The Parties shall have twenty (20) days from receipt by a Party (or Parties) of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the Parties within twenty (20) days of receipt by a Party (or Parties) of a Mediation Request, then any Party may request (on written notice to the other Party) that CPR appoint a mediator in accordance with the Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party hereto shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by any other Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other Party except in the course of a judicial or regulatory proceeding or as may be required by law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such disclosure shall, to the extent reasonably practicable, give the other Party reasonable written notice of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party (or Parties) of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then any Party may file an action on the Dispute in any court having jurisdiction in accordance with Section 11.2.

### 8.3 Litigation.

(a) Notwithstanding the foregoing provisions of this Article VIII, (i) any Party may seek preliminary provisional or injunctive judicial relief without first complying with the procedures set forth in Sections 8.1 and 8.2 if such action is reasonably necessary to avoid irreparable damage and (ii) either Party may initiate litigation before the expiration of the periods specified in Section 8.2 if such Party has submitted a Mediation Request and the other Party has failed, within fourteen (14) days after the appointment of a mediator, to agree upon a date for the first mediation session to take place within thirty (30) days after the appointment of such mediator or such longer period as the Parties may agree to in writing.

(b) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in Sections 8.1 and 8.2 are pending. The Parties shall take any necessary or appropriate action required to effectuate such tolling.

## ARTICLE IX FURTHER ASSURANCES AND ADDITIONAL COVENANTS

### 9.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Mallinckrodt Assets and the assignment and assumption of the Mallinckrodt Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest.

(c) On or prior to the Distribution Date, Covidien and Mallinckrodt in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by Covidien, Mallinckrodt or any of their respective Subsidiaries, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Covidien and Mallinckrodt, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of Mallinckrodt or any other member of the Mallinckrodt Group, on the one hand, or of Covidien or any other member of the Covidien Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

#### ARTICLE X TERMINATION

10.1 Termination. This Agreement may be terminated by Covidien at any time, in its sole and absolute discretion, prior to the Effective Time. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties.

10.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (or any of its directors or officers) shall have any Liability or further obligation to any other Party.

#### ARTICLE XI MISCELLANEOUS

##### 11.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements, the Exhibits, the Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.



(c) Covidien represents on behalf of itself and each other member of the Covidien Group, and Mallinckrodt represents on behalf of itself and each other member of the Mallinckrodt Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of any other Party at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

(e) Notwithstanding any provision of this Agreement or any Ancillary Agreement, neither Covidien nor Mallinckrodt shall be required to take or omit to take any act that would violate its fiduciary duties to any minority shareholders of any non-wholly owned Subsidiary of Covidien or Mallinckrodt, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

11.2 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) The construction, interpretation and performance of this Agreement shall be governed and construed according to the laws of the State of New York, without regard to conflicts of laws principles (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York).

(b) Each of Covidien and Mallinckrodt, on behalf of itself and the members of its Group, hereby irrevocably (i) agrees that any Dispute shall be subject to the exclusive jurisdiction of the state and federal courts located in New York, New York, (ii) waives any claims of forum non conveniens, and agrees to submit to the jurisdiction of such courts, as provided in New York General Obligations Law § 5-1402, (iii) agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in Section 11.5 shall be effective service of process for any litigation brought against it in any such court or for the taking of any other acts as may be necessary or appropriate in order to effectuate any judgment of said courts and (iv) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE.

11.3 Assignability. This Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the parties hereto and thereto, respectively, and their respective successors and permitted assigns; provided, however, that no party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto, except, in the case of any Ancillary Agreement, as expressly set forth therein.

11.4 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Covidien Indemnitee or Mallinckrodt Indemnitee in their respective capacities as such, (i) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (ii) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

11.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.5):

If to Covidien, to:

Covidien plc  
1st Floor, 20 on Hatch  
Lower Hatch Street  
Dublin 2  
Ireland  
Attn: General Counsel  
Facsimile: +352-266-379-92

and

Covidien  
15 Hampshire Street  
Mansfield, MA 02048  
Attn: General Counsel  
Facsimile: (508) 261-8544

with a copy to:

Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Attention: Adam O. Emmerich  
Benjamin M. Roth  
Facsimile: (212) 403-2000

If to Mallinckrodt to:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland Attn: General Counsel  
Facsimile: (314) 654-5366

and

Mallinckrodt  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: General Counsel  
Facsimile: 314-654-5366

with a copy to:

Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Attention: Adam O. Emmerich  
Benjamin M. Roth  
Facsimile: (212) 403-2000

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

11.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

11.7 Force Majeure. No Party shall be deemed in default of this Agreement or any Ancillary Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement or any Ancillary Agreement, other than a delay or failure to make a payment, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment (each such cause, a “Force Majeure”). In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

11.8 Publicity. Prior to the Effective Time, each of Mallinckrodt and Covidien shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

11.9 Expenses. Except as expressly set forth in this Agreement (including Sections 2.14, 6.1, 7.6(a), 7.8 and 9.1(b) and Articles IV and V) or in any Ancillary Agreement, all fees, costs and expenses incurred in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, and with the consummation of the transactions contemplated hereby and thereby, will be borne by the Party incurring such fees, costs or expenses.

11.10 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

11.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

11.12 Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

11.13 Specific Performance. Subject to the provisions of Article VIII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary

Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

11.14 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

11.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation”; (e) the word “or” shall not be exclusive; (f) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to [—], 2013, regardless of any amendment or restatement hereof; and (g) except where the context otherwise requires, references to Subsidiaries of Mallinckrodt refers to Persons that will be Subsidiaries of Mallinckrodt upon consummation of the Distribution. Covidien and Mallinckrodt have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement.

11.16 Attorney-Client Privilege. Mallinckrodt agrees that, in the event of any Dispute or other litigation, dispute, controversy or claim between Covidien or a member of the Covidien Group, on the one hand, and Mallinckrodt or a member of the Mallinckrodt Group, on the other hand, Mallinckrodt will not, and will cause the members of its Group not to, seek any waiver of attorney-client privilege with respect to any communications relating to advice given prior to the Effective Time by counsel to Covidien or any Person that was a subsidiary of Covidien prior to the Distribution Date, regardless of any argument that such advice may have affected the interests of both Parties. Moreover, Mallinckrodt will, and will cause the members of its Group to, honor any such attorney-client privilege between Covidien and the members of its Group and its or their counsel, and will not assert that Covidien or a member of its Group has waived, relinquished or otherwise lost such privilege. For the avoidance of doubt, in the event of

any litigation, dispute, controversy or claim between Covidien or a member of its Group, on the one hand, and a third party other than a member of the Mallinckrodt Group, on the other hand, Covidien shall retain the right to assert attorney-client privilege with respect to any communications relating to advice given prior to the Distribution Date by counsel to Covidien or any Person that was a subsidiary of Covidien prior to the Distribution Date.

11.17 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Mallinckrodt or its Affiliates, on the one hand, nor Covidien or its Affiliates, on the other hand, shall be liable under this Agreement to the other for any special, indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such liability with respect to a Third-Party Claim), whether or not advised of the possibility of such damages and whether or not such damages are reasonably foreseeable.

11.18 Performance. Covidien will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Covidien Group. Mallinckrodt will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Mallinckrodt Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 11.18 to all of the other members of its Group, and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their duly authorized representatives.

COVIDIEN PLC

By: \_\_\_\_\_  
Name:  
Title:

MALLINCKRODT PLC

By: \_\_\_\_\_  
Name:  
Title:

**Companies Acts 1963 to 2012**

**A PUBLIC COMPANY LIMITED BY SHARES  
MEMORANDUM and ARTICLES OF ASSOCIATION**

**of**

**MALLINCKRODT PUBLIC LIMITED COMPANY**

**ARTHUR COX**

**DUBLIN**

**1**



**Companies Acts 1963 to 2012**  
**A PUBLIC COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION**  
**of**  
**MALLINCKRODT PUBLIC LIMITED COMPANY**

1. The name of the Company is Mallinckrodt public limited company.
2. The Company is to be a public limited company.
3. The objects for which the Company is established are:
  - 3.1 (a) To carry on the business of a healthcare services development company operating in the healthcare field, and to design, manufacture, produce, supply and provide generic and branded pharmaceuticals, contrast media, radiopharmaceuticals, active pharmaceutical ingredients and dosage pharmaceuticals and other devices or products of a surgical, pharmaceutical, diagnostic, medical imaging or medical character necessary or suitable for the proper treatment of sick or injured persons or patients and to carry on business as merchants and dealers in all supplies required for use in the treatment and care of the sick and injured and to do all things usually dealt in by persons carrying on the above mentioned businesses or any of them or likely to be required in connection with any of the said businesses.
  - (b) To carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's board of directors and to exercise its powers as a shareholder of other companies.
  - (c) To acquire the entire issued share capital of Mallinckrodt International Finance S.A., a Luxembourg registered company and Mallinckrodt Belgium BVBA, a Belgian registered company.
- 3.2 To acquire shares, stocks, debentures, debenture stock, bonds, obligations and securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.
- 3.3 To facilitate and encourage the creation, issue or conversion of and to offer for public subscription debentures, debenture stocks, bonds, obligations, shares, stocks, and securities and to act as trustees in connection with any such securities and to take part in the conversion of business concerns and undertakings into companies.
- 3.4 To purchase or by any other means acquire any freehold, leasehold or other property and in particular lands, tenements and hereditaments of any tenure, whether subject or not to any charges or incumbrances, for any estate or interest whatever, and any rights, privileges or easements over or in respect of any property, and any buildings, factories, mills, works, wharves, roads, machinery, engines, plant, live and dead stock, barges, vessels or things, and any real or personal property or rights whatsoever which may be necessary for, or may conveniently be used with, or may enhance the value or property of the Company, and to hold or to sell, let, alienate, mortgage, charge or otherwise deal with all or any such freehold, leasehold, or other property, lands, tenements or hereditaments, rights, privileges or easements.

- 3.5 To sell or otherwise dispose of any of the property or investments of the Company.
- 3.6 To establish and contribute to any scheme for the purchase of shares in the Company to be held for the benefit of the Company's employees and to lend or otherwise provide money to such schemes or the Company's employees or the employees of any of its subsidiary or associated companies to enable them to purchase shares of the Company.
- 3.7 To grant, convey, transfer or otherwise dispose of any property or asset of the Company of whatever nature or tenure for such price, consideration, sum or other return whether equal to or less than the market value thereof and whether by way of gift or otherwise as the Directors shall deem fit and to grant any fee, farm grant or lease or to enter into any agreement for letting or hire of any such property or asset for a rent or return equal to or less than the market or rack rent therefor or at no rent and subject to or free from covenants and restrictions as the Directors shall deem appropriate.
- 3.8 To acquire and undertake the whole or any part of the business, good-will and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which this Company is authorised to carry on, and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain or sell, mortgage or deal with any shares, debentures, debenture stock or securities so received.
- 3.9 To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.
- 3.10 To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly to benefit this Company.
- 3.11 To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- 3.12 To lend money to and guarantee the performance of the contracts or obligations of any company, firm or person, and the repayment of the capital and principal of, and dividends, interest or premiums payable on, any stock, shares and securities of any company, whether having objects similar to those of this Company or not, and to give all kinds of indemnities.
- 3.13 To engage in currency exchange and interest rate transactions including, but not limited to, dealings in foreign currency, spot and forward rate exchange contracts, futures, options, forward rate agreements, swaps, caps, floors, collars and any other foreign exchange or interest rate hedging arrangements and such other instruments as are similar to, or derived from, any of the foregoing whether for the purpose of making a profit or avoiding a loss or managing a currency or interest rate exposure or any other exposure or for any other purpose.
- 3.14 To guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and

the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company as defined by section 155 of the Companies Act, 1963 (or any successor legislation) or a subsidiary as therein defined of any such holding company or otherwise associated with the Company in business.

- 3.15 To borrow or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, debenture stocks, bonds, obligations and securities of all kinds, either perpetual or terminable and either redeemable or otherwise and to secure the repayment of any money borrowed, raised or owing by trust deed, mortgage, charge, or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar trust deed, mortgage, charge or lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake.
- 3.16 To draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- 3.17 To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in, or securities of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- 3.18 To hold in trust as trustees or as nominees and to deal with, manage and turn to account, any real or personal property of any kind, and in particular shares, stocks, debentures, securities, policies, book debts, claims and chases in actions, lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges, annuities, patents, licences, and any interest in real or personal property, and any claims against such property or against any person or company.
- 3.19 To constitute any trusts with a view to the issue of preferred and deferred or other special stocks or securities based on or representing any shares, stocks and other assets specifically appropriated for the purpose of any such trust and to settle and regulate and if thought fit to undertake and execute any such trusts and to issue, dispose of or hold any such preferred, deferred or other special stocks or securities.
- 3.20 To give any guarantee in relation to the payment of any debentures, debenture stock, bonds, obligations or securities and to guarantee the payment of interest thereon or of dividends on any stocks or shares of any company.
- 3.21 To construct, erect and maintain buildings, houses, flats, shops and all other works, erections, and things of any description whatsoever either upon the lands acquired by the Company or upon other lands and to hold, retain as investments or to sell, let, alienate, mortgage, charge or deal with all or any of the same and generally to alter, develop and improve the lands and other property of the Company.
- 3.22 To provide for the welfare of persons in the employment of or holding office under or formerly in the employment of or holding office under the Company including Directors and ex-Directors of the Company and the wives, widows and families, dependants or connections of such persons by grants of money, pensions or other payments and by forming and contributing to pension, provident or benefit funds or profit sharing or co-partnership schemes for the benefit of such persons and to form, subscribe to or otherwise aid charitable, benevolent, religious, scientific, national or other institutions, exhibitions or objects which shall have any moral or other claims to support or aid by the Company by reason of the locality of its operation or otherwise.
- 3.23 To remunerate by cash payments or allotment of shares or securities of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company whether in the conduct or management of its business, or in placing or assisting

to place or guaranteeing the placing of any of the shares of the Company's capital, or any debentures or other securities of the Company or in or about the formation or promotion of the Company.

- 3.24 To enter into and carry into effect any arrangement for joint working in business or for sharing of profits or for amalgamation with any other company or association or any partnership or person carrying on any business within the objects of the Company.
- 3.25 To distribute in specie or otherwise as may be resolved, any assets of the Company among its members and in particular the shares, debentures or other securities of any other company belonging to this Company or of which this Company may have the power of disposing.
- 3.26 To vest any real or personal property, rights or interest acquired or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.
- 3.27 To transact or carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects or calculated directly or indirectly to enhance the value of or facilitate the realisation of or render profitable any of the Company's property or rights.
- 3.28 To accept stock or shares in or debentures, mortgages or securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company, whether such shares shall be wholly or partly paid up.
- 3.29 To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall consider to be preliminary thereto and to issue shares as fully or in part paid up, and to pay out of the funds of the Company all brokerage and charges incidental thereto.
- 3.30 To procure the Company to be registered or recognised in any part of the world.
- 3.31 To do all or any of the matters hereby authorised in any part of the world or in conjunction with or as trustee or agent for any other company or person or by or through any factors, trustees or agents.
- 3.32 To make gifts or grant bonuses to the Directors or any other persons who are or have been in the employment of the Company including substitute and alternate directors.
- 3.33 To do all such other things that the Company may consider incidental or conducive to the attainment of the above objects or as are usually carried on in connection therewith.
- 3.34 To carry on any business which the Company may lawfully engage in and to do all such things incidental or conducive to the business of the Company.
- 3.35 To make or receive gifts by way of capital contribution or otherwise.

The objects set forth in any sub-clause of this clause shall be regarded as independent objects and shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other sub-clause, or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world notwithstanding that the business, property or acts proposed to be transacted, acquired or performed do not fall within the objects of the first sub-clause of this clause.

NOTE: It is hereby declared that the word "company" in this clause, except where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in Ireland or elsewhere and the intention is that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be in no way limited or restricted by reference to or inference from the terms of any other paragraph.

4. The liability of the members is limited.
5. The share capital of the Company is US\$[—] and €40,000 divided [—] Ordinary Shares of US\$0.20 each, [—] Preferred Shares of US\$[—] each and 40,000 Ordinary A Shares of €1.00 each.
6. The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.

We, the several persons whose names and addresses are subscribed, wish to be formed into a company in pursuance of this memorandum of association and we agree to take the number of shares in the capital of the company set opposite our respective names.

<u>Names, addresses and descriptions of subscribers</u>	<u>Number of shares taken by each subscriber</u>
J. MCGOWAN-SMYTH For and on behalf of Fand Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of DIJR Nominees Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of AC Administration Services Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of Arthur Cox Nominees Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of Arthur Cox Registrars Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of Arthur Cox Trust Services Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share
J. MCGOWAN-SMYTH For and on behalf of Arthur Cox Trustees Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Solicitor	One Ordinary Share

Dated 21 December 2012

Witness to the above signatures:

Name: MAIREAD FOLEY

Address: ARTHUR COX BUILDING  
EARLSFORT TERRACE  
DUBLIN 2

Occupation: COMPANY SECRETARY

**COMPANIES ACTS 1963 TO 2012**

**A PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**-of-**

**MALLINCKRODT PUBLIC LIMITED COMPANY**

**PRELIMINARY**

1. The regulations contained in Table A in the First Schedule to the Companies Act, 1963 shall not apply to the Company.

2. (a) In these articles:

“1983 Act” means the Companies (Amendment) Act 1983.

“1990 Act” means the Companies Act 1990 (No. 33 of 1990).

“Act” means the Companies Act, 1963 (No. 33 of 1963) as amended by the Companies Acts 1977 to 2012 and Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006, the Companies (Amendment) Act 2009, the Companies (Miscellaneous Provisions) Act 2009 and the Companies (Amendment) Act 2012, all enactments which are to be read as one with, or construed or read together as one with, the Acts and every statutory modification and re-enactment thereof for the time being in force.

“Acts” means the Companies Acts 1963 to 2005 and Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006, the Companies (Amendment) Act 2009, the Companies (Miscellaneous Provisions) Act 2009 and the Companies (Amendment) Act 2012, all enactments which are to be read as one with, or construed or read together as one with, the Companies Acts and every statutory modification and re-enactment thereof for the time being in force.

“address” includes any number or address used for the purposes of communication by way of electronic mail or other electronic communication.

“Assistant Secretary” means any person appointed by the Secretary from time to time to assist the Secretary.

“Clear Days” in relation to the period of notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

“Chairman” means the Director who is elected by the Directors from time to time to preside as chairman at all meetings of the Board and at general meetings of the Company.

“electronic communication” has the meaning given to those words in the Electronic Commerce Act 2000.

“electronic signature” has the meaning given to those words in the Electronic Commerce Act 2000.

“Ordinary Resolution” means an ordinary resolution of the Company’s members within the meaning of section 141 of the Act.



“public announcement” means disclosure in a press release reported by a national news service or in a document publicly filed by the Company with the U.S. Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

“Redeemable Shares” means redeemable shares in accordance with section 206 of the 1990 Act.

“Register” means the register of members to be kept as required in accordance with section 116 of the Act.

“Special Resolution” means a special resolution of the Company’s members within the meaning of section 141 of the Act.

“the Company” means the company whose name appears in the heading to these articles.

“the Directors” or “the Board” means the directors from time to time and for the time being of the Company or the directors present at a meeting of the board of directors and includes any person occupying the position of director by whatever name called.

“the Group” means the Company and its subsidiaries from time to time and for the time being.

“the Holder” in relation to any share, means the member whose name is entered in the Register as the holder of the share or, where the context permits, the members whose names are entered in the Register as the joint holders of shares.

“the Office” means the registered office from time to time and for the time being of the Company.

“the seal” means the common seal of the Company.

“the Secretary” means any person appointed to perform the duties of the secretary of the Company.

“these articles” means the articles of association of which this article 2 forms part, as the same may be amended and may be from time to time and for the time being in force.

- (b) Expressions in these articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and any other modes of representing or reproducing words in a visible form except as provided in these articles and/or where it constitutes writing in electronic form sent to the Company, and the Company has agreed to its receipt in such form. Expressions in these articles referring to execution of any document shall include any mode of execution whether under seal or under hand or any mode of electronic signature as shall be approved by the Directors. Expressions in these articles referring to receipt of any electronic communications shall, unless the contrary intention appears, be limited to receipt in such manner as the Company has approved.
- (c) Unless the contrary intention appears, words or expressions contained in these articles shall bear the same meaning as in the Acts or in any statutory modification thereof in force at the date at which these articles become binding on the Company.
- (d) A reference to a statute or statutory provision shall be construed as a reference to the laws of Ireland unless otherwise specified and includes:
  - (i) any subordinate legislation made under it including all regulations, by-laws, orders and codes made thereunder;
  - (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and

- (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it.
- (e) The masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural, and vice versa, and words importing persons shall include firms or companies.
- (f) Reference to US\$, USD, or dollars shall mean the currency of the United States of America and to €, euro, EUR or cent shall mean the currency of Ireland.

#### **SHARE CAPITAL AND VARIATION OF RIGHTS**

- 3. (a) The share capital of the Company is US\$[—] and €40,000 divided [—] ordinary shares of US\$0.20 each, [—] preferred shares of US\$[—] each and 40,000 ordinary A shares of €1.00 each.
- (b) The rights and restrictions attaching to the ordinary shares shall be as follows:
  - (i) subject to the right of the Company to set record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting, the right to attend and speak at any general meeting of the Company and to exercise one vote per ordinary share held at any general meeting of the Company;
  - (ii) the right to participate pro rata in all dividends declared by the Company; and
  - (iii) the right, in the event of the Company's winding up, to participate pro rata in the total assets of the Company.

The rights attaching to the ordinary shares may be subject to the terms of issue of any series or class of preferred shares allotted by the Directors from time to time in accordance with article 3(d).

- (c) The Directors may issue and allot ordinary A shares subject to the rights, privileges, limitations and restrictions set out in this article 3(c):
  - (i) **Income**

The holder of an ordinary A share shall not be entitled to receive any dividend or distribution declared, made or paid or any return of capital (save as provided for in this article) and shall not entitle its holder to any further or other right of participation in the assets of the Company.
  - (ii) **Capital**

On a winding up of, or other return of capital (other than on a redemption of any class of shares in the capital of the Company) by the Company, the holders of ordinary A shares shall be entitled to participate in such return of capital or winding up of the Company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such ordinary A shares and shall be paid only after the holders of ordinary shares shall have received payment in respect of such amount as is paid up or credited as paid up on those ordinary shares held by them at that time, plus the payment in cash of \$100,000,000 on each such ordinary share.
  - (iii) **Acquisition of Ordinary A Shares**

The Company as agent for the holders of ordinary A shares shall have the irrevocable authority to authorise and instruct the Secretary (or any other person appointed for the purpose by the Directors) to acquire, or to accept the surrender of, the ordinary A shares for no consideration and to execute on behalf of such holders such documents as are necessary in connection with such acquisition or surrender, and pending such

acquisition or surrender to retain the certificates, to the extent issued, for such ordinary A shares. Any request by the Company to acquire, or for the surrender of, any ordinary A shares may be made by the Directors depositing at the Office a notice addressed to such person as the Directors shall have nominated on behalf of the holders of ordinary A shares. A person whose shares have been acquired or surrendered in accordance with this article shall cease to be a member in respect of such ordinary A shares but shall notwithstanding remain liable to pay the Company all monies which, at the date of acquisition or surrender, were payable by him or her to the Company in respect of such shares, but his or her liability shall cease if and when the Company has received payment in full of all such monies in respect of such shares. A notice issued pursuant to this paragraph shall be deemed to be validly issued notwithstanding the provisions of articles 134 to 139 inclusive.

(iv) Voting

The holders of ordinary A shares shall not be entitled to receive notice of, nor attend, speak or vote at, any general meeting.

The rights attaching to the ordinary A shares may be subject to the terms of issue of any series or class of preferred shares allotted by the Directors from time to time in accordance with article 3(d).

(d) The Directors are authorised to issue all or any of the authorised but unissued preferred shares from time to time in one or more classes or series, and to fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be:

- (i) redeemable at the option of the Company, or the Holders, or both, with the manner of the redemption to be set by the Board, and redeemable at such time or times, including upon a fixed date, and at such price or prices;
- (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes of shares or any other series;
- (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Company; or
- (iv) convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of the Company at such price or prices or at such rates of exchange and with such adjustments as the Directors determine,

which rights and restrictions may be as stated in such resolution or resolutions of the Directors as determined by them in accordance with this article 3(d). The Board may at any time before the allotment of any preferred share by further resolution in any way amend the designations, preferences, rights, qualifications, limitations or restrictions, or vary or revoke the designations of such preferred shares.

The rights conferred upon the Holder of any pre-existing shares in the share capital of the Company shall be deemed not to be varied by the creation, issue and allotment of preferred shares in accordance with this article 3(d).

(e) An ordinary share shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company and any third party pursuant to which the Company acquires or will acquire ordinary shares, or an interest in

ordinary shares, from such third party. In these circumstances, the acquisition of such shares or interest in shares by the Company shall constitute the redemption of a Redeemable Share in accordance with Part XI of the 1990 Act.

4. Subject to the provisions of Part XI of the 1990 Act and the other provisions of this article, the Company may:
  - (a) pursuant to section 207 of the 1990 Act, issue any shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the member on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Directors; or
  - (b) subject to and in accordance with the provisions of the Acts and without prejudice to any relevant special rights attached to any class of shares pursuant to section 211 of the 1990 Act, purchase any of its own shares (including any Redeemable Shares and without any obligation to purchase on any pro rata basis as between members or members of the same class) and may cancel any shares so purchased or hold them as treasury shares (as defined in section 209 of the 1990 Act) and may reissue any such shares as shares of any class or classes.
5. Without prejudice to any special rights previously conferred on the Holders of any existing shares or class of shares, any share in the Company may be issued with such preferred or deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.
6.
  - (a) Without prejudice to the authority conferred on the Directors pursuant to article 3 to issue preferred shares in the capital of the Company, if at any time the share capital is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths of the issued shares in that class, or with the sanction of a Special Resolution passed at a separate general meeting of the Holders of the shares of that class, provided that, if the relevant class of Holders has only one Holder, that person present in person or by proxy, shall constitute the necessary quorum. To every such meeting the provisions of article 35 shall apply.
  - (b) The redemption or purchase of preferred shares or any class of preferred shares shall not constitute a variation of rights of the preferred Holders where the redemption or purchase of the preferred shares has been authorised solely by a resolution of the ordinary Holders.
  - (c) The issue, redemption or purchase of any of the US\$[—] preferred shares of US\$[—] shall not constitute a variation of the rights of the Holders of ordinary shares.
  - (d) The issue of preferred shares or any class of preferred shares which rank pari passu with, or junior to, any existing preferred shares or class of preferred shares shall not constitute a variation of the existing preferred shares or class of preferred shares.
7. The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
8.
  - (a) Subject to the provisions of these articles relating to new shares, the shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Acts) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its members, but so that no share shall be issued at a discount save in accordance with sections 26(5) and 28 of the 1983 Act, and so that, in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon.
  - (b) Subject to any requirement to obtain the approval of members under any laws, regulations or the rules of any stock exchange to which the Company is subject, the Board is authorised, from time to time, in its discretion, to grant such persons, for such periods and upon such

terms as the Board deems advisable, options to purchase or subscribe for such number of shares of any class or classes or of any series of any class as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued.

- (c) The Directors are, for the purposes of section 20 of the 1983 Act, generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities (as defined by the said section 20) up to the amount of Company's authorised share capital and to allot and issue any shares purchased by the Company pursuant to the provisions of Part XI of the 1990 Act and held as treasury shares and this authority shall expire five years from the date of adoption of these articles. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority hereby conferred has expired.
  - (d) The Directors are hereby empowered pursuant to sections 23 and 24(1) of the 1983 Act to allot equity securities within the meaning of the said section 23 for cash pursuant to the authority conferred by paragraph (c) of this article as if section 23(1) of the said 1983 Act did not apply to any such allotment. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this paragraph (d) had not expired.
  - (e) Nothing in these articles shall preclude the Directors from recognising a renunciation of the allotment of any shares by any allottee in favour of some other person.
9. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the Holder of the share.
10. The Company may pay commission to any person in consideration of a person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and subject to such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also, on any issue of shares, pay such brokerage as may be lawful.
11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the Holder.
12. No person shall be entitled to a share certificate in respect of any ordinary share held by them in the share capital of the Company, whether such ordinary share was allotted or transferred to them, and the Company shall not be bound to issue a share certificate to any such person entered in the Register.
13. The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company, except as permitted by section 60 of the Act.
14. (a) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The Directors, at any time, may declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to all moneys payable in respect of it.
- (b) The Company may sell in such manner as the Directors determine any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen Clear Days after notice demanding payment, and stating that if the notice is not complied with the share may be sold, has been given to the Holder of the share or to the person entitled to it by reason of the death or bankruptcy of the Holder.

- (c) To give effect to a sale, the Directors may authorise some person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the Register as the Holder of the share comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (d) The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) shall be paid to the person entitled to the shares at the date of the sale.
15. (a) Subject to the terms of allotment, the Directors may make calls upon the members in respect of any moneys unpaid on their shares and each member (subject to receiving at least fourteen Clear Days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- (b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- (c) The joint Holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- (d) If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Acts) but the Directors may waive payment of the interest wholly or in part.
- (e) An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these articles shall apply as if that amount had become due and payable by virtue of a call.
- (f) Subject to the terms of allotment, the Directors may make arrangements on the issue of shares for a difference between the Holders in the amounts and times of payment of calls on their shares.
- (g) The Directors, if they think fit, may receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may pay (until the same would, but for such advance, become payable) interest at such rate, not exceeding (unless the Company in general meeting otherwise directs) fifteen percent per annum, as may be agreed upon between the Directors and the member paying such sum in advance.
- (h) (i) If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter and during such times as any part of the call or instalment remains unpaid, may serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

- (ii) The notice shall name a further day (not earlier than the expiration of fourteen Clear Days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
  - (iii) If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
  - (iv) On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member sued is entered in the Register as the Holder, or one of the Holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member sued, in pursuance of these articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the share to that person. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and thereupon he shall be registered as the Holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
  - (j) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, without any deduction or allowance for the value of the shares at the time of forfeiture but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
  - (k) A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
  - (l) The provisions of these articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
  - (m) The Directors may accept the surrender of any share which the Directors have resolved to have been forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it has been forfeited.

#### **TRANSFER OF SHARES**

- 16. (a) The instrument of transfer of any share may be executed for and on behalf of the transferor by the Secretary, an Assistant Secretary or any such person that the Secretary or an Assistant Secretary nominates for that purpose (whether in respect of specific transfers or pursuant to a

general standing authorisation), and the Secretary, Assistant Secretary or the relevant nominee shall be deemed to have been irrevocably appointed agent for the transferor of such share or shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such share or shares all such transfers of shares held by the members in the share capital of the Company. Any document which records the name of the transferor, the name of the transferee, the class and number of shares agreed to be transferred, the date of the agreement to transfer shares and the price per share, shall, once executed by the transferor or the Secretary, Assistant Secretary or the relevant nominee as agent for the transferor, be deemed to be a proper instrument of transfer for the purposes of section 81 of the Act. The transferor shall be deemed to remain the Holder of the share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.

- (b) The Company, at its absolute discretion, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of shares on behalf of the transferee of such shares of the Company. If stamp duty resulting from the transfer of shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those shares and (iii) claim a first and permanent lien on the shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid. The Company's lien shall extend to all dividends paid on those shares.
- (c) Notwithstanding the provisions of these articles and subject to any regulations made under section 239 of the 1990 Act, title to any shares in the Company may also be evidenced and transferred without a written instrument in accordance with section 239 of the 1990 Act or any regulations made thereunder. The Directors shall have power to permit any class of shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled to disapply or modify all or part of the provisions in these articles with respect to the requirement for written instruments of transfer and share certificates (if any), in order to give effect to such regulations.

17. Subject to such of the restrictions of these articles and to such of the conditions of issue of any share warrants as may be applicable, the shares of any member and any share warrant may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve.

18. (a) The Directors in their absolute discretion and without assigning any reason therefor may decline to register:

- (i) any transfer of a share which is not fully paid; or
- (ii) any transfer to or by a minor or person of unsound mind;

but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed.

(b) The Directors may decline to recognise any instrument of transfer unless:

- (i) the instrument of transfer is accompanied by any evidence the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) the instrument of transfer is in respect of one class of share only;
- (iii) the instrument of transfer is in favour of not more than four transferees; and



(iv) it is lodged at the Office or at such other place as the Directors may appoint.

19. If the Directors refuse to register a transfer, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.
20. (a) The Directors may from time to time fix a record date for the purposes of determining the rights of members to notice of and/or to vote at any general meeting of the Company. The record date shall not precede the date upon which the resolution fixing the record date is adopted by the Directors, and the record date shall be not more than eighty nor less than ten days before the date of such meeting. If no record date is fixed by the Directors, the record date for determining members entitled to notice of or to vote at a meeting of the members shall be the close of business on the day next preceding the day on which notice is given. Unless the Directors determine otherwise, a determination of members of record entitled to notice of or to vote at a meeting of members shall apply to any adjournment or postponement of the meeting.
- (b) In order that the Directors may determine the members entitled to receive payment of any dividend or other distribution or allotment of any rights or the members entitled to exercise any rights in respect of any change, conversion or exchange of shares, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than thirty nor less than two days prior to such action. If no record date is fixed, the record date for determining members for such purpose shall be at the close of business on the day on which the Directors adopt the resolution relating thereto.
21. Registration of transfers may be suspended at such times and for such period, not exceeding in the whole 30 days in each year, as the Directors may from time to time determine subject to the requirements of section 121 of the Act.
22. All instruments of transfer shall upon their being lodged with the Company remain the property of the Company and the Company shall be entitled to retain them.
23. Subject to the provisions of these articles, whenever as a result of a consolidation of shares or otherwise any members would become entitled to fractions of a share, the Directors may sell or cause to be sold, on behalf of those members, the shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale (subject to any applicable tax and abandoned property laws) in due proportion among those members, and the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

#### **TRANSMISSION OF SHARES**

24. In the case of the death of a member, the survivor or survivors where the deceased was a joint Holder, and the personal representatives of the deceased where he was a sole Holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint Holder from any liability in respect of any share which had been jointly held by him with other persons.
25. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as herein provided, elect either to be registered himself as Holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the shares by that member before his death or bankruptcy, as the case may be.
26. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the

limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member.

27. A person becoming entitled to a share by reason of the death or bankruptcy of the Holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company, so, however, that the Directors may at any time give notice requiring such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, the Directors may thereupon withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

#### **ALTERATION OF CAPITAL**

28. The Company may from time to time by Ordinary Resolution increase the authorised share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
29. The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to section 68(1)(d) of the Act; or
  - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled.
30. The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised, and consent required, by law.

#### **GENERAL MEETINGS**

31. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. This article shall not apply in the case of the first general meeting, in respect of which the Company shall convene the meeting within the time periods required by the Act.
32. Subject to section 140 of the Act, all general meetings of the Company may be held outside of Ireland.
33. All general meetings other than annual general meetings shall be called extraordinary general meetings.
34. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided in section 132 of the Act.
35. All provisions of these articles relating to general meetings of the Company shall, mutatis mutandis, apply to every separate general meeting of the Holders of any class of shares in the capital of the Company, except that:
- (a) the necessary quorum shall be two or more persons holding or representing by proxy (whether or not such Holder actually exercises his voting rights in whole, in part or at all at the relevant general meeting) at least one-half in nominal value of the issued shares of the class or, at any adjourned meeting of such Holders, one Holder present in person or by proxy, whatever the amount of his holding, shall be deemed to constitute a meeting;

- (b) any Holder of shares of the class present in person or by proxy may demand a poll; and
  - (c) on a poll, each Holder of shares of the class shall have one vote in respect of every share of the class held by him.
36. A Director shall be entitled, notwithstanding that he is not a member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of shares in the Company.

#### **NOTICE OF GENERAL MEETINGS**

37. (a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting, and an extraordinary general meeting called for the passing of a special resolution, shall be called by not less than twenty-one Clear Days' notice and all other extraordinary general meetings shall be called by not less than fourteen Clear Days' notice.
- (b) Any notice convening a general meeting shall specify the time and place of the meeting and, in the case of special business, the general nature of that business and, in reasonable prominence, that a member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a member of the Company. It shall also give particulars of any Directors who are to retire at the meeting and of any persons who are recommended by the Directors for appointment or re-appointment as Directors at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Provided that the latter requirement shall only apply where the intention to propose the person has been received by the Company in accordance with the provisions of these articles. Subject to any restrictions imposed on any shares, the notice of the meeting shall be given to all the members of the Company as of the record date set by the Directors and to the Directors and the Auditors.
- (c) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
38. Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than twenty-eight days (or such shorter period as the Acts permit) before the meeting at which it is moved, and the Company shall give to the members notice of any such resolution as required by and in accordance with the provisions of the Acts.

#### **PROCEEDINGS AT GENERAL MEETINGS**

39. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the reports of the Directors and auditors, the election of Directors, the re-appointment of the retiring auditors and the fixing of the remuneration of the auditors.
40. At any annual general meeting of the members, only such nominations of persons for election to the Board shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual general meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Company's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly made at the annual general meeting, by or at the direction of the Board or (c) otherwise properly requested to be brought before the annual general meeting by a member of the Company in accordance with these articles. For nominations of persons for election to the Board or proposals of other business to be properly requested by a member to be made at an annual general meeting, a member must (i) be a member at the time of giving of notice of such annual general meeting by or at the direction of the Board and at the time of the annual general meeting, (ii) be entitled to vote at such annual general meeting and (iii) comply with

the procedures set forth in these articles as to such business or nomination. The immediately preceding sentence shall be the exclusive means for a member to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Company's notice of meeting) before an annual general meeting of members.

41. At any extraordinary general meeting of the members, only such business shall be conducted or considered, as shall have been properly brought before the meeting pursuant to the Company's notice of meeting. To be properly brought before an extraordinary general meeting, proposals of business must be (a) specified in the Company's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly brought before the extraordinary general meeting, by or at the direction of the Board, or (c) otherwise properly brought before the meeting by any members of the Company pursuant to the valid exercise of power granted to them under the Acts.
42. Nominations of persons for election to the Board may be made at an extraordinary general meeting of members at which directors are to be elected pursuant to the Company's notice of meeting (a) by or at the direction of the Board, (b) by any members of the Company pursuant to the valid exercise of power granted to them under the Acts, or (c) provided that the Board has determined that directors shall be elected at such meeting, by any member of the Company who (i) is a member at the time of giving of notice of such extraordinary general meeting and at the time of the extraordinary general meeting, (ii) is entitled to vote at the meeting and (iii) complies with the procedures set forth in these articles as to such nomination. The immediately preceding sentence shall be the exclusive means for a member to make nominations (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Company's notice of meeting) before an extraordinary general meeting of members.
43. Except as otherwise provided by law, the memorandum of association or these articles, the Chairman of any general meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the general meeting was made or proposed, as the case may be, in accordance with these articles and, if any proposed nomination or other business is not in compliance with these articles, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded.
44. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The Holders of shares, present in person or by proxy (whether or not such Holder actually exercises his voting rights in whole, in part or at all at the relevant general meeting), entitling them to exercise a majority of the voting power of the Company on the relevant record date shall constitute a quorum.
45. Any general meeting duly called at which a quorum not present shall be adjourned and the Company shall provide notice pursuant to article 37 in the event that such meeting is to be reconvened.
46. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.
47. If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be Chairman of the meeting.
48. The Chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place without notice other than by announcement of the time and place of the adjourned meeting by the Chairman of the meeting. The Chairman of the meeting may at any time without the consent of the meeting adjourn the meeting to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so or if he is so directed by the Board. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
49. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
  - (a) the Chairman; or

- (b) by at least three members present in person or by proxy; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the Company conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

- 50. Except as provided in article 51, if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 51. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that on which a poll has been demanded may be proceeded with pending the taking of the poll.
- 52. Where there is an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other vote he may have.
- 53. Unless the Directors otherwise determine, no member shall be entitled to vote at any general meeting or any separate meeting of the Holders of any class of shares in the Company, either in person or by proxy, or to exercise any privilege as a member in respect of any share held by him unless all monies then payable by him in respect of that share have been paid.

#### **ADVANCE NOTICE OF MEMBER BUSINESS AND NOMINATIONS**

- 54. Without qualification or limitation, subject to article 67, for any nominations or any other business to be properly brought before an annual general meeting by a member pursuant to article 40, the member must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by article 68), and timely updates and supplements thereof, in writing to the Secretary, and such other business must otherwise be a proper matter for member action.
- 55. To be timely, a member's notice shall be delivered to the Secretary at the Office not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual general meeting; provided, however, that in the event that the date of the annual general meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the member must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual general meeting and not later than the close of business on the later of the 90th day prior to the date of such annual general meeting or, if the first public announcement of the date of such annual general meeting is less than 100 days prior to the date of such annual general meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Company; provided, further, that with respect to the 2014 annual general meeting, notice by the member must be so delivered not later than the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. In no event shall any adjournment or postponement of an annual general meeting, or the public announcement thereof, commence a new time period for the giving of a member's notice as described above.

56. Notwithstanding anything in article 55 to the contrary, in the event that the number of directors to be elected to the Board is increased by the Board, and there is no public announcement by the Company naming all of the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual general meeting, a member's notice required by articles 54-57 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the Office not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company.
57. In addition, to be considered timely, a member's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the Office not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.
58. Subject to article 67, in the event the Company calls an extraordinary general meeting of members for the purpose of electing one or more directors to the Board, any member may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, provided that the member gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by article 68), and timely updates and supplements thereof, in writing, to the Secretary.
59. To be timely, a member's notice shall be delivered to the Secretary at the Office not earlier than the close of business on the 120th day prior to the date of such extraordinary general meeting and not later than the close of business on the later of the 90th day prior to the date of such extraordinary general meeting or, if the first public announcement of the date of such extraordinary general meeting is less than 100 days prior to the date of such extraordinary general meeting, the 10th day following the day on which public announcement is first made of the date of the extraordinary general meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall any adjournment or postponement of an extraordinary general meeting, or the public announcement thereof, commence a new time period for the giving of a member's notice as described above.
60. In addition, to be considered timely, a member's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the Office not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.
61. To be in proper form, a member's notice (whether given pursuant to articles 54-57 or articles 58-60) to the Secretary must include the following, as applicable:
  62. As to the member giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, a member's notice must set forth: (i) the name and address of such member, as they appear on the Company's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Company which are, directly or indirectly, owned beneficially and of record by such member, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, share appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of

shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Company, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Company, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Company, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Company, through the delivery of cash or other property, or otherwise, and without regard to whether the member, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such member, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such member has a right to vote any class or series of shares of the Company, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such member, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Company by, manage the risk of share price changes for, or increase or decrease the voting power of, such member with respect to any class or series of the shares of the Company, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Company (any of the foregoing, a "Short Interest"), (E) any rights to dividends on the shares of the Company owned beneficially by such member that are separated or separable from the underlying shares of the Company, (F) any proportionate interest in shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such member is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such member is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, including without limitation any such interests held by members of such member's immediate family sharing the same household, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Company held by such member, and (I) any direct or indirect interest of such member in any contract with the Company, any affiliate of the Company or any principal competitor of the Company (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (iii) any other information relating to such member and beneficial owner, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

63. If the notice relates to any business other than a nomination of a director or directors that the member proposes to bring before the meeting, a member's notice must, in addition to the matters set forth in article 62 above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such member and beneficial owner, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend these articles, the text of the proposed amendment), and (iii) a description of all agreements, arrangements and understandings between such member and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such member.
64. As to each person, if any, whom the member proposes to nominate for election or re-election to the Board, a member's notice must, in addition to the matters set forth in article 62 above, also set forth: (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy

statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such member and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K under the Exchange Act if the member making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant.

65. With respect to each person, if any, whom the member proposes to nominate for election or re-election to the Board, a member’s notice must, in addition to the matters set forth in articles 62 and 64 above, also include a completed and signed questionnaire, representation and agreement required by article 68 of these articles. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable member’s understanding of the independence, or lack thereof, of such nominee.
66. Notwithstanding the provisions of these articles, a member shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in articles 54-68; provided, however, that any references in these articles to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these articles with respect to nominations or proposals as to any other business to be considered pursuant to articles 39-43.
67. Nothing in these articles shall be deemed to affect any rights (i) of members to request inclusion of proposals in the Company’s proxy statement pursuant to Rule 14a-8 under the Exchange Act, (ii) of the holders of any series of preferred shares if and to the extent provided for under law, the memorandum of association or these articles or (iii) of members of the Company to bring business before an extraordinary general meeting pursuant to the valid exercise of power granted to them under the Acts. Subject to Rule 14a-8 under the Exchange Act, nothing in these articles shall be construed to permit any member, or give any member the right, to include or have disseminated or described in the Company’s proxy statement any nomination of director or directors or any other business proposal.
68. Subject to the rights of members of the Company to propose nominations at an extraordinary general meeting pursuant to the valid exercise of power granted to them under the Acts, to be eligible to be a nominee for election or re-election as a director of the Company, a person must deliver (in accordance with the time periods prescribed for delivery of notice under articles 54-67) to the Secretary at the Office a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the Company or (2) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Company, with such person’s fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with all applicable corporate governance, conflict of interest, confidentiality and share ownership and trading policies and guidelines of the Company publicly disclosed from time to time.



## VOTES OF MEMBERS

69. Subject to any special rights or restrictions as to voting for the time being attached by or in accordance with these articles to any class of shares, on a show of hands every member present in person and every proxy shall have one vote, but so that no one member shall on a show of hands have more than one vote in respect of the aggregate number of shares of which he is the Holder, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the Holder.
70. When there are joint Holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register.
71. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction (whether in Ireland or elsewhere) in matters concerning mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, guardian or other person appointed by that court and any such committee, receiver, guardian or other person may vote by proxy on a show of hands or on a poll. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be received at the Office or at such other address as is specified in accordance with these articles for the receipt of appointments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
72. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
73. Votes may be given either personally or by proxy.
74. (a) Every member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his behalf and may appoint more than one proxy to attend, speak and vote at the same meeting. The appointment of a proxy shall be in any form which the Directors may approve and, if required by the Company, shall be signed by or on behalf of the appointor. In relation to written proxies, a body corporate may sign a form of proxy under its common seal or under the hand of a duly authorised officer thereof or in such other manner as the Directors may approve. A proxy need not be a member of the Company. The appointment of a proxy in electronic or other form shall only be effective in such manner as the Directors may approve.
- (b) Without limiting the foregoing, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic or internet communication or facility and may in a similar manner permit supplements to, or amendments or revocations of, any such electronic or internet communication or facility to be made. The Directors may in addition prescribe the method of determining the time at which any such electronic or internet communication or facility is to be treated as received by the Company. The Directors may treat any such electronic or internet communication or facility which purports to be or is expressed to be sent on behalf of a Holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Holder.
75. Any body corporate which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the Company. The Company may require evidence from the body corporate of the due authorisation of such person to act as the representative of the relevant body corporate.
76. An appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been received by the Company for the purposes of any meeting shall not require to be delivered, deposited or received again by the Company for the purposes of any subsequent meeting to which it relates.

77. Receipt by the Company of an appointment of proxy in respect of a meeting shall not preclude a member from attending and voting at the meeting or at any adjournment thereof. An appointment proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.
78. (a) A vote given or poll demanded in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the proxy was appointed or of the resolution authorising the representative to act or transfer of the share in respect of which the proxy was appointed or the authorisation of the representative to act was given, provided that no intimation in writing (whether in electronic form or otherwise) of such death, insanity, revocation or transfer shall have been received by the Company at the Office, at least one hour before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used or at which the representative acts; provided, however, that where such intimation is given in electronic form it shall have been received by the Company at least 24 hours (or such lesser time as the Directors may specify) before the commencement of the meeting.
- (b) The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the members forms for the appointment of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative.
79. The instrument appointing a proxy shall, be deemed to confer authority to demand or join in demanding a poll.
80. Subject to Section 141 of the 1963 Act, a resolution in writing signed by all of the members for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly authorised representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in like form each signed by one or more persons, and if described as a special resolution shall be deemed to be a special resolution within the meaning of the 1963 Act. Any such resolution shall be served on the Company.

## **DIRECTORS**

81. The number of Directors shall not be less than two nor more than 15. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors is reduced below the prescribed minimum the remaining Director or Directors shall appoint forthwith an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If, at any annual general meeting of the Company, the number of Directors is reduced below the prescribed minimum due to the failure of any Directors to be re-elected, then in those circumstances, the two Directors which receive the highest number of votes in favour of re-election shall be re-elected and shall remain Directors until such time as additional Directors have been appointed to replace them as Directors. If, at any annual general meeting of the Company, the number of Directors is reduced below the prescribed minimum in any circumstances where one Director is re-elected, then that Director shall hold office until the next annual general meeting and the Director which (excluding the re-elected Director) receives the highest number of votes in favour of re-election shall be re-elected and shall remain a Director until such time as one or more additional Directors have been appointed to replace him or her. If there are no Director or Directors able or willing to act then any two members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to the provisions of the Acts and these articles) only until the conclusion of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting.
82. Each Director shall be paid a fee for their services at such rate as may from time to time be determined by the Board. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

83. If any Director shall be called upon to perform extra services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, the Company may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by a resolution passed at a meeting of the Directors and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled as a Director.
84. A Director (whether or not a member of the Company) shall be entitled to attend and speak at general meetings.
85. Unless the Company otherwise directs, a Director of the Company may be or become a Director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as Holder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company.

#### **BORROWING POWERS**

86. Subject to Part III of the 1983 Act, the Directors may exercise all the powers of the Company to borrow or raise money, and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

#### **POWERS AND DUTIES OF THE DIRECTORS**

87. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Acts or by these articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these articles and to the provisions of the Acts.
88. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
89. The Company may exercise the powers conferred by section 41 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Directors.
90. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with section 194 of the Act.
91. Save as otherwise provided by these articles, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.
- (a) A Director shall be entitled (in the absence of some other material interest than is indicated below) to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:
- (i) the giving of any security, guarantee or indemnity to him in respect of money lent by him to the Company or any of its subsidiary or associated companies or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary or associated companies;

- (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary or associated companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiary or associated companies for subscription, purchase or exchange in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or member or otherwise howsoever, provided that he is not the Holder of or beneficially interested in 1% or more of the issued shares of any class of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived) (any such interest being deemed for the purposes of this article to be a material interest in all circumstances);
  - (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities;
  - (vi) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full time executive Directors) of the Company and/or any subsidiary thereof to acquire shares in the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits or may benefit; or
  - (vii) any proposal concerning the giving of any indemnity pursuant to article 143(a) or the discharge of the cost of any insurance coverage purchased or maintained pursuant to article 97 and article 143(b).
- (b) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under subparagraph (a)(iv) of this article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment,
- (c) If a question arises at a meeting of Directors or of a committee of Directors as to the materiality of a Director's interest or as to the right of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question may be referred, before the conclusion of the meeting, to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive. In relation to the Chairman, such question may be resolved by a resolution of a majority of the Directors (other than the Chairman) present at the meeting at which the question first arises.
- (d) For the purposes of this article, an interest of a person who is the spouse or a minor child of a Director shall be treated as an interest of the Director.
- (e) The Company by Ordinary Resolution may suspend or relax the provisions of this article to any extent or ratify any transaction not duly authorised by reason of a contravention of this article.

92. A Director may hold and be remunerated in respect of any other office or place of profit under the Company or any other company in which the Company may be interested (other than the office of auditor of the Company or any subsidiary thereof) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine, and no Director or intending Director shall be disqualified by his office from contracting or being interested,

directly or indirectly, in any contract or arrangement with the Company or any such other company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any Director so contracting or being so interested be liable to account to the Company for any profits and advantages accruing to him from any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

93. The Directors may exercise the voting powers conferred by shares of any other company held or owned by the Company in such manner in all respects as they think fit and in particular they may exercise their voting powers in favour of any resolution appointing the Directors or any of them as Directors or officers of such other company or providing for the payment of remuneration or pensions to the Directors or officers of such other company.
94. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, but nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
95. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall from time to time by resolution determine.
96. The Directors shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.
97. The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors or other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary of the Company or of the predecessor in business of the Company or any such subsidiary or holding Company and the wives, widows, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well being of the Company or of any such other Company as aforesaid, or its members, and payments for or towards the insurance of any such persons as aforesaid and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. Provided that any Director shall be entitled to retain any benefit received by him under this article, subject only, where the Acts require, to disclosure to the members and the approval of the Company in general meeting.

#### **DISQUALIFICATION OF DIRECTORS**

98. The office of a Director shall be vacated ipso facto if the Director:
- (a) is restricted or disqualified to act as a Director under the provisions of Part VII of the 1990 Act; or
  - (b) resigns his office by notice in writing to the Company or in writing offers to resign and the Directors resolve to accept such offer; or
  - (c) is removed from office under article 103.

## APPOINTMENT, ROTATION AND REMOVAL OF DIRECTORS

99. At every annual general meeting of the Company, all of the Directors shall retire from office unless re-elected by Ordinary Resolution at the annual general meeting. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.
100. Every Director shall be eligible to stand for re-election at an annual general meeting.
101. If a Director offers himself for re-election, he shall be deemed to have been re-elected, unless at such meeting the Ordinary Resolution for the re-election of such Director has been defeated.
102. The Company may from time to time by Special Resolution increase or reduce the maximum number of Directors.
103. The Company may, by Ordinary Resolution, of which extended notice has been given in accordance with section 142 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.
104. The Company may, by Ordinary Resolution, appoint another person in place of a Director removed from office under article 103 and without prejudice to the powers of the Directors under article 81 the Company in general meeting by Ordinary Resolution may appoint any person to be a Director either to fill a casual vacancy or as an additional Director, subject to the maximum number of Directors set out in article 81.
105. The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting. If not re-appointed at such annual general meeting, such Director shall vacate office at the conclusion thereof.
106. The Directors may appoint any person to fill the following positions:

(a) Secretary:

It shall be the duty of the Secretary to make and keep records of the votes, doings and proceedings of all meetings of the members and Board of the Company, and of its committees, and to authenticate records of the Company. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

A provision of the Acts or these articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

The Secretary may delegate any of his functions to such one or more persons (including individuals, bodies corporate or firms) as may be nominated by the Secretary from time to time.

(b) Assistant Secretaries:

The Assistant Secretaries shall have such duties as the Secretary shall determine.

In addition to the Board's power to delegate to committees pursuant to article 111, the Board may delegate any of its powers to any individual Director or member of the management of the Company or any of its subsidiaries as it sees fit; any such individual shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on them by the Board. The Board shall also have the power to appoint and remove officers of the Company including, but not limited to, chief executive officer, president, vice president, treasurer, controller and assistant treasurer.

## PROCEEDINGS OF DIRECTORS

107. (a) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they may think fit. The quorum necessary for the transaction of the business of the Directors shall be a majority of the Directors in office at the time when the meeting is convened. Questions arising at any meeting shall be decided by a majority of votes. Each director present and voting shall have one vote.
- (b) Any Director may participate in a meeting of the Directors by means of telephonic or other such communication whereby all persons participating in the meeting can hear each other speak, and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and any director may be situated in any part of the world for any such meeting.
108. The Chairman or any four Directors may, and the Secretary on the requisition of the Chairman or any four Directors shall, at any time summon a meeting of the Directors.
109. The continuing Directors may act notwithstanding any vacancy in their number but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.
110. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. Any Director may be elected no matter by whom he was appointed but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
111. The Board may from time to time designate committees of the Board, with such powers and duties as the Board may decide to confer on such committees, and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committees.
112. A committee may elect a chairman of its meeting. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
113. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
114. Notwithstanding anything in these articles or in the Acts which might be construed as providing to the contrary, notice of every meeting of the Directors shall be given to all Directors either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone, email, or any other electronic means on not less than twenty-four (24) hours' notice, or on such shorter notice as person or persons calling such meeting may deem necessary or appropriate and which is reasonable in the circumstances. Any director may waive any notice required to be given under these articles, and the attendance of a director at a meeting shall be deemed to be a waiver by such Director.
115. A resolution or other document in writing (in electronic form or otherwise) signed (whether by electronic signature, advanced electronic signature or otherwise as approved by the Directors) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors

duly convened and held and may consist of several documents in the like form each signed by one or more Directors, and such resolution or other document or documents when duly signed may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission, electronic mail or some other similar means of transmitting the contents of documents.

#### **THE SEAL**

116. (a) The Directors shall ensure that the Seal (including any official securities seal kept pursuant to the Acts) shall be used only by the authority of the Directors or of a committee authorised by the Directors and that every instrument to which the seal shall be affixed shall be signed by a Director or some other person appointed by the Directors for that purpose.
- (b) The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

#### **DIVIDENDS AND RESERVES**

117. The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors.
118. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
119. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of Part IV of the 1983 Act.
120. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments as the Directors may lawfully determine. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to divide.
121. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
122. The Directors may deduct from any dividend payable to any member all sums of money (if any) immediately payable by him to the Company in relation to the shares of the Company.
123. Any general meeting declaring a dividend or bonus and any resolution of the Directors declaring an interim dividend may direct payment of such dividend or bonus or interim dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stocks of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all the parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.
124. Any dividend or other moneys payable in respect of any share may be paid by cheque or warrant sent by post, at the risk of the person or persons entitled thereto, to the registered address of the Holder or, where there are joint Holders, to the registered address of that one of the joint Holders who is first named on the members Register or to such person and to such address as the Holder or joint Holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any



joint Holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share. Any such dividend or other distribution may also be paid by any other method (including payment in a currency other than US\$, electronic funds transfer, direct debit, bank transfer or by means of a relevant system) which the Directors consider appropriate and any member who elects for such method of payment shall be deemed to have accepted all of the risks inherent therein. The debiting of the Company's account in respect of the relevant amount shall be evidence of good discharge of the Company's obligations in respect of any payment made by any such methods.

125. No dividend shall bear interest against the Company.
126. If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other moneys payable in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

## ACCOUNTS

127. (a) The Directors shall cause to be kept proper books of account, whether in the form of documents, electronic form or otherwise, that:
- (i) correctly record and explain the transactions of the Company;
  - (ii) will at any time enable the financial position of the Company to be determined with reasonable accuracy;
  - (iii) will enable the Directors to ensure that any balance sheet, profit and loss account or income and expenditure account of the Company complies with the requirements of the Acts; and
  - (iv) will enable the accounts of the Company to be readily and properly audited.

Books of account shall be kept on a continuous and consistent basis and entries therein shall be made in a timely manner and be consistent from year to year. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Company may send by post, electronic mail or any other means of electronic communication a summary financial statement to its members or persons nominated by any member. The Company may meet, but shall be under no obligation to meet, any request from any of its members to be sent additional copies of its full report and accounts or summary financial statement or other communications with its members.

- (b) The books of account shall be kept at the Office or, subject to the provisions of the Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
- (c) In accordance with the provisions of the Acts, the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such profit and loss accounts, balance sheets, group accounts and reports as are required by the Acts to be prepared and laid before such meeting.
- (d) A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent by post, electronic mail or any other means of communication (electronic or otherwise), not less than twenty-one Clear Days before the date of the annual general meeting, to every person entitled under the provisions of the Acts to receive them; provided that in the case of those documents sent by electronic mail or any other means of electronic communication, such documents shall be sent with the consent of the recipient, to the address of the recipient notified to the Company by the recipient for such purposes.

128. The Directors shall determine from time to time whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members, not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Acts or authorised by the Directors or by the Company in general meeting. No member shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the members of the Company to communicate to the public.

#### CAPITALISATION OF PROFITS

129. Without prejudice to any powers conferred on the Directors as aforesaid and subject to the Directors' authority to issue and allot shares under articles 8(c) and 8(d), the Directors may resolve to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including any capital redemption reserve fund, share premium account or other reserve account not available for distribution) or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those members of the Company who would have been entitled to that sum if it were distributable and had been distributed by way of dividend (and in the same proportions). Whenever such a resolution is passed in pursuance of this article, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any.
130. Without prejudice to any powers conferred on the Directors by these articles, and subject to the Directors' authority to issue and allot shares under articles 8(c) and 8(d), the Directors may resolve that any sum for the time being standing to the credit of any of the Company's reserve accounts (including any reserve account available for distribution) or to the credit of the profit and loss account be capitalised and applied on behalf of the members who would have been entitled to receive that sum if it had been distributed by way of dividend (and in the same proportions) either in or towards paying up amounts for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to the sum capitalised (such shares or debentures to be allotted and distributed and credited as fully paid up to and amongst such Holders in the proportions aforesaid) or partly in one way and partly in another, so, however, that the only purposes for which sums standing to the credit of the capital redemption reserve fund or the share premium account shall be applied shall be those permitted by the Acts.
131. The Directors may from time to time at their discretion, subject to the provisions of the Acts and, in particular, to their being duly authorised pursuant to Section 20 of the 1983 Act, to allot the relevant shares, offer to the Holders of Ordinary Shares the right to elect to receive in lieu of any dividend or proposed dividend or part thereof an allotment of additional Ordinary Shares credited as fully paid. In any such case the following provisions shall apply.
- (i) The basis of allotment shall be determined by the Directors so that, as nearly as may be considered convenient in the Directors' absolute discretion, the value (calculated by reference to the average quotation) of the additional Ordinary Shares (excluding any fractional entitlement) to be allotted in lieu of any amount of dividend shall equal such amount. For such purpose the "average quotation" of an Ordinary Share shall be the average of the five amounts resulting from determining whichever of the following ((A), (B) or (C) specified below) in respect of Ordinary Shares shall be appropriate for each of the first five business days on which Ordinary Shares are quoted "ex" the relevant dividend and as determined from the information published by the New York Stock Exchange reporting the business done on each of these five business days:

- (A) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
- (B) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
- (C) if there shall not be any dealing reported for the day, the average of the closing bid and offer prices for the day;

and if there shall be only a bid (but not an offer) or an offer (but not a bid) price reported, or if there shall not be any bid or offer price reported, for any particular day then that day shall not count as one of the said five business days for the purposes of determining the average quotation. If the means of providing the foregoing information as to dealings and prices by reference to which the average quotation is to be determined is altered or is replaced by some other means, then the average quotation shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the New York Stock Exchange or its equivalent.

- (ii) The Directors shall give notice in writing (whether in electronic form or otherwise) to the Holders of Ordinary Shares of the right of election offered to them and shall send with or following such notice forms of election and specify the procedure to be followed and the place at which, and the latest date and time by which, duly completed forms of election must be lodged in order to be effective. The Directors may also issue forms under which Holders may elect in advance to receive new Ordinary Shares instead of dividends in respect of future dividends not yet declared (and, therefore, in respect of which the basis of allotment shall not yet have been determined).
- (iii) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which the right of election as aforesaid has been duly exercised (the "Subject Ordinary Shares") and in lieu thereof additional Ordinary Shares (but not any fraction of a share) shall be allotted to the Holders of the Subject Ordinary Shares on the basis of allotment determined aforesaid and for such purpose the Directors shall capitalise, out of such of the sums standing to the credit of any of the Company's reserves (including any capital redemption reserve fund or share premium account) or to the credit of the profit and loss account as the Directors may determine, a sum equal to the aggregate nominal amount of additional Ordinary Shares to be allotted on such basis and apply the same in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to and amongst the holders of the Subject Ordinary Shares on such basis.

- 132.
- (a) The additional Ordinary Shares allotted pursuant to articles 129, 130 or 131 shall rank pari passu in all respects with the fully paid Ordinary Shares then in issue save only as regards participation in the relevant dividend or share election in lieu.
  - (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to articles 129, 130 or 131 with full power to the Directors to make such provisions as they think fit where shares would otherwise have been distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are disregarded and the benefit of fractional entitlements accrues to the Company rather than to the holders concerned). The Directors may authorise any person to enter on behalf of all the Holders interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
  - (c) The Directors may on any occasion determine that rights of election shall not be offered to any Holders of Ordinary Shares who are citizens or residents of any territory where the making or publication of an offer of rights of election or any exercise of rights of election or any purported acceptance of the same would or might be unlawful, and in such event the provisions aforesaid shall be read and construed subject to such determination.

## AUDIT

133. Auditors shall be appointed and their duties regulated in accordance with sections 160 to 163 of the Act or any statutory amendment thereof.

## NOTICES

134. Any notice to be given, served, sent or delivered pursuant to these articles shall be in writing (whether in electronic form or otherwise).
135. (a) A notice or document to be given, served, sent or delivered in pursuance of these articles may be given to, served on or delivered to any member by the Company;
- (i) by handing same to him or his authorised agent;
  - (ii) by leaving the same at his registered address;
  - (iii) by sending the same by the post in a pre-paid cover addressed to him at his registered address; or
  - (iv) by sending, with the consent of the member, the same by means of electronic mail or other means of electronic communication approved by the Directors, with the consent of the member, to the address of the member notified to the Company by the member for such purpose (or if not so notified, then to the address of the member last known to the Company).
- (b) For the purposes of these articles and the Act, a document shall be deemed to have been sent to a member if a notice is given, served, sent or delivered to the member and the notice specifies the website or hotlink or other electronic link at or through which the member may obtain a copy of the relevant document.
- (c) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(i) or (ii) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the member or his authorised agent, or left at his registered address (as the case may be).
- (d) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iii) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- (e) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iv) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of 48 hours after despatch.
- (f) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy, examiner or liquidator of a member shall be bound by a notice given as aforesaid if sent to the last registered address of such member, or, in the event of notice given or delivered pursuant to sub-paragraph (a)(iv), if sent to the address notified by the Company by the member for such purpose notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such member.
- (g) Notwithstanding anything contained in this article the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or other area other than Ireland.

- (h) Any requirement in these articles for the consent of a member in regard to the receipt by such member of electronic mail or other means of electronic communications approved by the Directors, including the receipt of the Company's audited accounts and the directors' and auditor's reports thereon, shall be deemed to have been satisfied where the Company has written to the member informing him/her of its intention to use electronic communications for such purposes and the member has not, within four weeks of the issue of such notice, served an objection in writing on the Company to such proposal. Where a member has given, or is deemed to have given, his/her consent to the receipt by such member of electronic mail or other means of electronic communications approved by the Directors, he/she may revoke such consent at any time by requesting the Company to communicate with him/her in documented form; provided, however, that such revocation shall not take effect until five days after written notice of the revocation is received by the Company.
- (i) Without prejudice to the provisions of sub-paragraphs (a)(i) and (ii) of this article, if at any time by reason of the suspension or curtailment of postal services in any territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a public announcement and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the said public announcement is made. In any such case the Company shall put a full copy of the notice of the general meeting on its website.
136. A notice may be given by the Company to the joint Holders of a share by giving the notice to the joint Holder whose name stands first in the Register in respect of the share and notice so given shall be sufficient notice to all the joint Holders.
137. (a) Every person who becomes entitled to a share shall before his name is entered in the Register in respect of the share, be bound by any notice in respect of that share which has been duly given to a person from whom he derives his title.
- (b) A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by these articles for the giving of notice to a member, addressed to them at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.
138. The signature (whether electronic signature, an advanced electronic signature or otherwise) to any notice to be given by the Company may be written (in electronic form or otherwise) or printed.
139. A member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

#### **WINDING UP**

140. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively. Provided that this article shall not affect the rights of the Holders of shares issued upon special terms and conditions.
141. (a) In case of a sale by the liquidator under section 260 of the Act, the liquidator may by the contract of sale agree so as to bind all the members for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the Company and may further by the contract limit a time at the expiration of which obligations or shares not accepted or required to be sold shall be deemed to have been irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting members conferred by the said section.

- (b) The power of sale of the liquidator shall include a power to sell wholly or partially for debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.
142. If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Acts, may divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he determines, but so that no member shall be compelled to accept any assets upon which there is a liability.

#### INDEMNITY

143. (a) Subject to the provisions of and so far as may be admitted by the Acts, every Director and the Secretary of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.
- (b) The Directors shall have power to purchase and maintain for any Director, the Secretary or other employees of the Company insurance against any such liability as referred to in section 200 of the Act.
- (c) As far as is permissible under the Acts, the Company shall indemnify any current or former executive officer of the Company (excluding any present or former Directors of the Company or Secretary of the Company), or any person who is serving or has served at the request of the Company as a director or executive officer of another company, joint venture, trust or other enterprise, including any Company subsidiary (each individually, a "Covered Person"), against any expenses, including attorney's fees, judgements, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, to which he or she was or is threatened to be made a party, or is otherwise involved (a "proceeding"), by reason of the fact that he or she is or was a Covered Person; provided, however, that this provision shall not indemnify any Covered Person against any liability arising out of (a) any fraud or dishonesty in the performance of such Covered Person's duty to the Company, or (b) such Covered Party's conscious, intentional or wilful breach of the obligation to act honestly and in good faith with a view to the best interests of the Company. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Acts or to any person holding the office of auditor in relation to the Company.
- (d) In the case of any threatened, pending or completed action, suit or proceeding by or in the name of the Company, the Company shall indemnify each Covered Person against expenses, including attorneys' fees, actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of his or her duty to the Company, or for conscious, intentional or wilful breach of his or her obligation to act honestly and in good faith with a view to the best interests of the Company, unless and only to the extent that the High Court of Ireland or the court in which such action or suit was brought shall determine upon application that despite

the adjudication of liability, but in view of all the circumstances of the case, such Covered Person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Acts or to any person holding the office of auditor in relation to the Company.

- (e) Any indemnification under this article (unless ordered by a court) shall be made by the Company only as authorised in the specific case upon a determination that indemnification of the Covered Person is proper in the circumstances because such person has met the applicable standard of conduct set forth in this article. Such determination shall be made by any person or persons having the authority to act on the matter on behalf of the Company. To the extent, however, that any Covered Person has been successful on the merits or otherwise in defence of any proceeding, or in defence of any claim, issue or matter therein, such Covered Person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without necessity of authorisation in the specific case.
- (f) As far as permissible under the Acts, expenses, including attorneys' fees, incurred in defending any proceeding for which indemnification is permitted pursuant to this article shall be paid by the Company in advance of the final disposition of such proceeding upon receipt by the Board of an undertaking by the particular indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company pursuant to these articles.
- (g) It being the policy of the Company that indemnification of the persons specified in this article shall be made to the fullest extent permitted by law, the indemnification provided by this article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under these articles, any agreement, any insurance purchased by the Company, vote of members or disinterested directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another company, joint venture, trust or other enterprise which he or she is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth. As used in this article, references to the "Company" include all constituent companies in a scheme of arrangement, consolidation or merger in which the Company or a predecessor to the Company by scheme of arrangement, consolidation or merger was involved. The indemnification provided by this article shall continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of their heirs, executors, and administrators.

#### **UNTRACED HOLDERS**

144. (a) The Company shall be entitled to sell at the best price reasonably obtainable any share or stock of a member or any share or stock to which a person is entitled by transmission if and provided that:
- (i) for a period of twelve years (not less than three dividends having been declared and paid) no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the member or to the person entitled by transmission to the share or stock at his address on the Register or other last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the member or the person entitled by transmission; and
  - (ii) at the expiration of the said period of twelve years the Company has given notice by advertisement in a leading Dublin newspaper and a newspaper circulating in the area in which the address referred to in paragraph (a) of this article is located of its intention to sell such share or stock; and

- (iii) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person entitled by transmission.
- (b) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such share or stock and such instrument of transfer shall be as effective as if it had been executed by the registered Holder of or person entitled by transmission to such share or stock. The Company shall account to the member or other person entitled to such share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Directors may from time to time think fit.
- (c) To the extent necessary in order to comply with any laws or regulations to which the Company is subject in relation to escheatment, abandonment of property or other similar or analogous laws or regulations (“Applicable Escheatment Laws”), the Company may deal with any share of any member and any unclaimed cash payments relating to such share in any manner which it sees fit, including (but not limited to) transferring or selling such share and transferring to third parties any unclaimed cash payments relating to such share.
- (d) The Company may only exercise the powers granted to it in sub-paragraph (a) above in circumstances where it has complied with, or procured compliance with, the required procedures (as set out in the Applicable Escheatment Laws) with respect to attempting to identify and locate the relevant member of the Company.
- (e) Any stock transfer form to be executed by the Company in order to sell or transfer a share pursuant to sub-paragraph (a) may be executed in accordance with Article 16(a).

#### **DESTRUCTION OF DOCUMENTS**

145. The Company may implement such document destruction policies as it so chooses in relation to any type of documents (whether in paper, electronic or other formats), and in particular (without limitation to the foregoing) may destroy:
- (a) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, at any time after the expiry of two years from the date such mandate variation, cancellation or notification was recorded by the Company;
  - (b) any instrument of transfer of shares which has been registered, at any time after the expiry of six years from the date of registration; and
  - (c) any other document on the basis of which any entry in the Register was made, at any time after the expiry of six years from the date an entry in the Register was first made in respect of it,

and it shall be presumed conclusively in favour of the Company that every share certificate (if any) so destroyed was a valid certificate duly and properly sealed and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

- (i) the foregoing provisions of this article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) nothing contained in this article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and



### SALE, LEASE OR EXCHANGE OF ASSETS

146. The Directors are hereby expressly authorised to sell, lease or exchange all or substantially all of the Company's property and assets, including the Company's goodwill and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or other property, including shares of stock in, and/or other securities of, any other company or companies, as the Directors deem expedient and for the best interests of the Company subject to authorisation by an Ordinary Resolution of members and any additional vote required by article 151. Notwithstanding authorisation or consent to a proposed sale, lease or exchange of the Company's property and assets by the members, the Board may abandon such sale, lease or exchange without further action of the members, subject to the rights, if any, of third parties under any contract relating thereto. Notwithstanding the foregoing, no resolution adopted by the members shall be required for a sale, lease or exchange of property and assets of the Company to a subsidiary. For the purposes of this article 146:
- (a) the property and assets of the Company include the property and assets of any subsidiary of the Company; and
  - (b) "subsidiary" means any entity wholly owned and controlled, directly or indirectly, by the Company and includes, without limitation, companies, partnerships, limited partnerships, limited liability partnerships, limited liability companies, and/or statutory trusts.

### SHAREHOLDER RIGHTS PLAN

147. Subject to applicable law, the Directors are hereby expressly authorised to adopt any shareholder rights plan (a "**Rights Plan**"), upon such terms and conditions as the Directors deem expedient and in the best interests of the Company, including, without limitation, where the Directors are of the opinion that a Rights Plan could grant them additional time to gather relevant information or pursue strategies in response to or anticipation of, or could prevent, a potential change of control of the Company or accumulation of shares in the Company or interests therein.
148. The Directors may exercise any power of the Company to grant rights (including approving the execution of any documents relating to the grant of such rights) to subscribe for ordinary shares or preferred shares in the share capital of the Company ("**Rights**") in accordance with the terms of a Rights Plan.
149. For the purposes of effecting an exchange of Rights for ordinary shares or preferred shares in the share capital of the Company (an "**Exchange**"), the Directors may:
- (a) resolve to capitalise an amount standing to the credit of the reserves of the Company (including, but not limited to, the share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, being an amount equal to the nominal value of the ordinary shares or preferred shares which are to be exchanged for the Rights; and
  - (b) apply that sum in paying up in full ordinary shares or preferred shares and allot such shares, credited as fully paid, to those holders of Rights who are entitled to them under an Exchange effected pursuant to the terms of a Rights Plan.
150. The common law duties of the Directors to the Company are hereby deemed amended and modified such that the adoption of a Rights Plan and any actions taken thereunder by the Directors (if so approved by the Directors) shall be deemed to constitute an action in the best interests of the Company in all circumstances, and any such action shall be deemed to be immediately confirmed, approved and ratified.

## BUSINESS COMBINATION

151. (a) Notwithstanding anything to the contrary contained in these articles, the Company shall not engage in any business combination with any Interested Member for a period of three years following the time that such member became an Interested Member, unless:
- (i) prior to such time the Directors approved either the business combination or the transaction which resulted in the member becoming an Interested Member;
  - (ii) upon consummation of the transaction which resulted in the member becoming an Interested Member, the Interested Member owned at least 85% of the voting shares of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the voting shares outstanding (but not the outstanding voting shares owned by the Interested Member) those shares owned (A) by persons who are directors and also officers and (B) employee shares plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
  - (iii) at or subsequent to such time the business combination is approved by the Directors and authorised by way of Special Resolution without the Interested Member.
- (b) The Directors shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this article, including, without limitation, (i) whether a Person is an Interested Member, (ii) the number of shares or other securities beneficially owned by any Person, (iii) whether a Person is an Affiliate or Associate of another, and (iv) the fair market value of the Company's securities or securities of any subsidiary of the Company, and the good faith determination of the Directors on such matters shall be conclusive and binding for all the purposes of this article.
- (c) As used in this article only, the term:
- (i) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another person.
  - (ii) "Associate", when used to indicate a relationship with any person, means: (A) any company, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares; (B) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (C) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.
  - (iii) "Business combination", when used in reference to any company and any Interested Member of such company, means:
    - (A) any scheme of arrangement, merger or consolidation of the Company or any direct or indirect majority-owned subsidiary of the Company with (1) the Interested Member, or (2) any other company, partnership, unincorporated association or other entity if the scheme of arrangement, merger or consolidation is caused by the Interested Member;
    - (B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a member of such company, to or with the Interested Member, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding shares of the Company;
    - (C) any transaction which results in the issuance or transfer by the Company or by any direct or indirect majority-owned subsidiary of the Company of any

- shares of the Company or of such subsidiary to the Interested Member, except: (1) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of such company or any such subsidiary which securities were outstanding prior to the time that the Interested Member became such; (2) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of such company or any such subsidiary which security is distributed, pro rata to all holders of a class or series of shares of such company subsequent to the time the Interested Member became such; (3) pursuant to an exchange offer by the Company to purchase shares made on the same terms to all holders of said shares; or (4) any issuance or transfer of shares by the Company; provided however, that in no case under items (3) and (4) of this subparagraph shall there be an increase in the Interested Member's proportionate share of the shares of any class or series of the Company or of the voting shares of the Company;
- (D) any transaction involving the Company or any direct or indirect majority-owned subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate share of the shares of any class or series, or securities convertible into the shares of any class or series, of the Company or of any such subsidiary which is owned by the Interested Member, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of shares not caused, directly or indirectly, by the Interested Member; or
- (E) any receipt by the Interested Member of the benefit, directly or indirectly (except proportionately as a member of such company), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subparagraphs (A)-(D) of this paragraph) provided by or through the Company or any direct or indirect majority-owned subsidiary.
- (iv) "Control", including the terms "controlling", "controlled by" and "under common control with", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise. A person who is the owner of 20% or more of the outstanding voting shares of any company, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting shares, in good faith and not for the purpose of circumventing this article, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.
- (v) "Interested Member" means any Person, including its Affiliates and Associates (other than the Company and any direct or indirect majority-owned subsidiary of the Company), that is, or was at any time within the three-year period immediately prior to the date in question, the Owner of 15% or more of the outstanding voting shares of the Company; provided, however, that the term "Interested Member" shall not include any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the Company; provided that such person shall be an Interested Member if thereafter such person acquires additional voting shares of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Member, the voting shares of the Company deemed to be outstanding shall include shares deemed to be owned by the person through application of (viii) of this subsection but shall not include any other unissued shares of such company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

- (vi) "Person" means any individual, company, partnership, unincorporated association or other entity.
- (vii) "Shares" means, with respect to any company, capital shares and, with respect to any other entity, any equity interest.
- (viii) "Voting shares" means, with respect to any company, shares of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a company, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference to a percentage of voting shares shall refer to such percentage of the votes of such voting shares.
- (ix) "Owner", including the terms "own" and "owned", when used with respect to any Shares, means a person that individually or with or through any of its Affiliates or Associates:
  - (A) beneficially owns such Shares, directly or indirectly; or
  - (B) has (1) the right to acquire such Shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the Owner of Shares tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered Shares are accepted for purchase or exchange; or (2) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the Owner of any Shares because of such person's right to vote such Shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or
  - (C) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (2) of subparagraph (B) of this paragraph), or disposing of such Shares with any other person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, such Shares.

Names, addresses and descriptions of subscribers

J. MCGOWAN-SMYTH

For and on behalf of  
Fand Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
DIJR Nominees Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
AC Administration Services Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
Arthur Cox Nominees Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
Arthur Cox Registrars Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
Arthur Cox Trust Services Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2

J. MCGOWAN-SMYTH

For and on behalf of  
Arthur Cox Trustees Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2  
Solicitor

Dated 21 December 2012

Witness to the above signatures:

Name: MAIREAD FOLEY  
Address: ARTHUR COX BUILDING  
EARLSFORT TERRACE  
DUBLIN 2  
Occupation: COMPANY SECRETARY

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**Companies Acts 1963 to 2012**

**A PUBLIC COMPANY LIMITED BY SHARES**  
**MEMORANDUM AND ARTICLES OF ASSOCIATION**  
**OF**  
**MALLINCKRODT PUBLIC LIMITED COMPANY**

Arthur Cox  
Arthur Cox Building  
Earlsfort Terrace  
Dublin

Number 522227

## Certificate of Incorporation

I hereby certify that

**MALLINCKRODT PUBLIC LIMITED COMPANY**

is this day incorporated under  
the Companies Acts 1963 to 2012,  
and that the company is limited.

Given under my hand at Dublin, this  
**Wednesday, the 9th day of January, 2013**

/s/ Pat Daly

for Registrar of Companies



MALLINCKRODT INTERNATIONAL FINANCE S.A.,  
as Issuer

AND

COVIDIEN INTERNATIONAL FINANCE S.A.,  
as Guarantor

AND

DEUTSCHE BANK TRUST  
COMPANY AMERICAS,  
as Trustee

INDENTURE

Dated as of April 11, 2013

3.500% SENIOR NOTES DUE 2018

4.750% SENIOR NOTES DUE 2023

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310(a)	7.09
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311(a)	7.13
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313(b)	Inapplicable
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314(a)	5.03
314(b)	Inapplicable
314(c)	13.06
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315(a)	7.01
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316(b)	6.04
316(c)	8.01
317(a)	6.02
317(b)	4.03
318(a)	13.08

\* This Cross-Reference Table does not constitute part of the Indenture and shall not have any bearing on the interpretation of any of its terms or provisions.

THIS INDENTURE is dated as of April 11, 2013 among MALLINCKRODT INTERNATIONAL FINANCE S.A., a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B 172865 (the “**Company**”), COVIDIEN INTERNATIONAL FINANCE S.A., a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B 123527 (“**CIFSA**”), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation (the “**Trustee**”).

#### RECITALS

A. The Company has duly authorized the creation of an issue of \$300,000,000 aggregate principal amount of 3.500% Senior Notes due 2018 (the “**2018 Notes**”) and \$600,000,000 aggregate principal amount of 4.750% Senior Notes due 2023 (the “**2023 Notes**”) and, if and when issued, any Additional Securities of either series, together with any Exchange Securities of either series issued therefor as provided herein (the 2018 Notes, the 2023 Notes, any such Additional Securities of either series and any such Exchange Securities of either series, collectively, the “**Securities**”), and each of the Company and the Guarantor has duly authorized the execution and delivery of this Indenture.

B. This Indenture is subject to the provisions of the Trust Indenture Act (as defined below) that are deemed to be incorporated into this Indenture and shall, to the extent applicable, be governed by such provisions.

C. All things necessary to make this Indenture a valid agreement, in accordance with its terms, have been done.

NOW, THEREFORE, in consideration of the premises and the purchase of the Securities by the holders thereof, it is mutually covenanted and agreed as follows for the equal and ratable benefit of the holders of Securities:

ARTICLE 1  
DEFINITIONS

Section 1.01. *Definitions of Terms.*

The terms defined in this Section 1.01 (except as in this Indenture otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01 and shall include the plural as well as the singular. All other terms used in this Indenture that are defined in the Trust Indenture Act or that are by reference in the Trust Indenture Act defined in the Securities Act of 1933, as amended (the “**Securities Act**”) (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in the Trust Indenture Act and in the Securities Act as in force at the Issue Date. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles, and the term “**generally accepted accounting principles**” means such accounting principles as are generally accepted in the United States at the time of any computation.

“**144A Global Security**” means, with respect to any series of Securities, one or more Global Securities substantially in the form of Exhibit A-1 or A-2 hereto, as applicable, bearing the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee, that will be issued in an aggregate amount of denominations equal in total to the outstanding principal amount of the Securities of such series sold in global form in reliance on Rule 144A.

“**2018 Securities**” means Securities of the series denominated “3.500% Senior Notes due 2018” issued in substantially the form of Exhibit A-1 hereto.

“**2023 Securities**” means Securities of the series denominated “4.750% Senior Notes due 2023” issued in substantially the form of Exhibit A-2 hereto.

“**Additional Amounts**” has the meaning set forth in Section 14.02.

“**Additional Interest**” means all additional interest then owing pursuant to the Registration Rights Agreement. Whenever in this Indenture, the Securities or the Guarantees there is mentioned, in any context, the payment of principal and premium, if any, redemption price, interest or any other amount payable under or with respect to any Security, such mention shall be deemed to include mention of the payment of Additional Interest, if any.

“**Additional Securities**” means, with respect to any series of Securities, additional Securities of such series (other than the Initial Securities of such series and other than Exchange Securities exchanged for such Initial Securities) issued from time to time under this Indenture in accordance with Section 2.01.

“**Adjusted Redemption Treasury Rate**” with respect to any Redemption Date means the rate equal to the semiannual equivalent yield to maturity or

interpolated (on a 30/360 day count basis) yield to maturity of the Comparable Redemption Treasury Issue, assuming a price for the Comparable Redemption Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Redemption Treasury Price for such Redemption Date.

“**Affiliate**”, with respect to any specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “**control**” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Applicable Procedures**”, with respect to any transfer or exchange of or for beneficial interests in any Global Security for a series of Securities, means the rules and procedures of the Depository, Euroclear and Clearstream that apply to such transfer or exchange at the relevant time.

“**Attributable Debt**”, in connection with a Sale and Lease-Back Transaction, as of any particular time, means the aggregate of present values (discounted at a rate that, at the inception of the lease, represents the effective interest rate that the lessee would have incurred to borrow over a similar term the funds necessary to purchase the leased assets) of the obligations of the Company, Mallinckrodt plc or any Restricted Subsidiary for net rental payments during the remaining term of the applicable lease, including any period for which such lease has been extended or, at the option of the lessor, may be extended. The term “**net rental payments**” under any lease of any period shall mean the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including any amounts required to be paid by such lessee, whether or not designated as rental payments or additional rental payments, on account of maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales, maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges.

“**Authenticating Agent**” means an authenticating agent appointed with respect to either series of Securities by the Trustee pursuant to Section 2.10.

“**Authentication Order**” has the meaning set forth in Section 2.04.

“**Board of Directors**” means the Board of Directors of the Company or the applicable Guarantor, as applicable, or any duly authorized committee of such Board of Directors.



**“Board Resolution”** means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or the applicable Guarantor to have been duly adopted by its Board of Directors and to be in full force and effect on the date of such certification.

**“Business Day”**, means any day other than a Saturday, a Sunday or a day on which Federal or State banking institutions or trust companies in New York City, or in the city where the office or agency for payment on the Securities is maintained pursuant to Section 4.02, are authorized or required by law, regulation or executive order to close.

**“Capital Stock”** of any Person means any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, other equity interests whether now outstanding or issued after the Issue Date, partnership interests (whether general or limited), any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and any rights (other than debt securities convertible into Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock.

**“Change of Control”** means the occurrence of any of the following after the Completion Date (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Parent and its subsidiaries taken as a whole to any “person” or group of “persons” (as that term is used in Section 13(d)(3) of the Exchange Act) other than to Parent or one of its subsidiaries; (ii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock (measured by voting power rather than number of shares) of Parent; or (iii) at any time after the Completion Date, the first day on which the majority of the members of the board of directors of Parent cease to be Continuing Directors; (iv) Parent consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, Parent, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Parent or such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of Parent outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person immediately after giving effect to such transaction; or (v) the adoption of a plan relating to the liquidation or dissolution of Parent. Notwithstanding the foregoing, a transaction effected to create a holding company for Parent will not be deemed to involve a Change of Control if: (i) pursuant to such transaction Parent becomes

a wholly-owned subsidiary of such holding company and (ii) the holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of Voting Stock of Parent immediately prior to that transaction.

**“Change of Control Offer”** has the meaning set forth in Section 4.08(a).

**“Change of Control Payment Date”** has the meaning set forth in Section 4.08(b)(ii).

**“Change of Control Triggering Event”** means the occurrence of both a Change of Control and a Ratings Event.

**“Clearstream”** means Clearstream Banking société anonyme, or its successors.

**“Commission”** means the Securities and Exchange Commission.

**“Company”** means Mallinckrodt International Finance S.A. until a successor entity shall have become such pursuant to Article 10, and thereafter **“Company”** shall mean such successor entity.

**“Company Tax Jurisdiction”** has the meaning set forth in Section 14.02(a).

**“Comparable Redemption Treasury Issue”** means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Securities to be redeemed that will be utilized at the time of selection and in accordance with customary financial practice in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities.

**“Comparable Redemption Treasury Price”** with respect to any Redemption Date means (x) the average of the Redemption Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Redemption Reference Treasury Dealer Quotations (unless there is more than one highest or lowest quotation, in which case only one such highest and/or lowest quotation shall be excluded), or (y) if the Quotation Agent obtains fewer than four such Redemption Reference Treasury Dealer Quotations, the average of all such Redemption Reference Treasury Dealer Quotations.

**“Completion Date”** means the date on which all of the Guarantee Release Conditions are satisfied.

**“Consolidated Net Worth”** at any date means total assets less total liabilities, in each case appearing on the most recently prepared consolidated

balance sheet of (i) prior to the Completion Date, CIFSA and its subsidiaries as of the end of a fiscal quarter of CIFSA and (ii) on or after the Completion Date, Mallinckrodt plc and its subsidiaries as of the end of a fiscal quarter of Mallinckrodt plc, in each case, prepared in accordance with GAAP as in effect on the date of the consolidated balance sheet.

**“Consolidated Tangible Assets”** at any date means total assets less all intangible assets appearing on the most recently prepared consolidated balance sheet of (i) prior to the Completion Date, CIFSA and its subsidiaries as of the end of a fiscal quarter of CIFSA and (ii) on or after the Completion Date, Mallinckrodt plc and its subsidiaries as of the end of a fiscal quarter of Mallinckrodt plc, in each case, prepared in accordance with GAAP as in effect on the date of the consolidated balance sheet. **“Intangible assets”** means the amount (if any) stated under the heading **“Goodwill and Other Intangible Assets, Net”** or under any other heading of intangible assets separately listed, in each case on the face of such consolidated balance sheet.

**“Continuing Directors”** means, as of any date of determination, any member of the board of directors of Parent who: (i) was a member of such board of directors on the Completion Date; or (ii) was nominated for election, co-opted or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination, co-option or election (either by a specific vote or by approval of the proxy statement in which such member was named as a nominee for election as a director).

**“Corporate Trust Office”** means the designated office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 60 Wall Street, 27th Floor, New York, New York 10005, Attention: Corporates Team / Mallinckrodt International Finance S.A. (with a copy to Deutsche Bank National Trust Company for Deutsche Bank Trust Company Americas, Trust & Agency Services, 100 Plaza One, 6th Floor, MS JCY03-0699, Jersey City, New Jersey 07311-3901, Attention: Corporates Team / Mallinckrodt International Finance S.A.) or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the designated corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

**“Date of Determination”** has the meaning set forth in Section 3.04(a).

**“Default”** means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

**“Defaulted Interest”** has the meaning set forth in Section 2.03.

**“Definitive Security”** means, with respect to any series of Securities, a certificated Security of such series registered in the name of the Securityholder thereof and issued in accordance with Section 2.05.

**“Depository”**, with respect to the Securities of any series issued in whole or in part as a Global Security, means The Depository Trust Company (**“DTC”**), New York, New York, another clearing agency, or any successor registered as a clearing agency under the Exchange Act and any other applicable U.S. or foreign statute or regulation, which, in each case, shall be designated by the Company pursuant to Section 2.01.

**“Distribution”** means Parent’s issuance of its ordinary shares to holders of record of Covidien plc’s ordinary shares on the record date for the distribution on a pro rata basis.

**“Distribution Compliance Period”** means the restricted period as defined in Rule 903(b)(3) under the Securities Act.

**“Dollar”** or **“\$”** means such currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

**“Euroclear”** means Euroclear Bank S.A./N.V., or its successor, as operator of the Euroclear System.

**“Event of Default”** has the meaning set forth in Section 6.01.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

**“Exchange Securities”** means, with respect to any series of Securities, the Securities of such series issued in the Exchange Offer pursuant to Section 2.05(j).

**“Exchange Offer”** has the meaning set forth in the Registration Rights Agreement.

**“Exchange Offer Registration Statement”** has the meaning set forth in the Registration Rights Agreement.

**“Funded Indebtedness”** means any Indebtedness maturing by its terms more than one year from the date of the determination thereof, including any Indebtedness renewable or extendible at the option of the obligor to a date later than one year from the date of the determination thereof.

**“GAAP”** means generally accepted accounting principles set forth in the FASB Accounting Standards Codification or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, as in effect from time to time. At any time after

the Issue Date, the Company may elect (by providing written notice to the Trustee) to apply International Financial Reporting Standards (“IFRS”) in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided herein); provided that any such election, once made, shall be irrevocable.

“**Global Security**” means, with respect to any series of Securities, a Security of such series executed by the Company and delivered by the Trustee to the Depository or pursuant to the Depository’s instruction, substantially in the form of Exhibit A-1 or A-2 hereto, as applicable, all in accordance with this Indenture, which shall be registered in the name of the Depository or its nominee.

“**Global Security Legend**” means the legend set forth in Section 2.02(b) to be placed on the Global Securities.

“**Governmental Obligations**” means securities that are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States that, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such Governmental Obligation or a specific payment of principal of or interest on any such Governmental Obligation held by such custodian for the account of the holder of such depository receipt; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Governmental Obligation or the specific payment of principal of or interest on the Governmental Obligation evidenced by such depository receipt.

“**Guarantee**” means the unconditional and unsubordinated guarantee by CIFSA, prior to the Completion Date, and Mallinckrodt plc, on and after the Completion Date, of the due and punctual payment of principal of and interest on the Securities when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise in accordance with the terms of the Securities and this Indenture.

“**Guarantee Release Conditions**” has the meaning set forth in Section 15.03.

“**Guarantor**” means CIFSA, prior to the Completion Date, and Parent, on the Completion Date and thereafter.

**“herein,” “hereof” and “hereunder,”** and other words of similar import, refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

**“including”** means including without limitation.

**“Indebtedness”** means, without duplication, the principal amount (such amount being the face amount or, with respect to original issue discount bonds or zero coupon notes, bonds or debentures or similar securities, determined based on the accreted amount as of the date of the most recently prepared consolidated balance sheet of (i) prior to the Completion Date, CIFSA and its subsidiaries as of the end of a fiscal quarter of CIFSA and (ii) on or after the Completion Date, Mallinckrodt plc and its subsidiaries as of the end of a fiscal quarter of Mallinckrodt plc, in each case, prepared in accordance with GAAP as in effect on the date of such consolidated balance sheet) of (i) all obligations for borrowed money, (ii) all obligations evidenced by debentures, notes or other similar instruments, (iii) all obligations in respect of letters of credit or bankers’ acceptances or similar instruments or reimbursement obligations with respect thereto (such instruments to constitute Indebtedness only to the extent that they are drawn and unreimbursed), (iv) all obligations to pay the deferred purchase price of property or services, except (A) trade and similar accounts payable and accrued expenses, (B) employee compensation, deferred compensation and pension obligations, and other obligations arising from employee benefit programs and agreements or other similar employment arrangements, (C) obligations in respect of customer advances received and (D) obligations in connection with earnout and holdback agreements, in each case in the ordinary course of business, (v) all obligations as lessee to the extent capitalized in accordance with GAAP and (vi) all Indebtedness of others consolidated in such balance sheet that is guaranteed by the Company or any of its subsidiaries or for which the Company or any of its subsidiaries is legally responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds or to invest in, others).

**“Indenture”** means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into in accordance with the terms hereof.

**“Indirect Participant”** means any entity that, with respect to DTC, clears through or maintains a direct or indirect, custodial relationship with a Participant.

**“Initial Purchasers”** means the initial purchasers party to the Purchase Agreement relating to the sale of the Initial Securities by the Company.

**“Initial Securities”** means the Securities of either series issued on the Issue Date and any Securities issued in replacement thereof, but not including any Exchange Securities issued in exchange therefor.

**“Institutional Accredited Investor”** means an institution that is an **“accredited investor”** as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who is not also a QIB.

**“Interest Payment Date,”** means April 15 and October 15 of each year to stated maturity; provided that if any Interest Payment Date would otherwise be a day that is not a Business Day, the related payment of interest will be postponed to the next date that is a Business Day and no interest will accrue on the amounts so payable for the period from and after that Interest Payment Date to the next date that is a Business Day.

**“Investment Grade”** means a rating equal to or better than Baa3 (or the equivalent under any successor ratings category of Moody’s) by Moody’s and BBB– (or the equivalent under any successor ratings category of S&P) by S&P.

**“Issue Date”** means April 11, 2013.

**“Letter of Transmittal”** means the letter of transmittal to be prepared by the Company and sent to all Holders of the Securities of a series for use by such Holders in connection with the Exchange Offer.

**“Moody’s”** means Moody’s Investors Service, Inc., and its successors.

**“Non-Recourse Indebtedness”** means Indebtedness upon the enforcement of which recourse may be had by the holder(s) thereof only to identified assets of the Company or a Guarantor or any subsidiary of the Company or a Guarantor and not to the Company or a Guarantor or any subsidiary of the Company or a Guarantor personally (subject to, for the avoidance of doubt, customary exceptions contained in non-recourse financings to the non-recourse nature of the obligations thereunder).

**“Offering Memorandum”** means the offering memorandum relating to the issuance of the Securities dated April 8, 2013.

**“Officer”** means any managing director, director, the chairman or any vice chairman of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any assistant treasurer, the secretary or any assistant secretary of the Company or a Guarantor, as the case may be.

**“Officer’s Certificate”** means a certificate, signed by any Officer of the Company or a Guarantor, as the case may be, that is delivered to the Trustee in

accordance with the terms hereof. Each such certificate shall include the statements provided for in Section 13.06, if and to the extent required by the provisions thereof.

**“Opinion of Counsel”** means an opinion (which may be subject to customary assumptions, qualifications and exclusions) in writing of legal counsel, who may be an Officer or employee of or counsel for Company or a Guarantor that is delivered to the Trustee in accordance with the terms hereof. Each such opinion shall include the statements provided for in Section 13.06, if and to the extent required by the provisions thereof.

**“Original Issue Discount Security”** means a Security of either series that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

**“Outstanding”**, when used with reference to the Securities of any series, subject to the provisions of Section 8.04, means, as of any particular time, all Securities of such series authenticated and delivered by the Trustee under this Indenture, except

(a) Securities of such series theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities of such series, or portions thereof, for the payment or redemption of which funds in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent other than the Company, or, if the Company shall act as its own paying agent, shall have been set aside, segregated and held in trust by the Company for the Holders of such Securities, provided that if such Securities, or portions thereof, are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities of such series in substitution for which other securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.07, except with respect to any such Security as to which proof satisfactory to the Trustee is presented that such Security is held by a person in whose hands such Security is a legal, valid and binding obligation of the Company.

In determining whether the holders of the requisite principal amount of Outstanding Securities of a series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security of such series that shall be deemed to be Outstanding for



such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

**“Parent”** means, on and after the Completion Date, Mallinckrodt plc until a successor entity shall have become such pursuant to Article 10, and thereafter **“Parent”** shall mean such successor entity.

**“Participant”**, with respect to the Depository, Euroclear or Clearstream, means a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

**“Participating Broker-Dealer”** has the meaning set forth in the Registration Rights Agreement.

**“Person”** means any individual, corporation, limited liability company, partnership, joint venture, joint-stock company, unincorporated organization or government or any agency or political subdivision thereof.

**“Predecessor Security”** of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.07 in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the lost, destroyed or stolen Security.

**“Principal Property”** means (i) prior to the Completion Date, any U.S. manufacturing, processing or assembly plant or any U.S. warehouse or distribution facility of CIFSA or any of its subsidiaries and (A) is owned by CIFSA or any subsidiary of CIFSA on the Issue Date, (B) the initial construction of which has been completed after the Issue Date or (C) is acquired after the Issue Date, in each case, other than any such plants, facilities, warehouses or portions thereof, that in the opinion of the Board of Directors of CIFSA, are not collectively of material importance to the total business conducted by CIFSA and its subsidiaries as an entirety, or that has a net book value (excluding any capitalized interest expense) on the Issue Date in the case of clause (A) of this definition, on the date of completion of the initial construction in the case of clause (B) of this definition or on the date of acquisition in the case of clause (C) of this definition, of less than 2.0% of Consolidated Tangible Assets on the consolidated balance sheet of CIFSA and its subsidiaries as of the applicable date and (ii) on or after the Completion Date, any U.S. manufacturing, processing or assembly plant or any U.S. warehouse or distribution facility of Mallinckrodt plc or any of its subsidiaries and (A) is owned by Mallinckrodt plc or any subsidiary of Mallinckrodt plc on the Issue Date and after giving effect to the Separation, (B)

the initial construction of which has been completed after the Issue Date or (C) is acquired after the Issue Date, in each case other than any such plants, facilities, warehouses or portions thereof, that in the opinion of the Board of Directors of the Company, are not collectively of material importance to the total business conducted by Mallinckrodt plc and its subsidiaries as an entirety, or that has a net book value (excluding any capitalized interest expense) on the Issue Date in the case of clause (A) of this definition, on the date of completion of the initial construction in the case of clause (B) of this definition or on the date of acquisition in the case of clause (C) of this definition, of less than 2.0% of Consolidated Tangible Assets on the consolidated balance sheet of Mallinckrodt plc and its subsidiaries as of the applicable date.

**“Private Placement Legend”** means the legend set forth in Section 2.02(a) to be placed on the Securities, except where otherwise permitted by the provisions of this Indenture.

**“Purchase Agreement”** means the purchase agreement dated as of April 8, 2013 among the Company, CIFSA and Goldman, Sachs & Co. and J.P. Morgan Securities LLC, as representatives of the Initial Purchasers named therein relating to the sale of the Initial Securities by the Company.

**“QIB”** means a **“qualified institutional buyer”** as defined in Rule 144A.

**“Quotation Agent”** means a Redemption Reference Treasury Dealer appointed as such agent by the Company.

**“Rating Agencies”** means (1) each of Moody’s and S&P and (2) if either Moody’s or S&P ceases to rate the applicable series of Securities or fails to make a rating of such Securities publicly available for reasons outside of the Company’s control, a **“nationally recognized statistical rating organization”** within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by the Company as a replacement agency for Moody’s or S&P, or both of them, as the case may be.

**“Ratings Event”** means the applicable series of Securities are rated below Investment Grade by both Rating Agencies on any date during the period (the **“Trigger Period”**) commencing on the first public announcement of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as either of the Rating Agencies has publicly announced that it is considering a possible change). If a Rating Agency does not provide a rating for the applicable series of Securities at the commencement of any Trigger Period, such Securities will be deemed to be rated below Investment Grade by such Rating Agency during that Trigger Period.

**“Record Date”** means for the interest or Additional Interest, if any, payable on any applicable Interest Payment Date means April 1 or October 1 (whether or not a Business Day) next preceding such Interest Payment Date.

**“Redemption Date”** shall mean, with respect to any redemption of any Securities of any series, the date fixed for such redemption pursuant to the terms of this Indenture and such Securities.

**“Redemption Reference Treasury Dealer”** means (a) each of J.P. Morgan Securities LLC, Goldman, Sachs & Co., Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. or their respective affiliates which are primary U.S. government securities dealers, and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer (a **“Primary Treasury Dealer”**), the Company will substitute therefor another Primary Treasury Dealer selected by the Company and (b) any other Primary Treasury Dealer selected by the Company.

**“Redemption Reference Treasury Dealer Quotations”** with respect to each Redemption Reference Treasury Dealer and any Redemption Date means the average, as determined by the Quotation Agent, of the bid and offer prices at 11:00 a.m., New York City time, for the Comparable Redemption Treasury Issue (expressed in each case as a percentage of its principal amount) for settlement on the Redemption Date quoted in writing to the Quotation Agent by such Redemption Reference Treasury Dealer on the third business day preceding such Redemption Date.

**“Registration Rights Agreement”** means the Registration Rights Agreement with respect to the Securities dated as of the Issue Date, among the Company and the Initial Purchasers, as such agreement may be amended, modified or supplemented from time to time (and as may be joined by Parent on or prior to the Completion Date) and, with respect to any Additional Securities, one or more registration rights agreements between the Company and the other parties thereto, as such agreement(s) may be amended, modified or supplemented from time to time, relating to rights given by the Company to the purchasers of Additional Securities to register such Additional Securities under the Securities Act.

**“Regulation S Global Security”** means, with respect to any series of Securities, a Regulation S Temporary Global Security of such series or a Regulation S Permanent Global Security, as applicable.

**“Regulation S Permanent Global Security”** means, with respect to any series of Securities, one or more permanent Global Securities of such series in the form of Exhibit A-1 or A-2 hereto, as applicable, bearing the Private Placement Legend, that will be issued in an aggregate amount of denominations equal in total to the outstanding principal amount of the Regulation S Temporary Global Security of such series upon expiration of the Distribution Compliance Period.

**“Regulation S Temporary Global Security”** means, with respect to any series of Securities, one or more temporary Global Securities of such series in the form of Exhibit A-1 or A-2 hereto, as applicable, bearing the Private Placement Legend and the Regulation S Temporary Global Security Legend issued in an aggregate amount of denominations equal in total to the outstanding principal amount of the Securities of such series initially sold pursuant to Regulation S.

**“Regulation S Temporary Global Security Legend”** means the legend set forth in Section 2.02(c), which is required to be placed on all Regulation S Temporary Global Securities issued under this Indenture.

**“Regulation S”** means Regulation S promulgated under the Securities Act, as it may be amended from time to time, and any successor provision thereto.

**“Responsible Officer”** means any officer within the corporate trust department of the Trustee, including any director, vice president, associate, any assistant vice president, or any other officer of the Trustee customarily performing functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

**“Restricted Definitive Security”** means, with respect to any series of Securities, one or more Definitive Securities of such series bearing the Private Placement Legend issued under this Indenture.

**“Restricted Global Security”** means, with respect to any series of Securities, one or more Global Securities of such series bearing the Private Placement Legend issued under this Indenture.

**“Restricted Security”** means, with respect to any series of Securities, a Security of such series, unless or until it has been (i) effectively registered under the Securities Act and disposed of in accordance with a registration statement or (ii) distributed to the public pursuant to Rule 144 under the Securities Act (or any similar provision then in force).

**“Restricted Subsidiary”** means any Subsidiary of the Company, or Mallinckrodt plc on or after the Completion Date, that owns or leases a Principal Property.

**“Rule 144A”** means Rule 144A promulgated under the Securities Act, as it may be amended from time to time, and any successor provision thereto.

**“Sale and Lease-Back Transaction”** means an arrangement with any Person providing for the leasing by the Company, Mallinckrodt plc on or after the Completion Date, or a Restricted Subsidiary of any Principal Property whereby such Principal Property has been or is to be sold or transferred by the Company, Mallinckrodt plc or a Restricted Subsidiary to such Person other than Mallinckrodt plc, the Company or any of their respective Subsidiaries; provided, however, that the foregoing shall not apply to any such arrangement involving a lease for a term, including renewal rights, for not more than three years.

**“Securities”** has the meaning set forth in the recitals hereto.

**“Securityholder,” “Holder,” “holder of Securities,” “registered holder,”** or other similar term, means the Person or Persons in whose name or names a particular Security is registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

**“Security Register”** has the meaning set forth in Section 2.05(a).

**“Security Registrar”** has the meaning set forth in Section 2.05(a).

**“Separation”** means the separation of the Pharmaceuticals business from Covidien plc’s other businesses, the transfer of the assets and liabilities associated with such Pharmaceuticals business to Mallinckrodt plc and the creation, as a result of the Distribution, of an independent, publicly traded company, Mallinckrodt plc, to hold the assets and liabilities associated with the Pharmaceuticals business after the Distribution.

**“Shelf Registration Statement”** means the Shelf Registration Statement as defined in the Registration Rights Agreement.

**“Special Redemption Date”** has the meaning set forth in Section 3.04(a).

**“Subsidiary”**, with respect to any Person, means any other Person of which at least a majority of the outstanding Voting Stock at the time is owned or controlled directly or indirectly by such Person or by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

**“S&P”** means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

**“Tax Jurisdiction”** has the meaning set forth in Section 14.02.

**“Tax Redemption Date”** has the meaning set forth in Section 14.01.

**“Taxes”** has the meaning set forth in Section 14.02.

“**Trustee**” means Deutsche Bank Trust Company Americas and, subject to the provisions of Article 7, shall include its successors and assigns.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended, as in effect at the date of execution of this instrument subject to the provisions of Sections 9.01 and 9.02.

“**Unrestricted Definitive Security**” means, with respect to any series of Securities, one or more Definitive Securities that do not bear and are not required to bear the Private Placement Legend, issued under this Indenture.

“**Unrestricted Global Security**” means, with respect to any series of Securities, one or more permanent Global Securities of such series, substantially in the form of Exhibit A-1 or A-2 hereto, as applicable, that do not bear and are not required to bear the Private Placement Legend, issued under this Indenture.

“**Voting Stock**” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

## ARTICLE 2

### ISSUE, DESCRIPTION, TERMS, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES

#### Section 2.01. *Designation and Terms of Securities.*

(a) [Reserved].

(b) Global Securities. The Securities issued in global form shall be substantially in the form of Exhibit A-1 or A-2 attached hereto, as applicable (including the Global Security Legend thereon and the “Schedule of Exchanges of Securities” attached thereto). Securities issued in definitive form shall be substantially in the form of Exhibit A-1 or A-2 attached hereto, as applicable (but without the Global Security Legend thereon and the “Schedule of Exchanges of Securities” attached thereto). Each Global Security of any series shall represent such of the outstanding Securities of such series as shall be specified in the “Schedule of Exchanges of Securities” attached thereto and each shall provide that it shall represent up to the aggregate principal amount of Securities of such series from time to time endorsed thereon and that the aggregate principal amount of outstanding Securities of such series represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges and redemptions. Any endorsement of a Global Security of any series to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Securities represented thereby shall be made by the Trustee or the Depositary, at the direction of the Trustee, in accordance with written instructions given by the holder thereof as required by Section 2.05.

(c) Regulation S Temporary Global Security. Securities offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Security, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Trustee, as custodian for the Depository, and registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Distribution Compliance Period shall be terminated upon the receipt by the Trustee of:

(i) a written certificate from the Depository, together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Security (except to the extent of any beneficial owners thereof who acquired an interest therein during the Distribution Compliance Period pursuant to another exemption from registration under the Securities Act and who shall take delivery of a beneficial ownership interest in a 144A Global Security bearing a Private Placement Legend, all as contemplated by Section 2.05(d)); and

(ii) an Officer's Certificate from the Company.

Following the termination of the Distribution Compliance Period, beneficial interests in the Regulation S Temporary Global Security of a series shall be exchanged for beneficial interests in the Regulation S Permanent Global Security of such series pursuant to the Applicable Procedures. Simultaneously with the authentication of the Regulation S Permanent Global Security of a series, the Trustee shall upon written instruction cancel the Regulation S Temporary Global Security of such series. The aggregate principal amount of the Regulation S Temporary Global Security of a series and the Regulation S Permanent Global Security of a series may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) Terms. The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is unlimited.

The terms and provisions contained in the Securities of a series shall constitute, and are hereby expressly made, a part of this Indenture with respect to such series of Securities and the Company, the Guarantor and the Trustee, by their execution and delivery of this Indenture (or any supplemental indenture),

expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

The Company may issue Additional Securities of a series in any amount having the same terms as the Securities of such series in all respects, except for the issue date, the issue price, the initial interest payment date and rights under the related registration rights agreement. The Securities of a series issued hereby and any Additional Securities of such series subsequently issued, together with any Exchange Securities of such series, will be treated as a single class of such series for all purposes hereunder, including for purposes of voting and redemptions; provided that if the Additional Securities of a series are not fungible with the Securities of such series for U.S. federal income tax purposes, such Additional Securities shall have a separate CUSIP number. Any Additional Securities shall be issued with the benefit of an indenture supplemental to this Indenture.

(e) Euroclear and Clearstream Procedures Applicable. The provisions of the “Operating Procedures of the Euroclear System” and the “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions” and “Customer Handbook” of Clearstream, respectively, in effect at the relevant time shall be applicable to transfers of beneficial interests in the Regulation S Global Securities that are held by Participants through Euroclear or Clearstream.

(f) Liability of Trustee for actions of Depositary. Neither the Trustee nor any agent of the Trustee shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.02. *Form of Securities.*

(a) Each Restricted Security (and all Restricted Securities issued in exchange therefor or substitution thereof) shall bear a Private Placement Legend in substantially the following form:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF



AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS, IN THE CASE OF RULE 144A NOTES, ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), OR, IN THE CASE OF REGULATION S NOTES, 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION OF THIS

SECURITY, THE HOLDER HEREOF REPRESENTS AND WARRANTS THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (“SIMILAR LAWS”), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.”

(b) Each Global Security shall bear a legend in substantially the following form:

**“THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE ANY SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.05(C) OF THE INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO THE INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.”**

**“UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR TO ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF ANY ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO SUCH ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.”**

(c) Each Regulation S Temporary Global Security shall bear a legend in substantially the following form:

**“THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL SECURITY, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR DEFINITIVE SECURITIES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY SECURITY SHALL BE ENTITLED TO RECEIVE CASH PAYMENTS OF INTEREST DURING THE PERIOD WHICH SUCH HOLDER HOLDS THIS SECURITY. NOTHING IN THIS LEGEND SHALL BE DEEMED TO PREVENT INTEREST FROM ACCRUING ON THIS SECURITY.”**

(d) Each Regulation S Security shall bear a legend in substantially the following form:

**“BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS AND WARRANTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”**

Section 2.03. *Denominations; Provisions for Payment.*

The Securities shall be issuable as registered Securities and in the denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Securities shall bear interest payable on the dates and at the rate specified in Exhibit A-1 or A-2 hereto, as applicable. The principal of and the interest on the Securities, as well as any premium thereon in case of redemption thereof prior to maturity, shall be payable in Dollars, at the office or agency of the Company maintained for that purpose pursuant to Section 4.02. Each Security shall be dated the date of its authentication. Interest on the Securities shall be computed on the basis of a 360-day year composed of twelve 30-day months.

The interest installment on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date for Securities of such series shall be paid to the Person in whose name said Security (or one or more Predecessor Securities) is registered at the close of business on the Record Date for such interest installment. In the event that any Security of a particular series or portion thereof is called for redemption and the redemption date is subsequent to a Record Date with respect to any Interest Payment Date and prior to such Interest Payment Date, interest on such Security will be paid upon presentation and surrender of such Security as provided in Section 3.03.

Each Security of a series delivered under this Indenture upon registration of transfer or in exchange for or in lieu of any other Security of such series shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Security.

Any interest on any Security that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date for such Security (“**Defaulted Interest**”) shall forthwith cease to be payable to the registered holder on the relevant Record Date, and such Defaulted Interest shall be paid by the Company, at its election, as provided in clause (i) or clause (ii) below.

(i) The Company may make payment of any Defaulted Interest on Securities to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Company shall notify the

Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee funds in an amount equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such funds when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in this clause (i). Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall not be more than 15 nor less than ten days prior to the date of the proposed payment and not less than ten days after the receipt by the Trustee of the notice of the proposed payment. The Trustee promptly shall notify the Company of such special record date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first class postage prepaid (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), to each Securityholder at his or her address as it appears in the Security Register, not less than ten days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been mailed as aforesaid (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), such Defaulted Interest shall be paid to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered on such special record date and shall not be payable pursuant to the following clause (ii).

(ii) The Company may make payment of any Defaulted Interest on any Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange.

#### Section 2.04. *Execution and Authentications.*

The Securities shall be signed on behalf of the Company by any member of the Board of Directors of the Company or by both (a) its president, chief financial officer or vice president and (b) its secretary, any assistant secretary, its treasurer or any assistant treasurer. Signatures may be in the form of a manual or facsimile signature. In the case of Definitive Securities, such signatures may be imprinted or otherwise reproduced on such Securities. The Securities may contain such notations, legends or endorsements required by law, stock exchange rule or usage. Each Security shall be dated the date of its authentication by the Trustee.

A Security shall not be valid until authenticated manually substantially in the form of Exhibit A-1 or A-2 hereto, as applicable, by an authorized signatory of the Trustee or by an Authenticating Agent. Such signature shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture. On the Issue Date, the Trustee shall, upon written order of the Company for the authentication and delivery of the Initial Securities of any series, signed by an Officer (an “**Authentication Order**”), authenticate and deliver the Initial Securities of such series. In addition, at any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Additional Securities or Exchange Securities of any series executed by the Company to the Trustee for authentication, together with an Authentication Order, and the Trustee in accordance with such written order shall authenticate and deliver such Additional Securities or Exchange Securities of such series.

Section 2.05. *Transfer and Exchange.*

(a) Registration of Transfer and Exchange. The Company shall keep, or cause to be kept, at its office or agency designated for such purpose as provided in Section 4.02, a register or registers (the “**Security Register**”) in which, subject to such reasonable regulations as it may prescribe, the Company shall register the Securities and the transfers of Securities as provided in this Article 2 and which at all reasonable times shall be open for inspection by the Trustee. The registrar for the purpose of registering Securities and the transfer of Securities as herein provided shall be appointed hereby or as authorized by Board Resolution (the “**Security Registrar**”). If the Company fails to appoint or maintain another entity as Security Registrar, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Security Registrar. The Company initially appoints the Trustee as Security Registrar hereunder.

To permit registrations of transfers and exchanges, the Company shall execute a new Security or Securities of the same series as the Security presented for a like aggregate principal amount and in authorized denominations, and the Trustee shall authenticate and deliver such Security or Securities upon receipt of an Authentication Order. The Trustee shall not be required to register the transfer of or exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company and the Guarantor, evidencing the same indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange. Prior to such due presentment for the registration of a transfer of any Security, the Trustee, the Company, any paying agent and the Security Registrar may deem and treat the Person in whose name any Security is registered as the

absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Securities and for all other purposes, and none of the Trustee, the Company, the paying agent or the Security Registrar shall be affected by notice to the contrary.

All certifications, certificates and opinions of counsel required to be submitted to the Trustee pursuant to this Section 2.05 to effect a registration of transfer or exchange may be submitted by facsimile.

(b) Service Charge. No service charge shall be payable by a holder of a beneficial interest in a Global Security or by a Holder of a Definitive Security for any exchange or registration of transfer of Securities, or for any issue of new Securities in case of partial redemption of the Securities of any series, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge in relation thereto (other than any such taxes or other governmental charge payable upon exchange or registration of transfer pursuant to Sections 2.06, 3.03(b) and 9.04).

(c) Transfer and Exchange of Global Securities. A Global Security may not be transferred except as a whole by the Depository to a nominee of such Depository, by a nominee of such Depository to such Depository or to another nominee of such Depository or by such Depository or any such nominee to a successor Depository or a nominee of such successor Depository. If (i) at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository or if at any time the Depository shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, or (ii) the Company at any time determines that the Securities shall no longer be represented by a Global Security, in either such event, the Company will execute the Definitive Securities of the applicable series, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security of such series, and subject to this Section 2.05 the Trustee, upon receipt of an Officer's Certificate evidencing such determination by the Company, if applicable, will authenticate and deliver such Definitive Securities in exchange for such Global Security. Upon the exchange of the Global Security of the applicable series for such Definitive Securities of such series, such Global Security shall be canceled by the Trustee. Such Definitive Securities shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its Participants or Indirect Participants or otherwise, shall in writing instruct the Trustee. The Trustee shall deliver such Securities to the Depository for delivery to the Persons in whose names such Securities are so registered.

Except as provided in Sections 2.06 and 2.07, a Global Security may not be exchanged for another Security other than as provided in this Section 2.05(c); however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 2.05(d) or (e).

(d) Transfer and Exchange of Beneficial Interests in the Global Securities. The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Securities shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Securities also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Security. Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. Subject to Section 2.05(e)(iv), no written orders or instructions shall be required to be delivered to the Security Registrar to effect the transfers described in this Section 2.05(d)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Securities. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.05(d)(i) hereof, the transferor of such beneficial interest must deliver to the Security Registrar, as applicable, either:

(A) (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the relevant Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the relevant Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the relevant Applicable Procedures directing the Depository to cause



to be issued a Definitive Security in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depository to the Security Registrar containing information regarding the Person in whose name such Definitive Security shall be registered to effect the transfer or exchange referred to in (B)(1) above;

provided that in no event shall Definitive Securities be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Security prior to (y) the expiration of the relevant Distribution Compliance Period and (z) the receipt by the Security Registrar of any certificates identified by the Company or its counsel to be required pursuant to Rule 903 and Rule 904 under the Securities Act. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.05(j), the requirements of this Section shall be deemed to have been satisfied upon receipt by the Security Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Securities. Upon satisfaction of all the requirements for transfer and exchange of beneficial interests in Global Securities contained in this Indenture and the Securities or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Security or Securities pursuant to Section 2.05(h).

(iii) Transfer of Beneficial Interests to Another Restricted Global Security. A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 2.05(d)(ii) and the Security Registrar receives a completed certificate in the form of Exhibit B.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security. A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 2.05(d)(ii) hereof and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Participating Broker-Dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Security Registrar receives a completed certificate from such holder in the form of Exhibit B-1 or B-2 or Exhibit C-1 or C-2 hereto, as applicable, and an opinion of counsel in form, and from legal counsel, reasonably acceptable to the Security Registrar and the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Security of any series has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.04, the Trustee shall authenticate one or more Unrestricted Global Securities of such series in an aggregate principal amount equal to the aggregate principal amount of beneficial interests so transferred. Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(e) Transfer or Exchange of Beneficial Interests for Definitive Securities.

(i) Beneficial Interests in Restricted Global Securities to Restricted Definitive Securities. If any holder of a beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Security, then, upon receipt by the Security Registrar of a completed certificate from such holder in the form of Exhibit B-1 or B-2 or Exhibit C-1 or C-2 hereto, as applicable, and certificates and opinions of counsel, if applicable, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Security to be reduced accordingly pursuant to Section 2.05(h), and the Company shall execute a Restricted Definitive

Security in the appropriate principal amount and, upon receipt of an Authentication Order pursuant to Section 2.04, the Trustee shall authenticate and deliver to the Person designated in the instructions such Restricted Definitive Security. Any Restricted Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.05(e) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Restricted Definitive Securities to the Persons in whose names such Securities are so registered. Any Restricted Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.05(e)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Restricted Global Securities to Unrestricted Definitive Securities. A holder of a beneficial interest in a Restricted Global Security may exchange such beneficial interest for an Unrestricted Definitive Security or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Participating Broker-Dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Security Registrar receives a completed certificate from such holder in the form of Exhibit B-1 or B-2 or Exhibit C-1 or C-2 hereto, as applicable, and an opinion of counsel in form, and from legal counsel, reasonably acceptable to

the Security Registrar and the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Beneficial Interests in Unrestricted Global Securities to Unrestricted Definitive Securities. If any holder of a beneficial interest in an Unrestricted Global Security proposes to exchange such beneficial interest for an Unrestricted Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security, then, upon satisfaction of the conditions set forth in Section 2.05(d)(ii), the Trustee shall cause the aggregate principal amount of the applicable Unrestricted Global Security to be reduced accordingly pursuant to Section 2.05(h), and the Company shall execute an Unrestricted Definitive Security in the appropriate principal amount and, upon receipt of an Authentication Order in accordance with Section 2.04, the Trustee shall authenticate and deliver to the Person designated in the instructions such Unrestricted Definitive Security. Any Unrestricted Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.05(e)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall deliver such Unrestricted Definitive Securities to the Persons in whose names such Securities are so registered. Any Unrestricted Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.05(e)(iii) shall not bear the Private Placement Legend.

(iv) Transfer or Exchange of Regulation S Temporary Global Securities. Notwithstanding the other provisions of this Section 2.05, a beneficial interest in the Regulation S Temporary Global Security may not be (A) exchanged for a Definitive Security prior to (y) the expiration of the Distribution Compliance Period (unless such exchange is effected by the Company, does not require an investment decision on the part of the Holder thereof and does not violate the provisions of Regulation S) and (z) the receipt by the Security Registrar of any certificates identified by the Company or its counsel to be required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act or (B) transferred to a U.S. person (as such term is defined in Regulation S) or for the account or benefit of a U.S. person (other than an initial purchaser of such Regulation S Temporary Global Security) or a Person who takes delivery thereof in the form of a Definitive Security prior to the events set forth in clause (A) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or 904.

(f) Transfer and Exchange of Definitive Securities for Beneficial Interests.

(i) Restricted Definitive Securities to Beneficial Interests in Restricted Global Securities. If any Holder of a Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Trustee of the following documentation:

(A) if the Holder of such Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security, a completed certificate from such holder in the form of Exhibit C; or

(B) if such Restricted Definitive Security is being transferred to a QIB in accordance with Rule 144A under the Securities Act or to a non-U.S. person in an offshore transaction in accordance with Rule 903 or 904 under the Securities Act, a completed certificate to that effect set forth in Exhibit B,

the Trustee shall cancel the Restricted Definitive Security, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Security and, in the case of clause (B) above, the 144A Global Security or the Regulation S Global Security, as applicable.

(ii) Restricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities. A Holder of a Restricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Participating Broker-Dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Security Registrar receives a completed certificate from such Holder in the form of Exhibit B or Exhibit C, as applicable, and an opinion of counsel in form, and from legal counsel, reasonably acceptable to the Security Registrar and the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act. Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.05(f)(ii), the Trustee shall cancel the Restricted Definitive Securities so transferred or exchanged and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

(iii) Unrestricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities. A Holder of an Unrestricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a written request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Security and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Securities. If any such exchange or transfer from a Definitive Security to a beneficial interest is effected pursuant to subparagraphs (ii)(B) or (ii)(D) of this Section 2.05(f) at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.04, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of Definitive Securities so transferred.

(g) Transfer and Exchange of Definitive Securities for Definitive Securities. Upon written request by a Holder of Definitive Securities and such

Holder's compliance with the provisions of this Section 2.05(g), the Trustee shall register the transfer or exchange of Definitive Securities pursuant to the provisions of Section 2.05(a). In addition to the requirements set forth in Section 2.05(a), the requesting Holder shall provide any additional certifications, documents, and information, as applicable, required pursuant to the following provisions of this Section 2.05(g).

(i) Restricted Definitive Securities to Restricted Definitive Securities. Any Restricted Definitive Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Security if the Trustee receives a completed certificate in the form of Exhibit B, including the certifications, certificates and opinions of counsel required by item (3) thereof, if applicable.

(ii) Restricted Definitive Securities to Unrestricted Definitive Securities. Any Restricted Definitive Security may be exchanged by the Holder thereof for an Unrestricted Definitive Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Security if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Participating Broker-Dealer, (2) a Person participating in the distribution of the Exchange Securities or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Security Registrar receives a completed certificate from such Holder in the form of Exhibit B or Exhibit C, as applicable and an opinion of counsel in form, and from legal counsel, reasonably acceptable to the Trustee and the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Securities to Unrestricted Definitive Securities. A Holder of Unrestricted Definitive Securities may transfer such Securities to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security in accordance with subsection 2.05(a). Upon receipt of a request to register such a transfer, the Security Registrar shall register the Unrestricted Definitive Securities pursuant to the instructions from the Holder thereof.

(h) Cancellation and/or Adjustment of Global Securities. At such time as all beneficial interests in a particular Global Security have been exchanged for Definitive Securities or a particular Global Security has been redeemed, repurchased or cancelled in whole and not in part, each such Global Security shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.08. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement may be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement may be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) No Exchange or Transfer. The Company shall not be required (i) to issue, exchange or register the transfer of any Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing (and/or to the extent permitted by applicable procedures or regulations, electronic delivery) of a notice of redemption of less than all the Securities of such series and ending at the close of business on the day of such mailing (and/or to the extent permitted by applicable procedures or regulations, electronic delivery), (ii) to register the transfer of or exchange any Securities of any series or portions thereof called for redemption, except the unredeemed portion of any Security of such series being redeemed in part, nor (iii) to register the transfer of or exchange a Security between a Record Date and the next succeeding Interest Payment Date.

(j) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.04, the Trustee shall authenticate (i) one or more Unrestricted Global Securities of a series in an aggregate principal amount equal to the principal amount of the



beneficial interests in the Restricted Global Securities of such series tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not Participating Broker-Dealers, (y) they are not participating in a distribution of the Exchange Securities of such series and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (ii) Unrestricted Definitive Securities of a series in an aggregate principal amount equal to the principal amount of the Restricted Definitive Securities of such series tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not Participating Broker-Dealers, (y) they are not participating in a distribution of the Exchange Securities of such series and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Securities of a series, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Securities of such series to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and mail to the Persons designated by the Holders of Definitive Securities of such series so accepted Unrestricted Definitive Securities of such series in the applicable principal amount. Any Securities of a series that remain outstanding after the consummation of the Exchange Offer, and Exchange Securities of such series issued in connection with the Exchange Offer, shall be treated as a single class of securities under this Indenture.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.06. *Temporary Securities.*

Pending the preparation of definitive Securities of any series, the Company may execute temporary Securities of such series (printed, lithographed or typewritten) of any authorized denomination, and the Trustee shall authenticate and deliver such Securities. Such temporary Securities of any series shall be substantially in the form of the definitive Securities of such series in lieu of which they are issued, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company. Every temporary Security shall be executed by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities. Without unnecessary delay the Company will execute and furnish definitive Securities of any series and

thereupon any or all temporary Securities of such series may be surrendered in exchange therefor without charge to the holders, at the office or agency of the Company maintained pursuant to Section 4.02 for the purpose of exchanges of Securities, and the Trustee shall authenticate and such office or agency shall deliver in exchange for such temporary Securities an equal aggregate principal amount of definitive Securities of such series, unless the Company advises the Trustee to the effect that definitive Securities of such series need not be executed and furnished until further notice from the Company. Until so exchanged, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities authenticated and delivered hereunder.

*Section 2.07. Mutilated, Destroyed, Lost or Stolen Securities.*

In case any temporary or definitive Security of any series shall become mutilated or be destroyed, lost or stolen, the Company (subject to the next succeeding sentence) shall execute a new Security of such series, bearing a number not contemporaneously outstanding in exchange and substitution for the mutilated Security, or in lieu of and in substitution for the Security so destroyed, lost or stolen, and upon the Company's written request in the form of an Authentication Order, the Trustee (subject to the next succeeding sentence) shall authenticate and deliver such Security. In every case the applicant for a substituted Security shall furnish to the Company and the Trustee such security and/or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and the Trustee evidence to their satisfaction of the destruction, loss or theft of the applicant's Security and of the ownership thereof. The Trustee may authenticate any such substituted Security and deliver the same upon the written request or authorization of any Officer in the form of an Authentication Order. Upon the issuance of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Security that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company, instead of issuing a substitute Security, may pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and the Trustee such security and/or indemnity as they may require to save them harmless, and, in case of destruction, loss or theft, evidence to the satisfaction of the Company and the Trustee of the destruction, loss or theft of such Security and of the ownership thereof.

Every replacement Security of any series issued pursuant to the provisions of this Section 2.07 shall constitute an additional contractual obligation of the Company whether or not the mutilated, destroyed, lost or stolen Security shall be found at any time, or be enforceable by anyone, and shall be entitled to all the

benefits of this Indenture equally and proportionately with any and all other Securities of such series duly issued hereunder. All Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities, and shall preclude (to the extent lawful) any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.08. *Cancellation.*

All Securities surrendered for the purpose of payment, redemption, exchange or registration of transfer, if surrendered to the Company or any paying agent, shall be delivered to the Trustee for cancellation, or, if surrendered to the Trustee, shall be cancelled by it in accordance with its internal procedures, and no Securities shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Indenture. On written request of the Company at the time of such surrender, the Trustee shall deliver to the Company canceled Securities held by the Trustee. If the Company shall otherwise acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

Section 2.09. *Benefits of Indenture.*

Nothing in this Indenture or in the Securities of any series, express or implied, shall give or be construed to give to any Person, other than the parties hereto and the holders of the Securities of such series, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained; all such covenants, conditions and provisions being for the sole benefit of the parties hereto and of the holders of the Securities of such series.

Section 2.10. *Authenticating Agent.*

So long as any of the Securities of any series remain Outstanding, there may be an Authenticating Agent for any or all of the Securities of such series which the Trustee shall have the right to appoint. The Authenticating Agent shall be authorized to act on behalf of the Trustee to authenticate Securities, including Securities issued upon exchange, registration of transfer or partial redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. All references in this Indenture to the authentication of Securities by the Trustee shall be deemed to include authentication by an Authenticating Agent. The Authenticating Agent shall be acceptable to the

Company and shall be a corporation that has a combined capital and surplus, as most recently reported or determined by it, sufficient under the laws of any jurisdiction under which it is organized or in which it is doing business to conduct a trust business, and that is otherwise authorized under such laws to conduct such business and is subject to supervision or examination by Federal or State authorities. If at any time the Authenticating Agent shall cease to be eligible in accordance with these provisions, it shall resign immediately. The Authenticating Agent may resign at any time by giving written notice of resignation to the Trustee and to the Company. The Trustee at any time may, and upon written request by the Company shall, terminate the agency of the Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon resignation, termination or cessation of eligibility of the Authenticating Agent, the Trustee may appoint an eligible successor Authenticating Agent reasonably acceptable to the Company. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder as if originally named as an Authenticating Agent pursuant hereto.

Section 2.11. *CUSIP Numbers.*

The Company in issuing the Securities of any series may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Securityholders of such series; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.12. *Wire Transfers.*

Notwithstanding any other provision to the contrary in this Indenture, the Company may make any payment required to be deposited with the Trustee on account of principal of, premium, if any, or interest on, the Securities of any series by any method of wire transfer to an account designated in writing by the Trustee such that funds are received by the Trustee by 10:00 a.m. (New York time) on or before the date such payment is to be made to the Holders of the Securities of such series in accordance with the terms hereof.

ARTICLE 3  
REDEMPTION OF SECURITIES

Section 3.01. *Redemption.*

The Company may redeem the Securities of any series issued hereunder on and after the dates and in accordance with the terms established for the Securities of such series pursuant to this Article 3 and Section 14.01.

Section 3.02. *Notice of Redemption.*

(a) If the Company desires to exercise such right to redeem all or, as the case may be, a portion of the Securities of any series, the Company shall, or shall instruct the Trustee in writing to, give notice of such redemption to holders of the Securities of such series to be redeemed by mailing, first class postage prepaid (and/or to the extent permitted by applicable procedures or regulations, electronic delivery), a written notice of such redemption not less than 30 days and not more than 60 days before the date fixed for redemption to such holders at their last addresses as they shall appear upon the Security Register (unless a shorter period is specified in the Securities to be redeemed) and upon 45 days' prior written notice to the Trustee (or such shorter period as agreed by the Trustee). Any notice that is mailed (and/or to the extent permitted by applicable procedures or regulations, electronically delivered) in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered holder receives the notice. In any case, failure to duly give such notice to the holder of any Security designated for redemption in whole or in part, or any defect in the notice, shall not affect the validity of the proceedings for the redemption of any other Securities.

Each such notice of redemption shall specify the date fixed for redemption and the redemption price at which the Securities of a series are to be redeemed, and shall include the CUSIP number of the applicable Security and state that: (i) payment of the redemption price of such Securities to be redeemed will be made at the office or agency of the Company maintained for such purpose, or, if none, at the Corporate Trust Office of the Trustee, upon presentation and surrender of such Securities; (ii) interest accrued to the date fixed for redemption will be paid as specified in said notice; and (iii) from and after said date interest will cease to accrue. In case any Security of a series is to be redeemed in part only, the notice that relates to such Security shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Security, a new Security or Securities of such series in principal amount equal to the unredeemed portion thereof will be issued.

(b) If all or less than all the Securities of a series are to be redeemed, the Company shall give the Trustee at least 45 days' written notice (unless a shorter period shall be satisfactory to the Trustee) in advance of the date fixed for redemption as to the aggregate principal amount of Securities of such series to be redeemed. If less than all the Securities of a series are to be redeemed, the Trustee thereupon shall select from the Outstanding Securities of such series not previously called for redemption, in accordance with a method acceptable to the

Depository and the Company (in such manner as complies with applicable legal and stock exchange requirements, if any) and that may provide for the selection of a portion or portions (equal to \$2,000 or any integral multiple of \$1,000 in excess thereof) of the principal amount of such Securities to be redeemed. The Trustee promptly shall notify the Company in writing of the numbers of the Securities to be redeemed, in whole or in part.

The Company, if and whenever it shall so elect, by delivery of written instructions signed on its behalf by any of its Officers, may instruct the Trustee or any paying agent to call all or any part of the Securities of a series for redemption and to give notice of redemption in the manner set forth in this Section 3.02, such notice to be in the name of the Company and at the expense of the Company. In any case in which notice of redemption is to be given by the Trustee or any such paying agent, the Company shall deliver or cause to be delivered to, or permit to remain with, the Trustee or such paying agent, as the case may be, such Security Register, transfer books or other records, or suitable copies or extracts therefrom, sufficient to enable the Trustee or such paying agent to give any notice by mail (and/or to the extent permitted by applicable procedures or regulations, electronic delivery) that may be required under the provisions of this Section 3.02.

*Section 3.03. Payment Upon Redemption.*

(a) If the giving of notice of redemption shall have been completed as above provided, the Securities or portions of Securities to be redeemed specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, in each case as established pursuant to the terms of this Indenture. Interest on such Securities or portions of Securities shall cease to accrue on and after the date fixed for redemption, unless the Company shall default in the payment of such redemption price and accrued interest with respect to any such Security or portion thereof. On presentation and surrender of such Securities on or after the date fixed for redemption at the place of payment specified in the notice, such Securities shall be paid and redeemed at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption (but if the date fixed for redemption is an Interest Payment Date, the interest installment payable on such date shall be payable to the registered holder at the close of business on the applicable Record Date).

(b) Upon presentation of any Security of a series that is to be redeemed in part only, the Company shall execute a new Security of such series in principal amount equal to the unredeemed portion of the Security so presented and the Trustee shall authenticate, and the office or agency where the Security is presented shall deliver to the holder thereof, at the expense of the Company, such Security; except that if a Global Security of a series is so surrendered, the Company shall execute a new Global Security of such series in a denomination

equal to and in exchange for the unredeemed portion of the principal of the Global Security so surrendered and, upon receipt of an Officer's Certificate requesting authentication and delivery, the Trustee shall authenticate and deliver to the Depository for such Global Security, without service charge, such Global Security.

*Section 3.04. Special Mandatory Redemption.*

(a) In the event that the Completion Date has not occurred on or prior to the earlier to occur of (i) the determination by Covidien plc, in its good faith judgment, that the Completion Date will not occur on or prior to December 31, 2013 or (ii) 11:59 p.m. (New York time) on December 31, 2013 (such earlier date, the "**Date of Determination**"), the Company will be required to redeem each series of the Securities, on the date that is five business days after the Date of Determination (the "**Special Redemption Date**"), at a cash redemption price equal to 101% of the principal amount of such Securities, plus accrued and unpaid interest from the date of initial issuance to, but excluding, the Special Redemption Date.

(b) Except as described in Section 3.04(a), any redemption of Securities pursuant to Section 3.04(a) shall be made pursuant to the applicable provisions of Section 3.01 through Section 3.03.

*Section 3.05. Optional Redemption.*

(a) The Securities of each series will be redeemable on any Redemption Date prior to the maturity date, in whole or in part (in integral multiples of \$1,000, with any portion of a Holder's Securities not redeemed to be in a minimum denomination of \$2,000 and integral multiples in excess thereof) solely at the option of the Company, at any time and from time to time in accordance with the conditions set forth in this Article 3, on not less than 30 nor more than 60 days' prior written notice mailed (and/or to the extent permitted by applicable procedures or regulations, electronically delivered) to the holders of Securities to be redeemed and upon 45 days' prior written notice to the Trustee (or such shorter period as agreed by the Trustee).

(b) Securities of any series redeemed pursuant to Section 3.05(a) prior to the maturity date, will be redeemed at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of such series to be redeemed, and (ii) an amount, as determined by the Quotation Agent and delivered to the Trustee in writing, equal to the sum of the present values of the remaining scheduled payments of principal and interest thereon due on any date after the Redemption Date (excluding the portion of interest that will be accrued and unpaid to and including the Redemption Date) discounted from their scheduled date of payment to the Redemption Date (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Redemption Treasury Rate plus 45 basis

points in the case of the 2018 Securities and 50 basis points in the case of the 2023 Securities plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date.

(c) Except as described in this Section 3.05, any redemption of Securities pursuant to this Section 3.05 shall be made pursuant to the applicable provisions of Section 3.01 through Section 3.03.

ARTICLE 4  
CERTAIN COVENANTS

Section 4.01. *Payment of Principal, Premium and Interest.*

(a) The Company will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Securities of a series at the time and place and in the manner provided herein and established with respect to the Securities of such series. Not later than 10:00 a.m. (New York City time) on the due date of any principal of or interest on any Securities of a series, or any redemption or purchase price of the Securities, the Company will deposit with the paying agent (and the paying agent shall have received such funds by such time) money in immediately available funds sufficient to pay such amounts, provided that if the Company, a Guarantor or any of their Subsidiaries is acting as paying agent, it will, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders of the Securities of such series a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Indenture.

(b) The Company shall pay all Additional Interest, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

Section 4.02. *Maintenance of Office or Agency.*

So long as any Securities of a series remain Outstanding, the Company will maintain an office or agency where Securities of such series may be presented or surrendered for payment, where Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of such series and this Indenture may be given or served. Such designation with respect to the Securities of such series will continue with respect to each office or agency until the Company, by written notice signed by any Officer and delivered to the Trustee, shall designate some other office or agency for such purposes or any of them. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations,



surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all presentations, surrenders, notices and demands. The Company initially designates the Corporate Trust Office of the Trustee, acting as the Company's agent, as the office to be maintained by it for each such purpose.

*Section 4.03. Paying Agents.*

(a) The Company may appoint one or more paying agents for the Securities of a series. If the Company fails to appoint or maintain another entity as paying agent, the Trustee shall act as such. Parent, the Company or any of their Subsidiaries may act as paying agent. The Company initially appoints the Trustee as paying agent hereunder.

(b) The Company shall require each paying agent other than the Trustee to agree in writing that the paying agent will hold in trust for the benefit of Securityholders or the Trustee all funds held by the paying agent for the payment of principal, premium, if any, or interest on the Securities, and will promptly notify the Trustee in writing of any default by the Company in making any such payment. While any such default continues, the Trustee may require a paying agent to pay all funds held by it to the Trustee. The Company at any time may require a paying agent to pay all funds held by it to the Trustee. Upon payment over to the Trustee, the paying agent (if other than Parent, the Company or any of their Subsidiaries) shall have no further liability for the funds. If Parent, the Company or any of their Subsidiaries acts as paying agent, it shall segregate and hold in a separate trust fund for the benefit of the Securityholders all funds held by it as paying agent.

(c) Notwithstanding anything in this Section to the contrary, (i) the agreement to hold funds in trust as provided in this Section 4.03 is subject to the provisions of Section 11.06, and (ii) the Company at any time, for the purpose of obtaining the satisfaction and discharge or defeasance of this Indenture or for any other purpose, may pay, or direct any paying agent to pay, to the Trustee all funds held in trust by the Company or such paying agent, such funds to be held by the Trustee upon the same terms and conditions as those upon which such funds were held by the Company or such paying agent. Upon such payment by any paying agent to the Trustee, such paying agent shall be released from all further liability with respect to such funds.

*Section 4.04. Statement by Officers as to Default.*

So long as any of the Securities remain outstanding, the Company and the Guarantor will furnish to the Trustee on or before March 31 in each year a brief certificate (which need not comply with Section 13.06) executed by the principal executive, financial or accounting officer of each of the Company and the

Guarantor on their respective behalf as to his or her knowledge of the Company's or the Guarantor's, as the case may be, compliance with all covenants and agreements under this Indenture required to be complied with by the Company and the Guarantor, respectively (such compliance to be determined without regard to any period of grace or requirement of notice provided under this Indenture). Such certificate need not include a reference to any non-compliance that has been fully cured prior to the date as of which such certificate speaks.

The Company shall provide written notice to the Trustee within 30 days of the occurrence of any Default or Event of Default under Section 6.01.

Section 4.05. *Appointment to Fill Vacancy in Office of Trustee.*

The Company, whenever necessary to avoid or to fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.10, a Trustee, so that there shall be at all times a Trustee hereunder.

Section 4.06. *Limitation on Liens.*

The Company, and Parent on and after the Completion Date, will not, and will not permit any Restricted Subsidiary to, issue, assume or guarantee any Indebtedness that is secured by a mortgage, pledge, security interest, lien or encumbrance (each a "lien") upon any property that at the time of such issuance, assumption or guarantee constitutes a Principal Property, or any shares of stock of or Indebtedness issued by any Restricted Subsidiary, whether now owned or hereafter acquired, without effectively providing that, for so long as such lien shall continue in existence with respect to such secured Indebtedness, each series of Securities (together with, if the Company, and Parent on and after the Completion Date, determines, any other Indebtedness of the Company (or Parent on and after the Completion Date) ranking equally with the Securities, it being understood that for purposes hereof, Indebtedness which is secured by a lien and Indebtedness which is not so secured shall not, solely by reason of such lien, be deemed to be of different ranking) shall be equally and ratably secured by a lien ranking ratably with or equal to (or at the Company's or Parent's option, as applicable, prior to) such secured Indebtedness; provided, however, that the foregoing covenant shall not apply to:

(a) liens existing on the Issue Date;

(b) liens on the stock, assets or Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary, unless created in contemplation of such Person becoming a Restricted Subsidiary;

(c) liens on any assets or Indebtedness of a Person existing at the time such Person is merged with or into or consolidated with or acquired by the

Company, Parent or a Restricted Subsidiary or at the time of a purchase, lease or other acquisition of the assets of a corporation or firm as an entirety or substantially as an entirety by the Company, Parent or any Restricted Subsidiary;

(d) liens on any stock, assets or Indebtedness existing at the time of acquisition thereof by the Company, Parent or any Restricted Subsidiary of such stock, assets or Indebtedness (which may include property previously leased by the Company, Parent or any Restricted Subsidiary and leasehold interests on such property; provided that the lease terminates prior to or upon the acquisition), or liens on stock, assets or Indebtedness to secure the payment of all or any part of the purchase price of such stock, assets or Indebtedness by the Company, Parent or any Restricted Subsidiary, or liens on stock, assets or Indebtedness to secure any Indebtedness incurred, assumed or guaranteed prior to, at the time of, or within 18 months after, the latest of the acquisition of such stock, assets or Indebtedness or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price of the property, the construction or the making of the improvements;

(e) liens securing Indebtedness owing by any Restricted Subsidiary to the Company or a Guarantor or by the Company to a Guarantor;

(f) liens securing the Securities;

(g) liens in favor of the United States or any state thereof, or any department, agency or instrumentality or political subdivision of the United States or any state thereof, or in favor of any other country or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract, statute, rule or regulation or to secure any Indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price (or, in the case of real property, the cost of construction or improvement) of the Principal Property subject to such liens (including liens incurred in connection with pollution control, industrial revenue or similar financings);

(h) pledges, liens or deposits under workers' compensation or similar legislation, and liens thereunder that are not currently dischargeable, or in connection with bids, tenders, contracts (other than for the payment of money) or leases to which the Company, Parent or any Restricted Subsidiary is a party, or to secure the public or statutory obligations of the Company, Parent or any Restricted Subsidiary, or in connection with obtaining or maintaining self-insurance, or to obtain the benefits of any law, regulation or arrangement pertaining to unemployment insurance, old age pensions, social security or similar matters, or to secure surety, performance, appeal or customs bonds to which the Company, Parent or any Restricted Subsidiary is a party, or in litigation or other

proceedings in connection with the matters heretofore referred to in this clause, such as interpleader proceedings, and other similar pledges, liens or deposits made or incurred in the ordinary course of business;

(i) liens created by or resulting from any litigation or other proceeding that is being contested in good faith by appropriate proceedings, including liens arising out of judgments or awards against the Company, Parent or any Restricted Subsidiary with respect to which the Company, Parent or such Restricted Subsidiary in good faith is prosecuting an appeal or proceedings for review or for which the time to make an appeal has not yet expired; or final unappealable judgment liens which are satisfied within 15 days of the date of judgment; or liens incurred by the Company, Parent or any Restricted Subsidiary for the purpose of obtaining a stay or discharge in the course of any litigation or other proceeding to which the Company, Parent or such Restricted Subsidiary is a party;

(j) liens for taxes or assessments or governmental charges or levies not yet due or delinquent or that can thereafter be paid without penalty, or that are being contested in good faith by appropriate proceedings; landlords' liens on property held under lease; and any other liens or charges incidental to the conduct of the business of the Company, Parent or any Restricted Subsidiary, or the ownership of their respective assets, that were not incurred in connection with the borrowing of money or the obtaining of advances or credit and that, in the opinion of the Board of Directors of the Company or Parent, as the case may be, do not materially impair the use of such assets in the operation of the business of the Company, Parent or such Restricted Subsidiary or the value of such Principal Property for the purposes of such business;

(k) liens to secure the Company's, Parent's or any Restricted Subsidiary's obligations under agreements with respect to spot, forward, future and option transactions, entered into in the ordinary course of business;

(l) liens not permitted by the foregoing clauses (a) to (k), inclusive, if at the time of, and after giving effect to, the creation or assumption of any such lien, the aggregate amount of all outstanding Indebtedness of the Company, Parent and its Restricted Subsidiaries (without duplication) secured by liens not so permitted by the foregoing clauses (a) through (k), inclusive, together with the Attributable Debt in respect of Sale and Lease-Back Transactions permitted by Section 4.07(b) does not exceed the greater of \$125,000,000 and 10% of Consolidated Net Worth; and

(m) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (a) to (l), inclusive; provided, however, that the principal amount of Indebtedness secured thereby unless otherwise excepted under clauses (a) through (l) shall not exceed the principal amount of Indebtedness so secured at

the time of such extension, renewal or replacement, and that such extension, renewal or replacement is limited to all or a part of the assets (or any replacement assets therefor) that secured the lien so extended, renewed or replaced (plus improvements and construction on real property).

*Section 4.07. Limitation on Sale and Lease-Back Transactions.*

The Company, and Parent on and after the Completion Date, will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Lease-Back Transaction unless:

(a) such transaction was entered into prior to the Issue Date;

(b) the Company, Parent or such Restricted Subsidiary, at the time of entering into a Sale and Lease-Back Transaction, would be entitled to incur Indebtedness secured by a lien on the Principal Property to be leased in an amount at least equal to the Attributable Debt in respect of such Sale and Lease-Back Transaction, without equally and ratably securing the Securities pursuant to Section 4.06; or

(c) the direct or indirect proceeds of the sale of the Principal Property to be leased are at least equal to the fair value of such Principal Property (as determined by the Company's Board of Directors) and an amount equal to the net proceeds from the sale of the property or assets so leased is applied, within 180 days of the effective date of any such Sale and Lease-Back Transaction, to the purchase or acquisition (or, in the case of real property, commencement of the construction) of property or assets or to the retirement (other than at maturity or pursuant to a mandatory sinking fund or mandatory redemption provision) of Securities, or of Funded Indebtedness of the Company or a consolidated subsidiary ranking on a parity with or senior to the Securities; provided that there shall be credited to the amount of net proceeds required to be applied pursuant to this clause (c) an amount equal to the sum of (i) the principal amount of Securities delivered within 180 days of the effective date of such Sale and Lease-Back Transaction to the Trustee for retirement and cancellation and (ii) the principal amount of other Funded Indebtedness voluntarily retired by the Company within such 180-day period, excluding retirements of Securities and other Funded Indebtedness as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions.

*Section 4.08. Repurchase of Securities Upon a Change of Control Triggering Event.*

(a) If a Change of Control Triggering Event occurs with respect to a series of Securities after the Distribution, unless the Company has exercised its right to redeem such Securities pursuant to Section 3.05 or Section 14.01, each holder of

such Securities will have the right to require that the Company repurchase all or a portion of such holder's Securities (in integral multiples of \$1,000, with any portion of such holder's Securities not repurchased to be in a minimum denomination of \$2,000 and integral multiples in excess thereof) pursuant to Section 4.08 hereof (the "**Change of Control Offer**"), at a repurchase price equal to 101% of the principal amount of the Securities to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

(b) Within 30 days following the date upon which the Change of Control Triggering Event occurred, or at the Company's option, prior to any Change of Control, but after the first public announcement of such pending Change of Control, the Company shall send, by first class mail (and/or to the extent permitted by applicable procedures or regulations, electronic delivery), a notice to each holder of the applicable series of Securities, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall describe the transaction or transactions that constitute the Change of Control and shall state:

(i) that the Change of Control Offer is being made pursuant to this Section 4.08;

(ii) that the Company is required to offer to purchase all of the outstanding principal amount of the Securities, the repurchase price and, that on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), other than as may be required by law (the "**Change of Control Payment Date**"), and the Company shall repurchase the Securities validly tendered and not withdrawn pursuant to this Section 4.08;

(iii) if mailed (and/or to the extent permitted by applicable procedures or regulations, electronically delivered) prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date;

(iv) that any Security not tendered or accepted for payment shall continue to accrue interest;

(v) that, unless the Company defaults in making such payment, the Securities accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(vi) that holders electing to have a Security purchased pursuant to a Change of Control Offer may elect to have all or any portion of such Security purchased;

(vii) that holders of the Securities electing to have such Securities purchased pursuant to a Change of Control Offer shall be required to surrender their Securities, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security, or such other customary documents of surrender and transfer as the Company may reasonably request, duly completed, or transfer their Securities by book-entry transfer, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(viii) that holders shall be entitled to withdraw their election if the Company, the Depositary or the paying agent, as the case may be, receives, not later than the expiration of the Change of Control Offer, a facsimile transmission or letter setting forth the name of the holder, the principal amount of the Security the holder delivered for purchase and a statement that such holder is withdrawing its election to have such Security purchased;

(ix) that holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered (or transferred by book-entry transfer); and

(x) the CUSIP number, if any, printed on the Securities being repurchased and that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities.

(c) The Company will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Company and such third party purchases all Securities properly tendered and not withdrawn under its offer.

(d) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Securities pursuant to a Change of Control Offer. To the extent that any securities laws or regulations conflict with the provisions of this Section 4.08, the Company shall comply with the applicable securities laws and regulations and shall be deemed not to have breached its obligations under this Section 4.08 by virtue thereof.

ARTICLE 5  
SECURITYHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Company to Furnish Trustee Names and Addresses of Securityholders.*

The Company will furnish or cause to be furnished to the Trustee (a) semi-annually at least seven Business Days before each Interest Payment Date for a series of Securities (and in all events at intervals of not more than six months) a list, in such form as the Trustee may reasonably require, of the names and addresses of the holders of the Securities of such series as of such date, provided that the Company shall not be obligated to furnish or cause to furnish such list at any time that the list shall not differ in any respect from the most recent list furnished to the Trustee by the Company and (b) at such other times as the Trustee may require in writing within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; provided, however, that, in either case, no such list need be furnished at any time the Trustee is acting as the Security Registrar.

Section 5.02. *Preservation of Information; Communications with Securityholders.*

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Securities contained in the most recent list furnished to it as provided in Section 5.01 and as to the names and addresses of holders of Securities received by the Trustee in its capacity as Security Registrar (if acting in such capacity).

(b) Securityholders may communicate as provided in Section 312(b) of the Trust Indenture Act with other Securityholders with respect to their rights under this Indenture or under the Securities.

Section 5.03. *Reports by the Company.*

(a) So long as any Securities are outstanding, the Company shall file with the Trustee, within 15 days after Parent files with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) that Parent may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act.



The Company shall be deemed to have complied with the previous sentence to the extent that such information, documents and reports are filed with the Commission via EDGAR (or any successor electronic delivery procedure) or posted on Parent's website; provided, however, that the Trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed pursuant to the EDGAR system (or its successor). Notwithstanding the other provisions of this Indenture, prior to the Completion Date, references in this Section 5.03(a) to "Parent" shall refer to Covidien plc.

(b) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 5.04. *Reports by the Trustee.*

(a) Any Trustee's report required under Section 313(a) of the Trust Indenture Act shall be transmitted to Securityholders on or before July 15 in each year following the Issue Date, so long as any Securities are outstanding hereunder, and shall be dated as of a date convenient to the Trustee no more than 60 nor less than 45 days prior thereto.

(b) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with the Company, with any stock exchange upon which any Securities are listed and with the Commission. The Company agrees to promptly notify the Trustee in writing when any Securities become listed on any stock exchange or delisted therefrom.

ARTICLE 6

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

Section 6.01. *Events of Default.*

(a) Whenever used herein, an "**Event of Default**" means with respect to a series of Securities any one or more of the following events that has occurred and is continuing:

(i) default in the payment of interest on a Security of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(ii) default in the payment of all or any part of the principal of or premium, if any, on a Security of such series as and when the same shall become due and payable either at maturity, upon redemption, upon acceleration or otherwise; or

(iii) default in the performance, or breach, of any covenant or agreement of the Company or a Guarantor in respect of the Securities of such series or the applicable Guarantee (other than (x) the failure to comply with any covenant or agreement contained in Section 314(a)(1) of the Trust Indenture Act (y) the failure to file with the Trustee the information that may be required to be filed with the Commission or (z) a default or breach that is specifically dealt with elsewhere in this Section 6.01), and continuance of such default or breach for a period of 90 days after the date on which there has been given, by registered or certified mail, to the Company and such Guarantor by the Trustee or to the Company, such Guarantor and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of such series affected thereby, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” hereunder; or

(iv) a Guarantee of the Securities of such series shall for any reason cease to be, or shall for any reason be asserted in writing by the Company or the applicable Guarantor not to be, in full force and effect and enforceable in accordance with its terms except to the extent contemplated by this Indenture and such Guarantee; or

(v) failure by the Company to comply with the provisions of Section 3.04; or

(vi) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company or a Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Company or such Guarantor or for any substantial part of its property or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(vii) the Company or a Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee or

sequestrator (or similar official) of the Company or such Guarantor or for any substantial part of its property, or make any general assignment for the benefit of creditors, except, in each case, where such action is taken or such person is appointed in the context of a solvent scheme of arrangement or similar or analogous proceedings or process in any jurisdiction; or

(viii) an event of default shall occur and be continuing with respect to the Company's or a Guarantor's indebtedness for borrowed money (other than Non-Recourse Indebtedness) under any indenture or other instrument evidencing or under which the Company or such Guarantor shall have a principal amount outstanding (such amount with respect to original issue discount bonds or zero coupon notes, bonds or debentures or similar securities based on the accreted amount determined in accordance with GAAP and as of the date of the most recently prepared consolidated balance sheet of the Company or such Guarantor, as the case may be) in excess of \$100,000,000, and such event of default shall involve the failure to pay the principal of such indebtedness on the final maturity date thereof after the expiration of any applicable grace period with respect thereto, or such indebtedness shall have been accelerated so that the same shall have become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration shall not be rescinded or annulled within 30 days after notice thereof shall have been given to the Company and such Guarantor by the Trustee, or to the Company, such Guarantor and the Trustee by the holders of at least 25% in aggregate principal amount of the Securities of such series; provided that, if such event of default under such indenture or instrument shall be remedied or cured by the Company or such Guarantor or waived by the requisite holders of such indebtedness, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the holders, and provided further, however, that subject to the provisions of Section 7.01 and Section 7.02, the Trustee shall not be charged with knowledge of any such event of default unless written notice thereof shall have been given to the Trustee by the Company or such Guarantor, as the case may be, by the holder or an agent of the holder of any such indebtedness, by the trustee then acting under any indenture or other instrument under which such event of default shall have occurred, or by the holders of at least 25% in the aggregate principal amount of the Securities of such series.

(b) Unless the principal of all the Securities of a series shall have already become due and payable, either the Trustee or the holders of at least 25% in aggregate principal amount of the Securities of such series then Outstanding hereunder, by notice in writing to the Company and the applicable Guarantor (and

to the Trustee if notice is given by such Securityholders), may declare the unpaid principal of all the Securities of such series to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, notwithstanding anything contained in this Indenture or in the Securities of such series to the contrary.

(c) At any time after the principal of the Securities of a series shall have been so declared due and payable, and before any judgment or decree for the payment of the amount due shall have been obtained or entered as hereinafter provided, the holders of a majority in aggregate principal amount of the Securities of such series then Outstanding hereunder, by written notice to the Company and the applicable Guarantor and the Trustee, may rescind and annul such declaration and its consequences with respect to such series of Securities if: (i) the Company has or has caused to be paid or deposited with the Trustee an amount sufficient to pay all matured installments of interest upon the Securities of such series and the principal of and premium, if any, on any and all Securities of such series that shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that such payment is enforceable under applicable law, upon overdue installments of interest, at the rate expressed in the Securities of such series to the date of such payment or deposit), and (ii) any and all Events of Default under this Indenture with respect to such series, other than the nonpayment of principal on Securities of such series that shall not have become due by their terms, shall have been remedied or waived as provided in Section 6.06.

No such rescission and annulment shall extend to or shall affect any subsequent default or impair any right consequent thereon.

(d) In case the Trustee shall have proceeded to enforce any right with respect to Securities of a series under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceedings had been taken.

(e) The Trustee shall give to the Securityholders of each series, as the names and addresses of such Holders appear on the Security Register, notice by mail (and/or to the extent permitted by applicable procedures or regulations, electronic delivery) of all defaults known to the Trustee that have occurred with respect to the Securities of such series, such notice to be transmitted within 90 days after the occurrence thereof, unless such defaults shall have been cured before the giving of such notice (the term “**default**” or “**defaults**” for the purposes of this Section 6.01(e) being hereby defined to mean any event or

condition which is, or with notice or lapse of time or both would become, an Event of Default); provided that, except in the case of default in the payment of the principal of, premium, if any, or interest on any of the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the holders of the Securities of such series.

Section 6.02. *Collection of Indebtedness and Suits for Enforcement by Trustee.*

(a) The Company covenants that (i) in case it shall default in the payment of any installment of interest on the Securities of a series as and when the same shall have become due and payable, and such default shall have continued for a period of 30 days, or (ii) in case it shall default in the payment of the principal of, or premium, if any, on the Securities of a series when the same shall have become due and payable, whether upon maturity of the Securities of such series or upon redemption or upon declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Securities of such series, the whole amount that then shall have become due and payable on the Securities of such series for principal, premium, if any, or interest, or both, with interest upon the overdue principal, premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon overdue installments of interest at the rate expressed in the Securities of such series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, and the amount payable to the Trustee under Section 7.06.

(b) If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the amounts so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or a Guarantor and collect the amounts adjudged or decreed to be payable in the manner provided by law out of the property of the Company or a Guarantor, wherever situated.

(c) In case of any receivership, insolvency, liquidation, bankruptcy, reorganization, readjustment, arrangement, composition or judicial proceedings affecting the Company or a Guarantor or their respective creditors or property, the Trustee shall have power to intervene in such proceedings and take any action therein that may be permitted by the court and, except as otherwise provided by law, shall be entitled to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Securities of the applicable series allowed for the entire amount due and payable by the Company under this Indenture at the date of institution of

such proceedings and for any additional amount that may become due and payable by the Company after such date, and to collect and receive any funds or other property payable or deliverable on any such claim, and to distribute the same in accordance with Section 6.03. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of the Securities of the applicable series to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to such Securityholders, to pay to the Trustee any amount due it under Section 7.06.

(d) All rights of action and of asserting claims under this Indenture, or under any of the terms established with respect to the Securities of the applicable series, may be enforced by the Trustee without the possession of any of such Securities, or the production thereof at any trial or other proceeding relative thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for payment to the Trustee of any amounts due under Section 7.06, be for the ratable benefit of the holders of the Securities of such series.

In case of an Event of Default, the Trustee may proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

*Section 6.03. Application of Funds Collected.*

Any funds collected by the Trustee pursuant to this Article 6 with respect to a particular series of Securities shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such funds on account of principal, premium, if any, or interest, upon presentation of the Securities of such series, and notation thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses of collection and of all amounts payable to the Trustee and its agents under Section 7.06;

SECOND: To the payment of the amounts then due and unpaid upon the Securities of such series for principal, premium, if any, and interest, in respect of which or for the benefit of which such funds have been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, respectively; and

THIRD: To the Company.

Section 6.04. *Limitation on Suits.*

No holder of the Securities of any series shall have any right by virtue or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such holder previously shall have given to the Trustee written notice of an Event of Default with respect to such series of Securities and of the continuance thereof with respect to the Securities of such series specifying such Event of Default; (ii) the holders of at least 25% in aggregate principal amount of the Securities of such series then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as trustee hereunder; (iii) such holder or holders shall have offered to the Trustee such indemnity and/or security as it may require against the costs, expenses and liabilities to be incurred therein or thereby; (iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity and/or security, shall have failed to institute any such action, suit or proceeding; and (v) during such 60 day period, the holders of a majority in principal amount of the Outstanding Securities of such series do not give the Trustee a direction inconsistent with the request.

Notwithstanding anything contained herein to the contrary, any other provisions of this Indenture, the right of any holder of any Security to receive payment of the principal of, and premium, if any, and interest on such Security, as therein provided, on or after the respective due dates expressed in such Security (or in the case of redemption, on the redemption date), or to institute suit for the enforcement of any such payment on or after such respective dates or redemption date, shall not be impaired or affected without the consent of such holder. By accepting a Security hereunder it is expressly understood, intended and covenanted by the taker and holder of every Security of such series with every other such taker and holder and the Trustee, that no one or more holders of Securities of such series shall have any right in any manner whatsoever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of the holders of any other of such Securities (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Securityholders), or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the

equal, ratable and common benefit of all holders of the Securities of such series. For the protection and enforcement of the provisions of this Section 6.04, each Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 6.05. *Rights and Remedies Cumulative; Delay or Omission not Waiver.*

(a) Except as otherwise provided in Section 2.07, all powers and remedies given by this Article 6 to the Trustee or to the Securityholders, to the extent permitted by law, shall be deemed cumulative and not exclusive of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture or otherwise established with respect to such Securities.

(b) No delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any Event of Default occurring and continuing shall impair any such right or power, or shall be construed to be a waiver of any such default or on acquiescence therein. Subject to the provisions of Section 6.04, every power and remedy given by this Article 6 or by law to the Trustee or the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

Section 6.06. *Control by Securityholders.*

The holders of a majority in aggregate principal amount of the Securities of any series at the time Outstanding shall have the right to direct in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such series; provided, however, that such direction shall not be in conflict with any law or with this Indenture. Subject to the provisions of Section 7.01, if an Event of Default with respect to a series of Securities hereunder shall occur and be continuing, the Trustee shall be under no obligation to exercise any of its rights or powers hereunder at the request or direction of any of the Holders of the Securities of such series if the Trustee determines in good faith that the proceeding could result in personal liability. The holders of a majority in aggregate principal amount of the Securities of any series at the time Outstanding and affected thereby on behalf of the holders of the Securities of such series may waive with respect to a series of Securities any past default in the performance of any of the covenants contained herein and its consequences with respect to such series, except a default in the payment of the principal of, premium, if any, or interest on, any of the Securities of such series as and when the same shall become due by the terms of such Securities of such series



otherwise than by acceleration (unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal and any premium has been deposited with the Trustee in accordance with Section 6.01(c)). Upon any such waiver, the default with respect to a series of Securities covered thereby shall be deemed to be cured for all purposes of this Indenture and the Company, the Trustee and the holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

*Section 6.07. Undertaking to Pay Costs.*

All parties to this Indenture agree, and each holder of any Securities by such holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.07 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders, holding more than 10% in aggregate principal amount of the Outstanding Securities of any series, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of, premium, if any, or interest on Securities of such series, on or after the respective due dates established pursuant to this Indenture.

*Section 6.08. Waiver of Usury, Stay or Extension Laws.*

Each of the Guarantor and the Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and each of the Guarantor and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7  
CONCERNING THE TRUSTEE

Section 7.01. *Certain Duties and Responsibilities of Trustee.*

(a) In case an Event of Default with respect to the Securities of a series has occurred (that has not been cured or waived) and is continuing, the Trustee shall exercise with respect to the Securities of such series such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default with respect to the Securities of a series and after the curing or waiving of all such Events of Default with respect to the Securities of such series that may have occurred:

(A) the duties and obligations of the Trustee with respect to the Securities of such series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable with respect to the Securities of such series except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on the part of the Trustee, the Trustee with respect to the Securities of such series may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical computations or other facts stated therein);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of at least a majority in principal amount of the Securities of any series at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture with respect to the Securities of such series; and

(iv) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture or adequate indemnity against such risk is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 7.02. *Certain Rights of Trustee.*

Except as otherwise provided in Section 7.01:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by a Board Resolution or an instrument signed in the name of the Company by an Officer (unless other evidence in respect thereof is specifically prescribed herein).

(c) The Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted hereunder in good faith and in reliance thereon.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee indemnity and security satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

(e) In the event the Company is required to pay Additional Interest, the Company will provide an Officer's Certificate to the Trustee of the Company's obligation to pay Additional Interest no later than 15 days prior to the next Interest Payment Date, which Officer's Certificate shall set forth the amount of the Additional Interest to be paid by the Company. The Trustee shall not at any time be under any duty or responsibility to any Holders to determine whether the Additional Interest is payable and the amount thereof.

(f) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security or other papers or documents, but the Trustee, in its discretion, may make such further inquiry into such matters as it may see fit, and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee and such notice references the Securities and this Indenture.

(i) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(l) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

*Section 7.03. Trustee not Responsible for Recitals or Issuance of Securities.*

(a) The recitals contained herein and in the Securities shall be taken as the statements of the Company, and neither the Trustee nor any Authentication Agent assumes any responsibility for the correctness of the same.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities.

(c) The Trustee shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds of such Securities, or for the use or application of any funds paid over by the Trustee in accordance with any provision of this Indenture, or for the use or application of any funds received by any paying agent other than the Trustee.

*Section 7.04. May Hold Securities.*

The Trustee, any Authentication Agent, any paying agent or the Security Registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, Authentication Agent, paying agent or Security Registrar. However, the Trustee is subject to Sections 7.09 and 7.13.

*Section 7.05. Funds Held in Trust.*

Subject to the provisions of Section 11.06, all funds received by the Trustee, until used or applied as herein provided, shall be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any funds received by it hereunder except such as it may agree in writing with the Company to pay thereon.

Section 7.06. *Compensation and Reimbursement.*

(a) The Company shall pay to the Trustee, and the Trustee shall be entitled to be paid, such compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), as the Company and the Trustee from time to time may agree in writing, for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee. Except as otherwise expressly provided herein, the Company will pay or reimburse the Trustee upon its request for all reasonable expenses and disbursements incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense or disbursement as may arise from its own negligence or willful misconduct. The Company and the Guarantor shall indemnify the Trustee or any predecessor trustee (and each of their officers, agents, directors and employees) for, and shall hold them harmless against, any and all loss, liability, claim, damage or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred without negligence or willful misconduct on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability (whether asserted by the Company, any Holder or any other Person).

(b) The obligations of the Company under this Section 7.06 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses and disbursements shall: (i) be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities; and (ii) survive the termination of this Indenture and resignation or removal of the Trustee.

Section 7.07. *Reliance on Officer's Certificate.*

Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), in the absence of bad faith on the part of the Trustee, may be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee and such certificate, in the absence of bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Disqualification; Conflicting Interests.*

If the Trustee has or shall acquire any “**conflicting interest**” within the meaning of Section 310(b) of the Trust Indenture Act, the Trustee and the Company shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

Section 7.09. *Corporate Trustee Required; Eligibility.*

There shall at all times be a Trustee with respect to the Securities issued hereunder which shall at all times be a corporation organized and doing business under the laws of the United States or any State or Territory thereof or of the District of Columbia, or a corporation or other Person permitted to act as trustee by the Commission, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 7.09 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Company may not, nor may any Affiliate of the Company, serve as Trustee. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.10.

Section 7.10. *Resignation and Removal; Appointment of Successor.*

(a) The Trustee or any successor hereafter appointed may resign at any time with respect to the Securities of any series by giving written notice thereof to the Company and by transmitting notice of resignation by mail, first class postage prepaid (and/or to the extent permitted by applicable procedures or regulations, electronic delivery), to the Securityholders of such series, as their names and addresses appear upon the Security Register. Upon receiving such notice of resignation, the Company promptly shall appoint a successor trustee with respect to the Securities of such series. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the retiring Trustee resigns, the retiring Trustee, at the expense of the Company, or the Company may petition any court of competent jurisdiction for the appointment of a successor trustee with respect to the Securities of such series, or any Securityholder of such series who has been a bona fide holder of a Security or Securities for at least six months may on behalf of himself and all others similarly situated, petition any

such court for the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any one of the following shall occur, the Company may remove the Trustee with respect to all or any series of Securities and appoint a successor trustee, or, unless the Trustee's duty to resign is stayed as provided herein, any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, on behalf of that holder and all others similarly situated, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee (with such court thereupon after such notice, if any, as it may deem proper, removing the Trustee and appointing a successor trustee):

(i) the Trustee shall fail to comply with the provisions of Section 7.08 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder; or

(iii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or commence a voluntary bankruptcy proceeding, or a receiver of the Trustee or of its property shall be appointed or consented to, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The holders of a majority in aggregate principal amount of the Securities of any series at the time Outstanding at any time may remove the Trustee with respect to the Securities of such series by so notifying the Trustee and the Company in writing and may appoint a successor Trustee for the Securities of such series with the consent of the Company.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee with respect to the Securities of a series pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.11.

(e) At any time there shall be only one Trustee with respect to the Securities of any particular series.



Section 7.11. *Acceptance of Appointment by Successor.*

(a) In case of the appointment hereunder of a successor trustee with respect to the Securities of a series, every such successor trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee. On the request of the Company or the successor trustee, such retiring Trustee, upon payment of its charges, shall execute and deliver an instrument transferring to such successor trustee all the rights, powers, and trusts of the retiring Trustee and shall assign, transfer and deliver to such successor trustee all property and funds held by such retiring Trustee hereunder.

(b) Upon request of any such successor trustee, the Company may execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and trusts referred to in Section 7.11(a).

(c) No successor trustee shall accept its appointment unless at the time of such acceptance such successor trustee shall be qualified and eligible under this Article 7.

(d) Upon acceptance of appointment by a successor trustee as provided in this Section 7.11, the successor trustee shall cause a notice of its succession to be transmitted to Securityholders.

Section 7.12. *Merger, Conversion, Consolidation or Succession to Business.*

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be qualified under the provisions of Section 7.08 and eligible under the provisions of Section 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the

contrary notwithstanding. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 7.13. *Preferential Collection of Claims Against the Company.*

The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship described in Section 311(b) of the Trust Indenture Act. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent included therein.

ARTICLE 8  
CONCERNING THE SECURITYHOLDERS

Section 8.01. *Evidence of Action by Securityholders.*

Whenever in this Indenture it is provided that the holders of a majority or specified percentage in aggregate principal amount of the Securities of a particular series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such majority or specified percentage of the Securities of such series have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by such holders of Securities of such series in Person or by agent or proxy appointed in writing.

If the Company shall solicit from the Securityholders of a particular series any request, demand, authorization, direction, notice, consent, waiver or other action, the Company, at its option, as evidenced by an Officer's Certificate, may fix in advance a record date for the determination of Securityholders of such series entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after the record date, but only the Securityholders of such series of record at the close of business on the record date shall be deemed to be Securityholders of such series for the purposes of determining whether Securityholders of the requisite proportion of Outstanding Securities of such series have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the Outstanding Securities of such series shall be computed as of the record date; provided, however, that no such authorization, agreement or consent by such Securityholders on the record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

Section 8.02. *Proof of Execution by Securityholders.*

Subject to the provisions of Section 8.01, proof of the execution of any instrument by a Securityholder (such proof will not require notarization) or his agent or proxy and proof of the holding by any Person of any of the Securities shall be sufficient if made in the following manner:

- (a) The fact and date of the execution by any such Person of any instrument may be proved in any reasonable manner acceptable to the Trustee.
- (b) The ownership of Securities of a series shall be proved by the Security Register of such series or by a certificate of the Security Registrar of such series.
- (c) The Trustee may require such additional proof of any matter referred to in this Section as it shall deem necessary.

Section 8.03. *Who May be Deemed Owners.*

Prior to the due presentment for registration of transfer of any Security, the Company, the Trustee, any paying agent and any Security Registrar may deem and treat the Person in whose name such Security shall be registered upon the books of the Company as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notice of ownership or writing thereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and (subject to Section 2.03) interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

None of the Company, the Trustee, any paying agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 8.04. *Certain Securities Owned by Company Disregarded.*

In determining whether the holders of the requisite aggregate principal amount of the Securities of a particular series have concurred in any direction, consent of waiver under this Indenture, the Securities of such series that are owned by Parent, the Company, a Guarantor or any other obligor on the Securities of such series or by an Affiliate of Parent, the Company or a Guarantor shall be

disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities of such series that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. The Securities so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not an Affiliate. In case of a dispute as to such right, the Trustee shall be fully protected with respect to any decision by the Trustee taken upon the advice of counsel. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officer's Certificate listing and identifying all Securities of a particular series, if any, known by Parent or the Company to be owned or held by or for the account of any of the above described Persons and, subject to Sections 7.01 and 7.02, the Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities of such series not listed therein are Outstanding for the purpose of any such determination.

Section 8.05. *Actions Binding on Future Securityholders.*

At any time prior to the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the majority or percentage in aggregate principal amount of the Securities of a particular series specified in this Indenture in connection with such action, any holder of a Security of such series that is shown by the evidence to be included in the Securities the holders of which have consented to such action, by filing written notice with the Trustee, and upon proof of holding as provided in Section 8.02, may revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in exchange therefor, on registration of transfer thereof or in place thereof, irrespective of whether or not any notation in regard thereto is made upon such Security. Any action taken by the holders of the majority or percentage in aggregate principal amount of the Securities of a particular series specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of all of the Securities of such series.

ARTICLE 9  
SUPPLEMENTAL INDENTURES

Section 9.01. *Supplemental Indentures Without the Consent of Securityholders.*

The Company, a Guarantor and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto without the consent of any Securityholders for any of the following purposes:

(a) to cure any ambiguity, defect or inconsistency herein or in the Securities of either series, including making any such changes as are required for this Indenture to comply with the Trust Indenture Act, or to make such other provisions in regard to matters or questions arising under this Indenture as the Board of Directors of the Company or a Guarantor may deem necessary or desirable, and which shall not in either case adversely affect the interests of the Holders of the Securities of either series in any material respect;

(b) to evidence the succession of another Person to the Company or a Guarantor, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company or a Guarantor, as the case may be, pursuant to Article 10;

(c) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(d) to add to the covenants of the Company or a Guarantor for the benefit of the holders of the Securities of either series or to surrender any right or power herein conferred upon the Company or a Guarantor;

(e) to add any additional Events of Default for the benefit of the holders of the Securities of either series;

(f) to secure the Securities of either series;

(g) to add one or more Guarantees for the benefit of the holders of the Securities;

(h) to evidence the release of any Guarantee of the Securities pursuant to and in accordance with the terms of this Indenture;

(i) to make any other change that does not adversely affect the rights of any holder of Securities of either series in any material respect;

(j) to issue Additional Securities of either series in accordance with the limitations set forth in this Indenture;

(k) to establish the form of the Securities of either series;

(l) to comply with the rules of any applicable Depositary;

(m) to provide for the issuance of the Exchange Securities of either series, which will have terms substantially identical in all material respects to the Securities of such series (except that the transfer restrictions contained in such Securities will be modified or eliminated, as appropriate, and there will be no registration rights (and no increases in annual interest rate) and CIFSA will not guarantee such Securities), and which will be treated, together with any Outstanding Securities of such series, as a single issuance of securities;

(n) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of either series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trust hereunder by more than one Trustee; and

(o) to conform the text of this Indenture or either of the Guarantee or the Securities of either series to any provision of the "Description of Notes" section of the Offering Memorandum to the extent that such provision in such "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, a Guarantee or the Securities, as evidenced by an Officer's Certificate.

Upon the written request of the Company, accompanied by Board Resolutions authorizing the execution of any such supplemental indenture, and upon receipt by the Trustee of the documents described in Section 9.05, the Trustee shall join with the Guarantor and the Company in the execution of any such supplemental indenture, and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Guarantor, the Company and the Trustee without the consent of the holders of any of the Securities at the time Outstanding, notwithstanding any of the provisions of Section 9.02.

*Section 9.02. Supplemental Indentures with Consent of Securityholders.*

With the written consent (evidenced as provided in Section 8.01) of the holders of at least a majority in aggregate principal amount of the Securities of each series at the time Outstanding (including Additional Securities, if any) affected by such supplemental indenture or indentures, by act of said holders delivered to the Company, the Guarantor and the Trustee, the Guarantor and the Company, when authorized by Board Resolutions, and the Trustee from time to time and at any time may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or

eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner not covered by Section 9.01 the rights of the holders of the Securities of such series under this Indenture; provided, however, that no such supplemental indenture, without the consent of the holders of each Security then Outstanding and affected thereby (including Additional Securities, if any), shall (i) extend the fixed maturity or reduce the principal amount of any Security of either series; (ii) reduce the rate of or extend the time for payment of interest on any Security of either series; (iii) reduce the premium payable upon the redemption of any Security of either series; (iv) make any Security of either series payable in currency other than that stated in the Security; (v) impair the right to institute suit for the enforcement of any payment on or after the fixed maturity thereof (or in the case of redemption, on or after the redemption date); (vi) reduce the aforesaid percentage of Securities of either series, the holders of which are required to consent to any such supplemental indenture or indentures; (vii) expressly subordinate in right of payment the Securities of either series or a Guarantee thereof; (viii) except as expressly permitted by this Indenture, modify a Guarantee in any manner adverse to the holders of the Securities of either series issued hereunder; or (ix) make any change in these amendment and waiver provisions.

It shall not be necessary for the consent of Securityholders of either series affected thereby under this Section 9.02 to approve the particular form of any proposed supplement, amendment or waiver, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Guarantor, the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 9.02, the Company shall mail or cause to be mailed a notice thereof by first class mail (and/or to the extent permitted by applicable procedures or regulations, electronically deliver or cause to be electronically delivered) to the Holders of Securities of each series affected thereby at their addresses as they shall appear on the Security Register, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to mail (and/or to the extent permitted by applicable procedures or regulations, electronically deliver) such notice, or any defect therein, shall not in any way impair or affect the validity of any such supplemental indenture.

#### Section 9.03. *Effect of Supplemental Indentures.*

Upon the execution of any supplemental indenture pursuant to the provisions of this Article 9 or Section 10.01, this Indenture shall be and be deemed to be modified and amended with respect to the applicable series in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Guarantor, the Company and the holders of Securities of each series affected hereby shall

thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

*Section 9.04. Securities Affected by Supplemental Indentures.*

Any Securities of any series affected by a supplemental indenture and authenticated and delivered after the execution of such supplemental indenture pursuant to the provisions of this Article or of Section 10.01 may bear a notation in form approved by the Company, provided such form meets the requirements of any exchange upon which such Securities may be listed, as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of such series so modified as to conform, in the opinion of the Board of Directors of the Company, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and delivered in exchange for the Securities of such series then Outstanding.

*Section 9.05. Execution of Supplemental Indentures.*

Upon the request of the Company, accompanied by Board Resolutions authorizing the execution of any such supplemental indenture, and, if applicable, upon the filing with the Trustee of evidence of the consent of Securityholders required to consent thereto as aforesaid, the Trustee shall join with the Guarantor and the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may but shall not be obligated to enter into such supplemental indenture. The Trustee, subject to the provisions of Section 7.01, shall receive an Opinion of Counsel and Officer's Certificate stating as conclusive evidence that any supplemental indenture executed pursuant to this Article 9 is authorized or permitted by, and conforms to, the terms of this Article 9 and, with respect to any supplemental indenture relating to any Additional Securities, such Opinion of Counsel shall provide that such supplemental indenture is the valid and binding agreement of the Company and/or the Guarantor, as applicable, enforceable against the Company and/or the Guarantor, as applicable, in accordance with its terms.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 9.05, the Trustee shall transmit by mail, first class postage prepaid (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), a notice, setting forth in general terms the substance of such supplemental indenture, to the Securityholders of each series affected thereby as their names and addresses appear upon the Security Register. Any failure of the Trustee to mail (and/or to



the extent permitted by applicable procedures or regulations, electronically deliver) such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

ARTICLE 10  
SUCCESSOR

Section 10.01. *Consolidation, Merger and Sale of Assets.*

Each of the Guarantor and the Company, covenants that it will not merge or consolidate with any other Person or sell or convey all or substantially all of its assets to any Person, unless:

(a) either the applicable Guarantor or the Company, as the case may be, shall be the continuing entity, or the successor entity or the Person which acquires by sale or conveyance of all or substantially all the assets of such Guarantor or the Company, as the case may be (if other than a Guarantor or the Company, as the case may be), (A) shall expressly assume the due and punctual payment of the principal of, premium, if any, and interest on each series of Securities or the obligations under the applicable Guarantee, as the case may be, according to their tenor, and the due and punctual performance and observance of all of the covenants and agreements of this Indenture to be performed or observed by such Guarantor or the Company, as the case may be, by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such Person and (B) shall be organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, any member state of the European Union or Switzerland as in effect on the Issue Date;

(b) no Event of Default and no event that, after notice or lapse of time or both, would become an Event of Default shall be continuing immediately after such merger or consolidation, or such sale or conveyance; and

(c) the applicable Guarantor, or the Company, as the case may be, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that the proposed transaction and related supplemental indenture, if any, comply with this Indenture.

Section 10.02. *Successor Person Substituted.*

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of a Guarantor or the Company, as the case may be, effected in accordance with Section 10.01, the successor Person formed by such consolidation or into or with which such Guarantor or the Company, as the case may be, is merged or to which such sale, lease, conveyance

or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, such Guarantor or the Company, as the case may be, under this Indenture with the same effect as if such successor Person has been named as such Guarantor or the Company, as the case may be, herein. In the event of any such sale or conveyance (other than a conveyance by way of lease) such Guarantor or the Company, as the case may be, or any successor entity which shall theretofore have become such in the manner described in this Article, shall be discharged from all obligations and covenants under this Indenture, the Securities and the Guarantees and may be liquidated and dissolved.

ARTICLE 11  
SATISFACTION AND DISCHARGE

Section 11.01. [Reserved]

Section 11.02. *Satisfaction and Discharge of Indenture.*

If at any time:

(a) (i) The Company or a Guarantor shall have delivered or shall have caused to be delivered to the Trustee for cancellation all Securities of a particular series theretofore authenticated (other than any Securities that shall have been destroyed, lost or stolen and that shall have been replaced or paid as provided in Section 2.07) and Securities for whose payment funds or Governmental Obligations have theretofore been deposited in trust or segregated and held in trust by a Guarantor or the Company (and thereupon repaid to such Guarantor or the Company or discharged from such trust, as provided in Section 11.06); or (ii) all such Securities of a particular series not theretofore delivered to the Trustee for cancellation shall have become due and payable or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and a Guarantor or the Company shall irrevocably deposit or cause to be deposited with the Trustee as trust funds the entire amount (in funds or Governmental Obligations sufficient or a combination thereof) in Dollars sufficient to pay at maturity or upon redemption of all Securities of such series not theretofore delivered to the Trustee for cancellation, including principal, premium, if any, and interest due or to become due on such date of maturity or redemption date, as the case may be, and if in either case a Guarantor or the Company shall also pay or cause to be paid all other sums payable hereunder with respect to the Securities of such series; and

(b) a Guarantor or the Company, as the case may be, delivers to the Trustee an Officer's Certificate and Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with,

then this Indenture shall cease to be of further effect with respect to such series of Securities except for the provisions of Sections 2.03, 2.04, 2.05, 2.07, 4.01, 4.02, 4.03, 7.05 and 7.10, that shall survive until the date of maturity or redemption date, as the case may be, and Sections 7.06 and 11.06, that shall survive to such date and thereafter, and the Trustee, on demand of the Company and at the cost and expense of the Company shall execute proper instruments acknowledging satisfaction of and discharging this Indenture with respect to the Securities of such series.

Section 11.03. *Defeasance and Discharge of Obligations; Covenant Defeasance.*

(a) If at any time:

(i) all Securities of a particular series not heretofore delivered to the Trustee for cancellation or that have not become due and payable as described in Section 11.02 shall have been paid by the Guarantor or the Company by depositing irrevocably with the Trustee in trust funds or an amount of Governmental Obligations sufficient to pay at maturity or upon redemption all such Securities of such series not theretofore delivered to the Trustee for cancellation, including principal, premium, if any, and interest due or to become due to such date of maturity or date fixed for redemption, as the case may be, and

(ii) the Guarantor or the Company shall also pay or cause to be paid all other amounts payable hereunder by the Company with respect to such series,

then, after the date such funds or Governmental Obligations, as the case may be, are deposited with the Trustee, the obligations of the Guarantor and the Company under this Indenture with respect to such series of Securities shall cease to be of further effect except, to the extent applicable to each, for the provisions of Sections 2.03, 2.04, 2.05, 2.07, 4.01, 4.02, 4.03, 7.05 and 7.10 hereof that shall survive until the Securities of such series shall mature and be paid. Thereafter, Sections 7.06 and 11.06 shall survive such satisfaction and discharge.

(b) In addition, each of the Guarantor and the Company, at its option and at any time, by written notice executed by an Officer delivered to the Trustee, may elect to have its obligations, to the extent applicable to each, under Section 5.03 and any covenant contained in Article 10, discharged with respect to all Outstanding Securities of a series and this Indenture and any supplemental indentures to this Indenture insofar as such Securities are concerned (“**covenant**

**defeasance**”), such discharge to be effective on the date the conditions set forth in clauses (i) through (vi) of Section 11.03(c) are satisfied, and such Securities shall thereafter be deemed to be not **“Outstanding”** for the purposes of any direction, waiver, consent or declaration of Securityholders of such series (and the consequences of any thereof) in connection with such covenants, but shall continue to be **“Outstanding”** for all other purposes under this Indenture. For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities, the Guarantor and the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute an Event of Default with respect to such series of Securities under Section 6.01(a)(iii) or otherwise, but except as specified in this Section 11.03(b), the remainder of the Guarantor’s and the Company’s obligations under the Securities of such series and this Indenture and any supplemental indentures to this Indenture insofar as such Securities are concerned shall be unaffected thereby.

(c) The following shall be the conditions to the application of Section 11.03 to the Outstanding Securities of the applicable series:

(i) a Guarantor or the Company irrevocably deposits in trust with the Trustee or, at the option of the Trustee, with a trustee satisfactory to the Trustee and such Guarantor or the Company, as the case may be, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, funds or Governmental Obligations sufficient in the opinion of a nationally recognized firm of independent public accountants to pay all the principal of, premium, if any, and interest on the Outstanding Securities of such series to maturity or redemption, as the case may be, and to pay all other amounts payable by the Company hereunder, provided that (A) the trustee of the irrevocable trust shall have been irrevocably instructed to pay such funds or the proceeds of such Governmental Obligations to the Trustee and (B) the Trustee shall have been irrevocably instructed to apply such funds or the proceeds of such Governmental Obligations to the payment of said principal, premium, if any, and interest with respect to the Securities of such series;

(ii) a Guarantor or the Company, as the case may be, delivers to the Trustee an Officer’s Certificate stating that all conditions precedent specified herein relating to defeasance or covenant defeasance, as the case may be, have been complied with, and an Opinion of Counsel to the same effect;

(iii) no Event of Default under clauses (i), (ii), (vi) or (vii) of Section 6.01(a) shall have occurred and be continuing, and no event which with notice or lapse of time or both would become such an Event of Default with respect to Securities of such series shall have occurred and be continuing, on the date of such deposit;

(iv) a Guarantor or the Company, as the case may be, shall have delivered to the Trustee an Opinion of Counsel or a ruling received from the Internal Revenue Service to the effect that the holders of the Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such Guarantor's or the Company's exercise of either option under this Section 11.03 and will be subject to Federal income tax in the same amount and in the same manner and at the same times as would have been the case if such election had not been exercised;

(v) such covenant defeasance shall not (A) cause the Trustee to have a conflicting interest for purposes of the Trust Indenture Act with respect to any Securities of such series or (B) result in the trust arising from such deposit to constitute, unless it is qualified, a regulated investment company under the Investment Company Act of 1940; and

(vi) notwithstanding any other provisions of this Section 11.03, such covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on a Guarantor or the Company pursuant to this Indenture and any supplemental indenture to this Indenture.

After such irrevocable deposit made pursuant to this Section 11.03 and satisfaction of the other conditions set forth herein, the Trustee upon request shall acknowledge in writing the discharge of the Guarantor's and the Company's obligations pursuant to this Section 11.03.

*Section 11.04. Deposited Funds to be Held in Trust.*

All funds or Governmental Obligations deposited with the Trustee pursuant to Sections 11.02 or 11.03 shall be held in trust and shall be available for payment as due, either directly or through any paying agent (including a Guarantor or the Company acting as its own paying agent), to the holders of the Securities of a particular series for the payment or redemption of which such funds or Governmental Obligations have been deposited with the Trustee.

*Section 11.05. Payment of Funds Held by Paying Agents.*

In connection with the provisions of Section 11.02 or 11.03, all funds or Governmental Obligations then held by any paying agent under the provisions of

this Indenture shall, upon demand of Parent or the Company, be paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such funds or Governmental Obligations.

*Section 11.06. Repayment to a Guarantor or the Company.*

Any funds or Governmental Obligations deposited with any paying agent or the Trustee, or then held by a Guarantor or the Company, in trust for payment of principal of, premium, if any, or interest on the Securities of a particular series that are not applied but remain unclaimed by the holders of such Securities for at least one year after the date upon which the principal of, premium, if any, or interest on such Securities shall have respectively become due and payable, shall be repaid to such Guarantor or the Company, as applicable, or if then held by a Guarantor or the Company shall be discharged from such trust; and thereafter, the paying agent and the Trustee shall be released from all further liability with respect to such funds or Governmental Obligations, and the holder of any of the Securities entitled to receive such payment shall thereafter, as an unsecured general creditor, look only to the Guarantor or the Company, as applicable, for the payment thereof. Anything in this Article 11 to the contrary notwithstanding, subject to Section 7.06, the Trustee shall deliver or pay to the Guarantor or the Company, as applicable, from time to time upon written request by the Guarantor or the Company any funds or Governmental Obligations (or other property and any proceeds therefrom) held by it as provided in Sections 11.02 or 11.03 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect a defeasance or covenant defeasance, as the case may be, in accordance with this Article 11.

*Section 11.07. Reinstatement.*

If the Trustee or paying agent is unable to apply any funds or Governmental Obligations in accordance with Section 11.02 or 11.03 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Guarantor's and the Company's obligations under this Indenture, any indenture supplemental to the Indenture with respect to the applicable series of Securities and the Securities of such series shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.02 or 11.03, as the case may be, until such time as the Trustee or paying agent is permitted to apply all such funds or Governmental Obligations in accordance with Section 11.02 or 11.03, as the case may be; provided, however, that if a Guarantor or the Company has made any payment of principal, premium, if any, or interest on any Securities of such series following the reinstatement of its obligations as aforesaid, such Guarantor or the Company, as applicable, shall be subrogated to the rights of the holders of such Securities of such series to receive such payment from the funds or Governmental Obligations held by the Trustee or paying agent.

ARTICLE 12  
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01. *No Recourse.*

No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, past, present or future as such, of a Guarantor or the Company or of any predecessor or successor corporation, either directly or through a Guarantor or the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers or directors as such, of a Guarantor or the Company or of any predecessor or successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer or director as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issuance of such Securities.

ARTICLE 13  
MISCELLANEOUS PROVISIONS

Section 13.01. *Effect on Successors and Assigns.*

All the agreements of the Guarantor and the Company in this Indenture or the Securities shall bind its respective successor whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successor whether so expressed or not.

Section 13.02. *Actions by Successor.*

Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of a Guarantor or the Company shall and may be done and performed with like force and effect by the corresponding board, committee or officer of any corporation that shall at the time be the lawful sole successor of a Guarantor or the Company, as applicable.

Section 13.03. *Notices.*

Any notice or communication from a Guarantor, the Company or the Trustee to the others is duly given if in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested) (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), telex, telecopier, electronically in PDF format or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:       Mallinckrodt International Finance S.A.  
                                  3b bd Prince Henri  
                                  Luxembourg L-1724  
                                  Attention: John Einwalter  
                                  Facsimile No.: 352-266-279-00

If to CIFSA:               Covidien International Finance S.A.  
                                  15 Hampshire Street  
                                  Mansfield, MA 02048  
                                  Attention: Greg Andrulonis  
                                  Facsimile No.: 508-452-4492

If to Mallinckrodt:       Mallinckrodt plc  
                                  Damastown, Mulhuddart  
                                  Dublin 15, Ireland  
                                  Attention: John Einwalter  
                                  Facsimile No.: +353-266-379-92

In either case, with a copy to:

Mallinckrodt plc  
675 McDonnell Blvd.  
Hazelwood, MO 63042Attention: Miriam Singer



If to the Trustee: Deutsche Bank Trust Company Americas  
Trust & Agency Services  
60 Wall Street, 27th Floor  
MS: NYC60-2710  
New York, NY 10005  
Attention: Corporates Team / Mallinckrodt  
International Finance S.A.  
Facsimile No.: 732-578-4635

With a copy to: Deutsche Bank National Trust Company  
for Deutsche Bank Trust Company Americas  
Trust & Agency Services  
100 Plaza One  
6th Floor, MS JCY03-0699  
Jersey City, New Jersey 07311-3901  
Attention: Corporates Team / Mallinckrodt  
International Finance S.A.  
Facsimile No.: 732-578-4635

Mallinckrodt plc, CIFSA, the Company or the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Securityholders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when sent, if sent electronically in PDF format; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Securityholder shall be mailed by first-class mail (and/or to the extent permitted by applicable procedures or regulations, electronically delivered), certified or registered, return receipt requested, to his address shown on the Security Register. Failure to mail (and/or to the extent permitted by applicable procedures or regulations, electronically deliver) a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders.

In the event of suspension of regular mail service or by reason of any other cause it shall be impracticable to give notice by mail, then such notification as shall be given with the approval of the Trustee shall constitute sufficient notice for every purpose hereunder.

If a notice or communication is mailed (and/or to the extent permitted by applicable procedures or regulations, electronically delivered) in the manner provided above within the time prescribed, it is conclusively presumed duly given, whether or not the addressee receives it.

Section 13.04. *Governing Law.*

This Indenture and each series of the Securities shall be governed by and construed in accordance with the internal laws of the State of New York without regard for conflicts of laws principles that would require the application of any other law. This Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions. Articles 86 to 94-8 and 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, shall not apply in respect of the Securities.

Section 13.05. *Treatment of Securities as Debt.*

It is intended that the Securities will be treated as indebtedness and not as equity for United States federal income tax purposes. The provisions of this Indenture shall be interpreted to further this intention.

Section 13.06. *Compliance Certificates and Opinions.*

(a) Upon any application or demand by a Guarantor or the Company to the Trustee to take any action under any of the provisions of this Indenture, such Guarantor or the Company shall furnish to the Trustee an Officer's Certificate stating that, in the opinion of the signer, all conditions precedent provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that (i) in the case of any such application or demand as to which the furnishing of such documents is specifically dealt with by any provision of this Indenture relating to such particular application or demand and (ii) in the case of the execution by the Trustee of this Indenture and any related documents (including the Securities) on the Issue Date, no additional certificate or opinion need be furnished.

(b) Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant in this Indenture shall include: (1) a statement that the Person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 13.07. *Payments on Business Days.*

In any case where the date of maturity of interest or principal of any Security or the date of redemption of any Security shall not be a Business Day, then payment of principal, premium, if any, or interest or principal and premium, if any, may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of maturity or redemption, and no interest shall accrue for the period after such nominal date.

Section 13.08. *Conflict with Trust Indenture Act.*

If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

Section 13.09. *Counterparts.*

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 13.10. *Separability.*

In case any one or more of the provisions contained in this Indenture or in the Securities of any series shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or of such Securities, but this Indenture and such Securities shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 13.11. *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret another indenture, loan or debt agreement of a Guarantor, the Company or a Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.12. *Table of Contents, Headings, Etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 13.13. *Consent to Jurisdiction and Service of Process.*

Each of the Guarantor and the Company agrees that any legal suit, action or proceeding brought by any party to enforce any rights under or with respect to this Indenture, any Security and any Guarantee or any other document or the transactions contemplated hereby or thereby may be instituted in any state or federal court in The City of New York, State of New York, United States of America, irrevocably waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding, irrevocably waives to the fullest extent permitted by law any claim that and agrees not to claim or plead in any court that any such action, suit or proceeding brought in such court has been brought in an inconvenient forum and irrevocably submits to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding or for recognition and enforcement of any judgment in respect thereof.

The (i) Company hereby irrevocably and unconditionally designates and appoints Mallinckrodt Enterprises LLC, 675 McDonnell Blvd., Hazelwood, MO 63042, U.S.A. (and any successor entity) as its authorized agent to receive and forward on its behalf service of any and all process which may be served in any such suit, action or proceeding in any such court and agrees that service of process upon Mallinckrodt Enterprises LLC shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding and shall be taken and held to be valid personal service upon the Company, as the case may be and (ii) CIFSA hereby irrevocably and unconditionally designates and appoints Covidien Holdings Inc., 15 Hampshire Street, Mansfield, MA 02038, U.S.A. (and any successor entity) as its authorized agent to receive and forward on its behalf service of any and all process which may be served in any such suit, action or proceeding in any such court and agrees that service of process upon Covidien Holdings Inc. shall be deemed in every respect effective service of process upon CIFSA in any such suit, action or proceeding and shall be taken and held to be valid personal service upon CIFSA, as the case may be. Said designation and appointment shall be irrevocable. Nothing in this Section 13.13 shall affect the right of the Holders to serve process in any manner permitted by law or limit the right of the Holders to bring proceedings against a Guarantor or the Company in the courts of any jurisdiction or jurisdictions. Each of CIFSA and the Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment set forth in the immediately preceding sentence in full force and effect so long as

the Securities are outstanding. Each of CIFSA and the Company hereby irrevocably and unconditionally authorizes and directs their respective authorized agents to accept such service on their behalf. If for any reason any authorized agent ceases to be available to act as such, CIFSA and/or the Company, as the case may be, agrees to designate a new agent in New York City.

To the extent that a Guarantor or the Company has or hereafter may acquire any immunity from jurisdiction of any court (including any court in the United States, the State of New York, Luxembourg, Ireland or other jurisdiction in which a Guarantor or the Company, or any successor thereof, may be organized or any political subdivisions thereof) or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property or assets, this Indenture, the Securities, the Guarantees or any other documents or actions to enforce judgments in respect of any thereof, then each of the Guarantor and the Company hereby irrevocably waives such immunity, and any defense based on such immunity, in respect of its obligations under the above-referenced documents and the transactions contemplated thereby, to the extent permitted by law.

Section 13.14. *Waiver of Jury Trial.*

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE SECURITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.15. *USA Patriot Act.*

The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to Deutsche Bank Trust Company Americas such information as it may request, from time to time, in order for Deutsche Bank Trust Company Americas to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

Section 13.16. *Force Majeure*.

Deutsche Bank Trust Company Americas shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Deutsche Bank Trust Company Americas (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

ARTICLE 14

ADDITIONAL AMOUNTS; CERTAIN TAX PROVISIONS

Section 14.01. *Redemption Upon Changes in Withholding Taxes*.

(a) The Company or a Guarantor, as applicable, may redeem the Securities of either series, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior written notice to the Holders of the Securities of such series (which notice will be irrevocable) and upon 45 days' prior written notice to the Trustee (or such shorter period as agreed by the Trustee), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders of the Securities of the applicable series on the relevant Record Date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Securities of such series, the Company or a Guarantor is or would be required to pay Additional Amounts, and the Company or such Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it, and the requirement arises as a result of:

(i) any amendment to, or change in, the laws (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the Issue Date (or, if the applicable Company Tax Jurisdiction became a Company Tax Jurisdiction on a date after the Issue Date, such later date), or

(ii) any amendment to, or change in, an official interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change

in published administrative practice) which amendment or change becomes effective on or after the issue date (or, if the applicable Company Tax Jurisdiction became a Company Tax Jurisdiction on a date after the issue date, such later date).

(b) Neither the Company nor a Guarantor will give any such notice of redemption earlier than 90 days prior to the earliest date on which the Company or such Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Securities was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing (and/or to the extent permitted by applicable procedures or regulations, electronic delivery) of any notice of redemption of the Securities of the applicable series pursuant to this Article 14, the Company or a Guarantor, as applicable, will deliver to the Trustee an opinion of independent tax counsel to the effect that there has been such amendment or change which would entitle the Company or such Guarantor to redeem the Securities of such series. In addition, before the Company or such Guarantor, as applicable, publishes or mails (and/or to the extent permitted by applicable procedures or regulations, electronically delivers) notice of redemption of the Securities of such series, it will deliver to the Trustee an Officer's Certificate to the effect that the Company or such Guarantor cannot avoid its obligation to pay Additional Amounts with respect to such Securities by taking reasonable measures available to it.

(c) The Trustee shall receive and shall be entitled to conclusively rely on the Officer's Certificate and Opinion of Counsel referred to in Section 14.01(b) as evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders of the Securities of the applicable series.

(d) This Section 14.01 will apply mutatis mutandis to any jurisdiction in which any successor person to the Company or a Guarantor is incorporated or organized, or any jurisdiction from or through which payment is made by or on behalf of such Person on the Securities of either series (or any Guarantee) and any political subdivision thereof or therein.

Section 14.02. *Payment of Additional Amounts.*

(a) All payments made by the Company under or with respect to the Securities or by a Guarantor with respect to a Guarantee, will be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, assessment or other governmental charge, including any related interest, penalties or additions to tax ("**Taxes**") unless the withholding or deduction of such Taxes is then required by law or by interpretation or administration of law. If any deduction or withholding for, or on account of, any

Taxes imposed or levied by or on behalf of (i) any jurisdiction in which the Company, or the applicable Guarantor, is then incorporated, organized or resident for tax purposes or any political subdivision thereof or therein (each, a “**Company Tax Jurisdiction**”) or (ii) any jurisdiction from or through which payment is made by or on behalf of the Company, or a Guarantor (including the jurisdiction of any paying agent for the applicable series of Securities) or any political subdivision thereof or therein (each, together with each Company Tax Jurisdiction, a “**Tax Jurisdiction**”) will at any time be required to be made from any payments made by the Company under or with respect to the applicable series of Securities or a Guarantor under or with respect to the applicable Guarantee, including payments of principal, redemption price, interest or premium, the Company or such Guarantor, as applicable, will pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each holder of the Securities of such series after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no Additional Amounts will be payable with respect to:

(i) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any actual or deemed present or former connection between the holder or the beneficial owner of the Securities of a series and the relevant Tax Jurisdiction (including, without limitation, being or having been a national, resident or citizen of, being or having been engaged in a trade or business in, being or having been physically present in, or having or having had a permanent establishment in, such jurisdiction for Tax purposes), other than the holding of such Securities, the enforcement of rights under such Securities or under a Guarantee or the receipt of any payments in respect of such Securities or a Guarantee;

(ii) any Taxes, to the extent such Taxes were imposed as a result of the presentation of such Securities for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Securities been presented on the last day of such 30 day period);

(iii) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(iv) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;



(v) Taxes imposed on or with respect to a payment made to a holder of Securities who would have been able to avoid such withholding or deduction by presenting such Securities (where presentation is required) to another paying agent;

(vi) any Taxes payable other than by deduction or withholding from payments under, or with respect to, such Securities or the applicable Guarantee;

(vii) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of such Securities, to comply with any written request of the Company or a Guarantor addressed to the Holder to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a relevant Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the relevant Tax Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in such Tax Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(viii) any withholding or deduction required pursuant to Section 1471(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto;

(ix) any Taxes that are imposed or withheld solely because the beneficial owner of such Securities, or a fiduciary, settler, beneficiary, or member of the beneficial owner if the beneficial owner is an estate, trust, partnership, limited liability company or other fiscally transparent entity, or a person holding a power over an estate or trust administered by a fiduciary holder owns or owned 10% or more of the total voting power of all classes of stock of the Company or the applicable Guarantor; or

(x) any combination of clauses (i) through (ix) of this Section 14.02(a).

(b) Additional Amounts will not be paid with respect to any payment on a Security to a Holder who is a fiduciary, a partnership or other entity treated as a partnership for U.S. federal income tax purposes, a limited liability company or

other entity that is not the sole beneficial owner of such payment to the extent such payment would be required by the laws of a relevant Tax Jurisdiction (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary, a partner of such partnership or other entity treated as a partnership for U.S. federal income tax purposes, a member of such limited liability company or such other beneficial owner, in each case, who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

(c) The Company and the applicable Guarantor, as the case may be, will also pay and indemnify Holders for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by a relevant Tax Jurisdiction on the execution, delivery, issuance, or registration of the Securities of either series, or this Indenture, the applicable Guarantee or any other document or instrument referred to therein in connection with a transfer of such Securities at the time of the initial resale by the Initial Purchasers.

(d) If the Company or a Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Securities of either series, or a Guarantee, the Company or such Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises fewer than 45 days prior to that payment date, in which case the Company or such Guarantor shall notify the Trustee in writing promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate(s) must also set forth any other information reasonably necessary to enable the paying agent to pay such Additional Amounts to Holders of Securities of such series on the relevant Interest Payment Date. The Trustee shall be entitled to rely solely on such Officer's Certificate (as supplemented, updated or revised by any subsequent Officer's Certificates) as conclusive proof that such payments are necessary.

(e) The Company or a Guarantor, as the case may be, will make all withholdings and deductions required by law in respect of the Securities, and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or such Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. Upon reasonable written request, the Company or such Guarantor will furnish to the Trustee (or to a Holder or beneficial owner upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or such Guarantor, as the case may

be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

(f) The provisions of this Article 14 shall survive any termination, defeasance or discharge of this Indenture and any transfer by a Holder or beneficial owner of the Securities of either series and shall apply mutatis mutandis to any jurisdiction in which any successor Person to a Guarantor or the Company, as the case may be, is incorporated, organized or resident for tax purposes or any jurisdiction from or through which payment is made by or on behalf of such Person on such Securities (or any Guarantee) and any political subdivision thereof or therein.

(g) Whenever in this Indenture, the Securities or the Guarantees there is mentioned, in any context, the payment of amounts based upon the principal amount of the Securities of a series or of principal, interest or of any other amount payable under or with respect to any such Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

## ARTICLE 15 GUARANTEES

### Section 15.01. *Guarantee.*

The Guarantor hereby fully and unconditionally guarantees (i) to each holder of each Security that is authenticated and delivered by the Trustee, and (ii) to the Trustee on behalf of such Holder, the due and punctual payment of the principal of, premium, if any, and interest on such Security when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, in accordance with the terms of such Security and of this Indenture, including all fees and expenses due and owing to the Trustee. In case of the failure of the Company punctually to make any such payment, the Guarantor hereby agrees to cause such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity or by acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

Except as provide in Section 15.03, the Guarantor hereby agrees that its obligations hereunder shall be absolute and unconditional, irrespective of, and shall be unaffected by, the validity, regularity or enforceability of such Security or this Indenture, the absence of any action to enforce the same or any release, amendment, waiver or indulgence granted to the Company or the Guarantor or

any consent to departure from any requirement of any other guarantee of all or any of the Securities or any other circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. The Guarantor hereby waives the benefits of diligence, presentment, demand for payment, any requirement that the Trustee or any of the Holders protect, secure, perfect or insure any security interest in or other lien on any property subject thereto or exhaust any right or take any action against the Company or any other Person or any collateral, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to such Security or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged in respect of such Security except by complete performance of the obligations contained in such Security and herein. The Guarantor agrees that if, after the occurrence and during the continuance of an Event of Default, the Trustee or any of the Holders of the Securities of the applicable series are prevented by applicable law from exercising their respective rights to accelerate the maturity of such Securities, to collect interest on such Securities, or to enforce or exercise any other right or remedy with respect to such Securities, the Guarantor agrees to pay to the Trustee for the account of such Holders, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Trustee or any of such Holders.

The Guarantor shall be subrogated to all rights of the holders of the Securities against the Company in respect of any amounts paid by the Guarantor on account of such Security pursuant to the provisions of the Securities or this Indenture; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payment arising out of, or based upon, such right of subrogation until the principal of and interest on all Securities of such series issued hereunder shall have been paid in full.

The Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Company for liquidation or reorganization, should the Company become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any part of the Company's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of such Securities, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any holder of such Securities, whether as a **"voidable preference," "fraudulent transfer,"** or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, such Securities shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Any term or provision of the Guarantee to the contrary notwithstanding, the aggregate amount of the obligations guaranteed hereunder shall be reduced to the extent necessary to prevent such Guarantee from violating or becoming voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Section 15.02. *Execution and Delivery of Guarantee.*

To evidence the Guarantee set forth in this Article 15, the Guarantor hereby agrees that this Indenture shall be executed on behalf of the Guarantor by an Officer of the Guarantor.

The Guarantor hereby agrees that the Guarantee set forth in this Article 15 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of the Guarantee on any Securities.

If an Officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates any Security, the Guarantee shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantor.

Section 15.03. *Release of CIFSA Guarantee.* (a) CIFSA shall be automatically and unconditionally released and discharged from all obligations under this Indenture and its Guarantee and the Trustee and any Holder will be deemed to have consented to such release without any action required on the part of the Trustee or any Holder subject to and concurrently with the satisfaction of the following conditions (the “**Guarantee Release Conditions**”):

(i) the Distribution and the transactions related to the Separation that are contemplated to be consummated prior to the Distribution shall have occurred substantially in accordance with the descriptions thereof in the Offering Memorandum, without any modification thereof that is materially adverse to the interest of the Holders of the Securities (as conclusively determined by the board of directors of CIFSA);

(ii) no Event of Default hereunder shall have occurred and be continuing; and

(iii) (A) the execution and delivery by Mallinckrodt plc of (1) a supplemental indenture in the form of Exhibit E hereto and (2) a joinder agreement in the form of Exhibit A to the Purchase Agreement and (B) the

delivery by Mallinckrodt plc of certain opinions of its counsel to the Initial Purchasers as specified in the Purchase Agreement (as to which the Trustee shall receive reliance as to the enforceability opinion).

(b) Additionally, CIFSA will deliver an Officer's Certificate to the Trustee to evidence the satisfaction of the Guarantee Release Conditions stating that the Guarantee Release Conditions have been satisfied, and the Trustee may conclusively rely on such certificate.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the day and year first above written.

MALLINCKRODT INTERNATIONAL FINANCE S.A.

By: /s/ Michelangelo Stefani

Name: Michelangelo Stefani

Title: Director

COVIDIEN INTERNATIONAL FINANCE S.A.

By: /s/ Michelangelo Stefani

Name: Michelangelo Stefani

Title: Managing Director

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: Deutsche Bank National Trust Company

By: /s/ Linda Reale

Name: Linda Reale

Title: Vice President

By: /s/ Wanda Camacho

Name: Wanda Camacho

Title: Vice President

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT dated April 11, 2013 (this "Agreement") is entered into by and among Mallinckrodt International Finance S.A., a Luxembourg public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg and being registered with the Luxembourg Trade and Companies Register under the number B 172865 (the "Company") and Goldman, Sachs & Co. and J.P. Morgan Securities LLC, as representatives of the several Initial Purchasers (collectively, the "Initial Purchasers") named in the Purchase Agreement (as defined below).

The Company, Covidien International Finance S.A., a Luxembourg public limited liability company (société anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg, and being registered with the Luxembourg Trade and Companies Register under the number B 123527 ("CIFSA") and the Initial Purchasers are parties to the Purchase Agreement dated April 8, 2013 (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchasers of \$300,000,000 aggregate principal amount of the Company's 3.500% Senior Notes due 2018 (the "2018 Notes") and \$600,000,000 aggregate principal amount of the Company's 4.750% Senior Notes due 2023 (the "2023 Notes" and together with the 2018 Notes, the "Securities") which will initially be guaranteed on an unsecured and unsubordinated basis by CIFSA prior to the Completion Date (as defined below). At or prior to the Completion Date, Mallinckrodt plc, an Irish company ("Mallinckrodt"), may become a party hereto by execution of a joinder agreement and, from after such time, all references to "Guarantor" in this Agreement shall be deemed to mean Mallinckrodt. As an inducement to the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed and, at or prior to the Completion Date, Mallinckrodt plc may agree to provide to the Initial Purchasers and their direct and indirect transferees, following the Completion Date, the registration rights set forth in this Agreement. The execution and delivery of this Agreement by the Company is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Additional Guarantor" shall mean any subsidiary of the Company that executes a Guarantee under the Indenture after the date of this Agreement.

"Business Day," shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.



“Company” shall have the meaning set forth in the preamble and shall also include the Company’s successors.

“Completion Date” shall have the meaning ascribed to such term in the offering memorandum dated April 8, 2013, relating to the offering of the Securities.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“Exchange Dates” shall have the meaning set forth in Section 2(a)(ii) hereof.

“Exchange Offer” shall mean the exchange offer by the Company and the Guarantor of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

“Exchange Offer Registration” shall mean a registration under the Securities Act effected pursuant to Section 2(a) hereof.

“Exchange Offer Registration Statement” shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

“Exchange Securities” shall mean senior notes issued by the Company and guaranteed by the Guarantor under the Indenture containing terms substantially identical in all material respects to the applicable series of Securities (except that the transfer restrictions contained in the Securities will be modified or eliminated, as appropriate, the Exchange Securities will not be subject to any increase in annual interest rate for failure to comply with this Agreement and CIFSA will not guarantee the Exchange Securities) and to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Free Writing Prospectus” means each free writing prospectus (as defined in Rule 405 under the Securities Act) prepared by or on behalf of the Company with its consent or used or referred to by the Company in connection with the sale of the Securities or the Exchange Securities.

“Guarantees” shall mean the guarantees of the Securities and guarantees of the Exchange Securities by the Guarantor under the Indenture.

“Guarantor” shall mean CIFSA (prior to the Completion Date) or Mallinckrodt (on and after the Completion Date), any Additional Guarantor and any Guarantor’s successor that Guarantees the Securities.

“Holders” shall mean the Initial Purchasers, for so long as they own any Registrable Securities, and each of their successors, assigns and direct and indirect transferees who become owners of Registrable Securities under the Indenture; provided that, for purposes of Section 4 and Section 5 hereof, the term “Holders” shall include Participating Broker-Dealers.

“Indemnified Person” shall have the meaning set forth in Section 5(c) hereof.

“Indemnifying Person” shall have the meaning set forth in Section 5(c) hereof.

“Indenture” shall mean the Indenture relating to the Securities, dated as of the date hereof, among the Company, CIFSA and Deutsche Bank Trust Company Americas, as trustee, and as the same may be amended from time to time in accordance with the terms thereof.

“Initial Purchasers” shall have the meaning set forth in the preamble.

“Inspector” shall have the meaning set forth in Section 3(a)(xiv) hereof.

“Issuer Information” shall have the meaning set forth in Section 5(a) hereof.

“Majority Holders” shall mean the Holders of a majority of the aggregate principal amount of the outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, any Registrable Securities owned directly or indirectly by the Company or any of its affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount; and provided, further, that if the Company shall issue any additional Securities under the Indenture prior to consummation of the Exchange Offer or, if applicable, the effectiveness of any Shelf Registration Statement, such additional Securities and the Registrable Securities to which this Agreement relates shall be treated together as one class for purposes of determining whether the consent or approval of Holders of a specified percentage of Registrable Securities has been obtained.

“Notice and Questionnaire” shall mean a notice of registration statement and selling security holder questionnaire distributed to a Holder by the Company upon receipt of a Shelf Request from such Holder.

“Participating Broker-Dealers” shall have the meaning set forth in Section 4(a) hereof.

“Participating Holder” shall mean any Holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 2(b) hereof.

“Person” shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

“Prospectus” shall mean the prospectus included in, or, pursuant to the rules and regulations of the Securities Act, deemed a part of, a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including any document incorporated by reference therein.

“Purchase Agreement” shall have the meaning set forth in the preamble.

“Registrable Securities” shall mean the Securities; provided that the Securities shall cease to be Registrable Securities upon the earliest to occur of the following: (i) when a Registration Statement with respect to such Securities has become effective under the Securities Act and such Securities have been exchanged or disposed of pursuant to such Registration Statement, (ii) when such Securities cease to be outstanding, (iii) except in the case of Securities that otherwise remain Registrable Securities and that are ineligible to be exchanged in the Exchange Offer, when the Exchange Offer is consummated, (iv) when such Securities are sold pursuant to Rule 144 under the Securities Act (but not Rule 144A), provided that the Company shall have removed or caused to be removed any restrictive legend on such Securities or (v) the third anniversary of the date of this Agreement.

“Registration Default” shall mean the occurrence of any of the following, unless the Securities are earlier redeemed: (i) the Exchange Offer is not completed on or prior to the Target Registration Date, (ii) the Shelf Registration Statement, if required pursuant to Section 2(b)(i) or Section 2(b)(ii) hereof, has not become effective on or prior to the Target Registration Date, (iii) if the Company receives a Shelf Request pursuant to Section 2(b)(iii), the Shelf Registration Statement required to be filed thereby has not become effective by the later of (a) the Target Registration Date and (b) 90 days after delivery of such Shelf Request, (iv) the Shelf Registration Statement, if required by this Agreement, has become effective and thereafter ceases to be effective or the Prospectus contained therein ceases to be usable, in each case whether or not permitted by this Agreement, at any time during the Shelf Effectiveness Period, and such failure to remain effective or usable exists for more than 30 days (whether or not consecutive) in any 12-month period or (v) the Shelf Registration Statement, if required by this Agreement, has become effective and thereafter, on more than two occasions of at least fifteen (15) consecutive days in any 12-month period during the Shelf Effectiveness Period, the Shelf Registration Statement ceases to be effective or the Prospectus contained therein ceases to be usable, in each case whether or not permitted by this Agreement.

“Registration Expenses” shall mean any and all expenses incident to performance of or compliance by the Company and the Guarantor with this Agreement, including without limitation: (i) all SEC, stock exchange or FINRA registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of not more than one counsel for any Underwriters or Holders in connection with blue sky qualification of any Exchange Securities or Registrable Securities), (iii) all expenses of the Company and the Guarantor in preparing (and of any Person in assisting the Company and the Guarantor in preparing), word processing, printing and distributing any Registration Statement, any Prospectus, any Free Writing Prospectus and any amendments or supplements thereto, any underwriting agreements, securities sales agreements or other similar agreements and any other documents relating to the Company’s and the Guarantor’s performance of and compliance with this Agreement, (iv) all rating agency fees incurred by the Company or the Guarantor, (v) all fees and disbursements of the Company and the Guarantor relating to the qualification of the Indenture under applicable securities laws, (vi) the reasonable fees and disbursements of the Trustee and its one counsel, (vii) the fees and disbursements of counsel for the Company and the Guarantor and, in the case of a Shelf Registration Statement, the reasonable and actual out-of-pocket fees and disbursements of not more than one counsel for the Participating Holders (which counsel shall be a nationally recognized law firm experienced in securities law matters and which shall be selected by the Participating Holders holding a majority of the aggregate principal amount of Registrable Securities held by such Participating Holders and which counsel may also be counsel for the Initial Purchasers) and (viii) the fees and disbursements of the independent registered public accountants of the Company and the Guarantor, including the expenses of any special audits or “comfort” letters required by or incident to the performance of and compliance with this Agreement; but excluding fees and expenses of counsel to the Initial Purchasers or any Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

“Registration Statement” shall mean any registration statement of the Company and the Guarantor that covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities” shall have the meaning set forth in the preamble.

“Securities Act” shall mean the Securities Act of 1933, as amended from time to time.

“Shelf Effectiveness Period” shall have the meaning set forth in Section 2(b) hereof.

“Shelf Registration” shall mean a registration effected pursuant to Section 2(b) hereof.

“Shelf Registration Statement” shall mean a “shelf” registration statement of the Company and the Guarantor that covers all or a portion of the Registrable Securities (but, unless such Shelf Registration Statement is an automatic Shelf Registration Statement, no other securities unless approved by a majority in aggregate principal amount of the Securities held by the Participating Holders) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein. For the avoidance of doubt, “Shelf Registration Statement” shall include any previously filed registration statement of the Company and/or the Guarantor that is amended or supplemented to satisfy the foregoing.

“Shelf Request” shall have the meaning set forth in Section 2(b) hereof.

“Staff” shall mean the staff of the SEC.

“Target Registration Date” shall mean 365 days after the date of this Agreement.

“Trust Indenture Act” shall mean the Trust Indenture Act of 1939, as amended from time to time.

“Trustee” shall mean the trustee with respect to the Securities under the Indenture.

“Underwriter” shall have the meaning set forth in Section 3(e) hereof.

“Underwritten Offering” shall mean an offering in which Registrable Securities are sold to an Underwriter for reoffering to the public.

2. Registration Under the Securities Act. (a) To the extent not prohibited by any applicable law or applicable interpretations of the Staff, the Company and the Guarantor shall use their commercially reasonable efforts to, after the Completion Date (x) cause to be filed an Exchange Offer Registration Statement covering an offer to the Holders to exchange all the Registrable Securities for Exchange Securities and (y) have such Registration Statement become effective and, at the request of one or more Participating Broker-

Dealers, remain effective until 180 days after the last Exchange Date for use by such Participating Broker-Dealers (or such shorter period as will terminate when all Registrable Securities covered by such Registration Statement have been sold pursuant thereto). The Company and the Guarantor shall commence the Exchange Offer promptly after the Exchange Offer Registration Statement is declared effective by the SEC and use their commercially reasonable efforts to complete the Exchange Offer not later than 60 days after such effective date.

The Company and the Guarantor shall commence the Exchange Offer by mailing or delivering the related Prospectus, appropriate letters of transmittal and other accompanying documents to each Holder stating, in addition to such other disclosures as are required by applicable law, substantially the following:

- (i) that the Exchange Offer is being made pursuant to this Agreement and that all Registrable Securities validly tendered and not properly withdrawn will be accepted for exchange;
- (ii) the dates of acceptance for exchange (which shall be a period of at least 20 Business Days from the date the Exchange Offer is commenced) (the “Exchange Dates”);
- (iii) that any Registrable Security not tendered will remain outstanding and continue to accrue interest but will not retain any rights under this Agreement, except as otherwise specified herein;
- (iv) that any Holder electing to have a Registrable Security exchanged pursuant to the Exchange Offer will be required to (A) surrender such Registrable Security, together with the appropriate letters of transmittal, to the institution and at the address and in the manner specified in the notice, or (B) effect such exchange otherwise in compliance with the applicable procedures of the depository for such Registrable Security, in each case prior to the close of business on the last Exchange Date; and
- (v) that any Holder will be entitled to withdraw its election, not later than the close of business on the last Exchange Date, by (A) delivering to the institution and at the address specified in the notice, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing its election to have such Securities exchanged or (B) effecting such withdrawal in compliance with the applicable procedures of the depository for the Registrable Securities.

As a condition to participating in the Exchange Offer, a Holder will be required to represent to the Company and the Guarantor that (1) any Exchange Securities to be received by it will be acquired in the ordinary course of its business, (2) at the time of the commencement of the Exchange Offer it has no arrangement or understanding with any Person to participate in the distribution

(within the meaning of the Securities Act) of the Exchange Securities in violation of the provisions of the Securities Act, (3) it is not an “affiliate” (within the meaning of Rule 405 under the Securities Act) of the Company or any Guarantor, (4) if such Holder is a broker-dealer that will receive Exchange Securities for its own account in exchange for Registrable Securities that were acquired as a result of market-making or other trading activities, then such Holder will deliver a Prospectus (or, to the extent permitted by law, make available a Prospectus to purchasers) in connection with any resale of such Exchange Securities, (5) such Holder holds all right, title and interest in and to the Registrable Securities to be exchanged and (6) such Holder transfers all right, title and interest in the Registrable Securities to the Company in exchange for the Exchange Securities free and clear of all liens, encumbrances, or rights or interests of third parties.

As soon as practicable after the last Exchange Date, the Company and the Guarantor shall:

- (I) accept for exchange Registrable Securities or portions thereof validly tendered and not properly withdrawn pursuant to the Exchange Offer; and
- (II) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and deliver to each Holder, Exchange Securities equal in principal amount to the principal amount of the Registrable Securities tendered by such Holder; provided that if any of the Registrable Securities are in book-entry form, the Company shall, in cooperation with the Trustee, effect the exchange of Registrable Securities in accordance with applicable book-entry procedures.

The Company and the Guarantor shall use their commercially reasonable efforts to complete the Exchange Offer as provided above and shall comply in all material respects with the applicable requirements of the Securities Act, the Exchange Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than (a) that the Exchange Offer does not violate any applicable law or applicable interpretations of the Staff and (b) as expressly set forth herein, including the making of the representations and warranties referred to in the second preceding paragraph and compliance with the terms and conditions set forth in the third preceding paragraph.

(b) In the event that (i) the Company and the Guarantor determine that the Exchange Offer Registration provided for in Section 2(a) hereof is not available or the Exchange Offer may not be completed as soon as practicable after the last Exchange Date because it would violate any applicable law or applicable interpretations of the Staff, (ii) the Exchange Offer is not for any other reason completed by the Target Registration Date or (iii) prior to the last Exchange Date with respect to such Exchange Offer, upon receipt of a written

request (a “Shelf Request”) from any Initial Purchaser representing that it holds Registrable Securities that are or were ineligible to be exchanged in such Exchange Offer, the Company and the Guarantor shall use their commercially reasonable efforts to cause to be filed, after the Completion Date and as soon as practicable after such determination, date of Shelf Request, as the case may be, a Shelf Registration Statement providing for the sale of all the Registrable Securities by the Holders thereof and to have such Shelf Registration Statement become effective; provided that (I) no Holder will be entitled to have any Registrable Securities included in any Shelf Registration Statement, or entitled to use the prospectus forming a part of such Shelf Registration Statement, until such Holder shall have delivered a completed and signed Notice and Questionnaire and provided such other information regarding such Holder to the Company as is contemplated by Section 3(b) hereof and, if necessary, the Shelf Registration Statement has been amended to reflect such information and (II) the Company and the Guarantor shall be under no obligation to file any such Shelf Registration Statement before they are obligated to file an Exchange Offer Registration Statement pursuant to Section 2(a) hereof.

In the event that the Company and the Guarantor are required to file a Shelf Registration Statement pursuant to clause (iii) of the preceding sentence, the Company and the Guarantor shall use their commercially reasonable efforts to file and have become effective both an Exchange Offer Registration Statement pursuant to Section 2(a) hereof with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Securities held by the Initial Purchasers after completion of the Exchange Offer.

The Company and the Guarantor agree to use their commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until the date on which the Securities covered thereby cease to be Registrable Securities (the “Shelf Effectiveness Period”). The Company and the Guarantor further agree to use their commercially reasonable efforts to supplement or amend the Shelf Registration Statement, the related Prospectus and any Free Writing Prospectus if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder or if reasonably requested in writing pursuant to the notice provisions hereof by a Participating Holder of Registrable Securities with respect to information relating to such Holder prior to the end of the Shelf Effectiveness Period, and to use their commercially reasonable efforts to cause any such amendment to become effective, if required, and such Shelf Registration Statement, Prospectus or Free Writing Prospectus, as the case may be, to become usable as soon as thereafter practicable. The Company and the Guarantor agree to furnish to the Participating Holders copies of any such supplement or amendment promptly after its being used or filed with the SEC.



(c) The Company and the Guarantor shall pay all Registration Expenses in connection with any registration pursuant to Section 2(a) or Section 2(b) hereof. Each Holder shall pay all underwriting discounts and commissions, brokerage commissions, its own attorney fees (except as such fees may be covered by clause (vii) of the definition of Registration Expenses) and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(d) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof will not be deemed to have become effective unless it has been declared effective by the SEC or otherwise becomes effective pursuant to SEC rules. A Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC or is automatically effective upon filing with the SEC as provided by Rule 462 under the Securities Act or otherwise becomes effective pursuant to SEC rules.

If a Registration Default occurs, the interest rate on the Registrable Securities will be increased by (i) 0.25% per annum for the first 90-day period beginning on the day immediately following such Registration Default and (ii) an additional 0.25% per annum with respect to each subsequent 90-day period, in each case until and including the date such Registration Default ends, up to a maximum increase of 1.00% per annum. A Registration Default ends when the Securities cease to be Registrable Securities or, if earlier, (1) in the case of a Registration Default under clause (i) of the definition thereof, when the Exchange Offer is completed, (2) in the case of a Registration Default under clause (ii) or clause (iii) of the definition thereof, when the Shelf Registration Statement becomes effective or (3) in the case of a Registration Default under clause (iv) or clause (v) of the definition thereof, when the Shelf Registration Statement again becomes effective or the Prospectus again becomes usable. If at any time more than one Registration Default has occurred and is continuing, then, until the next date that there is no Registration Default, the increase in interest rate provided for by this paragraph shall apply as if there occurred a single Registration Default that begins on the date that the earliest such Registration Default occurred and ends on such next date that there is no Registration Default.

(e) The Company shall be entitled to suspend their obligation to file any amendment to a Shelf Registration Statement, furnish any supplement or amendment to a Prospectus included in a Shelf Registration Statement or any Free Writing Prospectus, make any other filing with the SEC that would be incorporated by reference into a Shelf Registration Statement, cause a Shelf Registration Statement to remain effective or the Prospectus or any Free Writing Prospectus usable or take any similar action (collectively, "Suspension Actions") for one or more periods not to exceed an aggregate of 120 days during any 12-month period if there is a possible acquisition, disposition or business combination or other transaction, business development or event involving the Company or the Guarantor that may require disclosure in the Shelf Registration Statement or Prospectus and the Company determines in the exercise of its

reasonable judgment (and not for the purpose of avoidance of its obligations hereunder) that such disclosure is not in the best interest of the Company and its stockholders. Upon the occurrence of any of the conditions described in the foregoing sentence, the Company shall give prompt notice of the delay or suspension to the Participating Holders pursuant to Section 3(vi)(7). Upon the termination of such condition, the Company shall promptly proceed with all Suspension Actions that were delayed or suspended and, if required, shall give prompt notice to the Participating Holders of the cessation of the delay or suspension pursuant to Section 3(vi)(7). Any such delay or suspension shall not defer the obligations of the Company to pay additional interest provided by the paragraph above with respect to Registration Default.

(f) Without limiting the remedies available to the Initial Purchasers and the Holders, the Company and the Guarantor acknowledge that any failure by the Company or the Guarantor to comply with their obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor obligations under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures. (a) In connection with their obligations pursuant to Section 2(a) and Section 2(b) hereof, the Company and the Guarantor shall in accordance with the terms of this Agreement:

(i) use their commercially reasonable efforts to prepare and file, after the Completion Date, with the SEC a Registration Statement on the appropriate form under the Securities Act, which form (A) shall be selected by the Company and the Guarantor, (B) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the Holders thereof and (C) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith; and use their commercially reasonable efforts to cause such Registration Statement to become effective and remain effective for the applicable period in accordance with Section 2 hereof;

(ii) use their commercially reasonable efforts to prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective (subject to the provisions of Sections 2(e) and 3(d) hereof) for the applicable period in accordance with Section 2 hereof and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act; and keep each Prospectus current during the period described in Section 4(3) of and Rule 174 under the Securities Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities or Exchange Securities;

(iii) to the extent any Free Writing Prospectus is used, file with the SEC any Free Writing Prospectus that is required to be filed by the Company or the Guarantor with the SEC in accordance with the Securities Act and to retain any Free Writing Prospectus not required to be filed;

(iv) in the case of a Shelf Registration, use their commercially reasonable efforts to furnish to each Participating Holder, to counsel for such Participating Holders (to the extent that the Company and the Guarantor have been requested to do so and provided with contact information for such counsel) and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, preliminary prospectus or Free Writing Prospectus, and any amendment or supplement thereto, as such Participating Holder, counsel or Underwriter may reasonably request in order to facilitate the sale or other disposition of the Registrable Securities thereunder; and, subject to Section 3(c) hereof, the Company and the Guarantor consent to the use of such Prospectus, preliminary prospectus or such Free Writing Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the Participating Holders and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus, preliminary prospectus or such Free Writing Prospectus or any amendment or supplement thereto in accordance with applicable law;

(v) use their commercially reasonable efforts to cooperate with the applicable Participating Holders and their counsel to register or qualify the Registrable Securities under all applicable state securities or blue sky laws of such jurisdictions of the United States as any Participating Holder shall reasonably request in writing by the time the applicable Registration Statement becomes effective; use their commercially reasonable efforts to cooperate with such Participating Holders in connection with any filings required to be made with FINRA; and use their commercially reasonable efforts to do any and all other acts and things that may be reasonably necessary or advisable to enable each Participating Holder to complete the disposition in each such jurisdiction of the Registrable Securities owned by such Participating Holder; provided that neither the Company nor any Guarantor shall be required to (1) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (2) execute or file any general consent to service of process in any such jurisdiction or (3) subject itself to taxation or service of process in any such jurisdiction if it is not so subject;

(vi) notify counsel for the Initial Purchasers (such counsel being the counsel on the date of this Agreement unless the Initial Purchasers notify the Company and the Guarantors in writing otherwise) and, in the case of a Shelf Registration, notify each Participating Holder and counsel for such Participating Holders (to the extent that the Company and the Guarantor have been provided with contact information for such counsel) promptly and, if requested by any such Participating Holder or counsel, confirm such advice in writing (1) when a

Registration Statement has become effective, when any post-effective amendment thereto has been filed and becomes effective, when any Free Writing Prospectus has been filed or any amendment or supplement to the Prospectus or any Free Writing Prospectus has been filed, (2) of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement, Prospectus or any Free Writing Prospectus or for additional information, in each case after the Registration Statement has become effective, (3) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, including the receipt by the Company of any notice of objection of the SEC to the use of a Shelf Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, (4) if, between the applicable effective date of a Shelf Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company or the Guarantor contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to an offering of such Registrable Securities cease to be true and correct in all material respects or if the Company or the Guarantor receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (5) of the happening of any event during the period a Registration Statement is effective that in the good faith determination of the Company or the Guarantor makes any statement of material fact made in such Registration Statement or the related Prospectus or any Free Writing Prospectus untrue in any material respect or that requires the making of any changes in such Registration Statement or Prospectus or any Free Writing Prospectus in order to make the statements therein not misleading, (6) of any determination by the Company or any Guarantor that a post-effective amendment to a Registration Statement or any amendment or supplement to the Prospectus or any Free Writing Prospectus would be appropriate and (7) of any suspension of the Company's obligation to file any amendment to a Shelf Registration Statement, furnish any supplement or amendment to a Prospectus included in a Shelf Registration Statement or any Free Writing Prospectus, make any other filing with the SEC that would be incorporated by reference into a Shelf Registration Statement, cause a Shelf Registration Statement to remain effective or the Prospectus or any Free Writing Prospectus usable or take any similar action determined pursuant to Section 2(e) (provided that such notice required under this Section 3(a)(vi)(7) in connection with such suspension pursuant to Section 2(e) shall not require the Company to disclose the applicable possible acquisition or business combination or other transaction, business development or event if the Company determines in good faith that such acquisition or business combination or other transaction, business development or event should remain confidential);

(vii) use their commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement or, in the case of a Shelf Registration, the resolution of any objection of the SEC pursuant

to Rule 401(g)(2) under the Securities Act, including by filing an amendment to such Shelf Registration Statement on the proper form, as promptly as practicable, and provide prompt notice to each Participating Holder of the withdrawal of any such order or such resolution;

(viii) in the case of a Shelf Registration, use their commercially reasonable efforts to furnish to each Participating Holder, without charge, upon request, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without any documents incorporated therein by reference or exhibits thereto, unless reasonably requested), in each case, if such documents are not available via EDGAR;

(ix) in the case of a Shelf Registration, unless the Registrable Securities are in book-entry or global certificate only form, use their commercially reasonable efforts to reasonably cooperate (if applicable) with the Participating Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be issued in such denominations and registered in such names (consistent with the provisions of the Indenture) as such Participating Holders may reasonably request at least two Business Days prior to the closing of any sale of Registrable Securities;

(x) upon the occurrence of any event contemplated by Section 3(a)(vi)(5) hereof, use their commercially reasonable efforts to prepare and file with the SEC a supplement or post-effective amendment to the applicable Exchange Offer Registration Statement or Shelf Registration Statement or the related Prospectus or any Free Writing Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered (or, to the extent permitted by law, made available) to purchasers of the Registrable Securities, such Prospectus or Free Writing Prospectus, as the case may be, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company and the Guarantor shall notify (it being understood and agreed that no such notice or any notice under Section 3(a)(vi)(5) shall include any material non-public information with respect to the relevant event) the Participating Holders (in the case of a Shelf Registration Statement) and the Initial Purchasers and any Participating Broker-Dealers known to the Company (in the case of an Exchange Offer Registration Statement) to suspend use of the Prospectus or any Free Writing Prospectus as promptly as practicable after the occurrence of such an event, and such Participating Holders, such Participating Broker-Dealers and the Initial Purchasers, as applicable, hereby agree to suspend use of the Prospectus or any Free Writing Prospectus, as the case may be, until the Company and the Guarantor have amended or supplemented the Prospectus or the Free Writing Prospectus, as the case may be, to correct such misstatement or omission; provided that neither the Company nor the Guarantor shall be required to take any action pursuant to this Section 3(a)(x) during any suspension period pursuant to Sections 2(e) or 3(d) hereof;

(xi) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any Free Writing Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or a Free Writing Prospectus or of any document that is to be incorporated by reference into a Registration Statement, a Prospectus or a Free Writing Prospectus after initial filing of a Registration Statement (except for current reports filed on Form 8-K filed in the ordinary course of business), provide copies of such document to the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, to the Participating Holders and their counsel to the extent that the Company and the Guarantor have been requested to do so and provided with contact information for such counsel) and make such of the representatives of the Company and the Guarantor as shall be reasonably requested by the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders or their counsel) available for discussion of such document at reasonable times and upon reasonable notice; and the Company and the Guarantor shall not, at any time after initial filing of a Registration Statement, file any Prospectus, any Free Writing Prospectus, any amendment of or supplement to a Registration Statement or a Prospectus or a Free Writing Prospectus, or any document that is to be incorporated by reference into a Registration Statement, a Prospectus or a Free Writing Prospectus (except for current reports filed on Form 8-K in the ordinary course of business), of which the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders and their counsel (to the extent that the Company and the Guarantor have been requested to do so and provided with contact information for such counsel)) shall not have previously been advised and, to the extent requested, furnished a copy or to which the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Participating Holders or their counsel) shall reasonably object in writing within five (5) Business Days after receipt thereof;

(xii) use their commercially reasonable efforts to obtain a CUSIP number for all Exchange Securities or Registrable Securities in the case of a Shelf Registration Statement, as the case may be, not later than the initial effective date of a Registration Statement;

(xiii) use their commercially reasonable efforts to cause the Indenture to be qualified under the Trust Indenture Act in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be; cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and execute, and use their commercially reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(xiv) in the case of a Shelf Registration, make available for inspection by a representative of the Participating Holders (an “Inspector”), any Underwriter participating in any disposition pursuant to such Shelf Registration Statement, any attorneys and accountants designated by a majority in aggregate principal amount of the Securities held by the Participating Holders and any attorneys and accountants designated by such Underwriter, at reasonable times and in a reasonable manner, all pertinent financial and other records, documents and properties of the Company and its subsidiaries, and cause the respective officers, directors and employees of the Company and the Guarantor to supply all information reasonably requested by any such Inspector, Underwriter, attorney or accountant in connection with a Shelf Registration Statement, in each case, as is customary “due diligence” examinations of underwritten offerings and subject to such parties conducting such investigation entering into confidentiality agreements as the Company and the Guarantor may reasonably require; provided that if any such information is identified by the Company or any Guarantor as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information to the extent such action is otherwise not inconsistent with, an impairment of or in derogation of the rights and interests of any Inspector, Holder or Underwriter;

(xv) in the case of a Shelf Registration, use their commercially reasonable efforts to cause all Registrable Securities to be listed on any securities exchange or any automated quotation system on which similar securities issued or guaranteed by the Company or any Guarantor are then listed if requested by the Majority Holders, to the extent such Registrable Securities satisfy applicable listing requirements;

(xvi) if reasonably requested by any Participating Holder covered by a Shelf Registration Statement pursuant to Section 2(b) hereof, promptly include or incorporate by reference in a Prospectus supplement or post-effective amendment such information with respect to such Participating Holder as such Participating Holder reasonably requests to be included therein, based upon a reasonable belief that such information is required to be included therein or is necessary to make the information about such Participating Holder not misleading, and make all required filings of such Prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received notification of the matters to be so included in such filing;

(xvii) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Participating Holders of a majority in principal amount of the Registrable Securities covered by the Shelf Registration Statement) in order to expedite or facilitate the disposition of such Registrable Securities including,

but not limited to, an Underwritten Offering and in such connection, (1) to the extent possible, make such representations and warranties to the Participating Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries and the Registration Statement, Prospectus, any Free Writing Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers similar to the Company to underwriters in underwritten offerings and confirm the same if and when requested, (2) obtain opinions of counsel to the Company and the Guarantor addressed to each requesting Participating Holder and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings, (3) use commercially reasonable efforts to obtain "comfort" letters from the independent registered public accountants of the Company and the Guarantor (and, if necessary, any other registered public accountant of any subsidiary of the Company or any Guarantor, or of any business acquired by the Company or any Guarantor for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each Participating Holder (to the extent permitted by applicable professional standards) and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with underwritten offerings, including but not limited to financial information contained in any preliminary prospectus, Prospectus or Free Writing Prospectus and (4) deliver such documents and certificates as may be reasonably requested by the Participating Holders of a majority in principal amount of the Registrable Securities being sold or the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties of the Company and the Guarantor made pursuant to clause (1) above and to evidence compliance with any customary conditions contained in an underwriting agreement; it being agreed that the representations and warranties, opinions of counsel and comfort letters delivered in connection with the initial offering of the Securities are customary; and

(xviii) so long as any Registrable Securities remain outstanding, cause each Additional Guarantor upon the creation or acquisition by the Company of such Additional Guarantor, to execute a counterpart to this Agreement in the form attached hereto as Annex A and to deliver such counterpart, together with an opinion of counsel as to the enforceability thereof against such entity, to the Initial Purchasers no later than five Business Days following the execution thereof.

(b) In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Securities to furnish to the Company a Notice and Questionnaire and such other information regarding such Holder and the proposed disposition by such Holder of such Registrable Securities as the Company and the Guarantor may from time to time reasonably request in writing; provided that if a Holder fails to provide the requested information within ten (10)



Business Days after receiving such request, the Company or the Guarantor may exclude such Holder's Registrable Securities from such Shelf Registration Statement; provided further that any failure to provide such information shall not require the Company or the Guarantors to pay any increase in interest rate provided for in Section 2 hereof.

(c) Each Participating Holder agrees that, upon receipt of any notice from the Company and the Guarantor of the happening of any event of the kind described in Section 3(a)(vi)(3), Section 3(a)(vi)(4), Section 3(a)(vi)(5), Section 3(a)(vi)(6) or Section 3(a)(vi)(7) hereof, such Participating Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Participating Holder's receipt of the copies of the supplemented or amended Prospectus and any Free Writing Prospectus contemplated by Section 3(a)(x) hereof and, if so directed by the Company and the Guarantor, such Participating Holder will deliver to the Company and the Guarantor all copies in its possession, other than permanent file copies then in such Participating Holder's possession, of the Prospectus and any Free Writing Prospectus covering such Registrable Securities that is current at the time of receipt of such notice.

(d) If the Company and the Guarantor shall give any notice to suspend the disposition of Registrable Securities pursuant to a Registration Statement, the Company and the Guarantor shall not be required to maintain the effectiveness thereof during the period of such suspension, and the Company and the Guarantor shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement on a day-by-day basis by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders of such Registrable Securities shall have received copies of the supplemented or amended Prospectus or any Free Writing Prospectus necessary to resume such dispositions or notice from the Company and the Guarantor that such amendment or supplement is not necessary. The Company and the Guarantor may give any such notice only twice during any 365-day period and any such suspensions shall not exceed 30 days for each suspension and there shall not be more than two suspensions in effect during any 365-day period.

(e) The Participating Holders who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment bank or investment banks and manager or managers (each an "Underwriter") that will administer the offering will be selected by the Holders of a majority in principal amount of the Registrable Securities included in such offering, subject in each case to the approval of the Company and the Guarantors, which approval shall not be unreasonably withheld so long as such bank or manager is internationally recognized as an underwriter of debt securities offerings). All fees, costs and expenses of the Underwriters, except for Registration Expenses, shall be borne solely by the Holders of Registrable Securities.

(f) No Holder of Registrable Securities may participate in any Underwritten Offering hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

4. Participation of Broker-Dealers in Exchange Offer. (a) The Staff has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer") may be deemed to be an "underwriter" within the meaning of the Securities Act and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Securities.

The Company and the Guarantor understand that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities, without naming the Participating Broker-Dealers or specifying the amount of Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers (or, to the extent permitted by law, made available to purchasers) to satisfy their prospectus delivery obligation under the Securities Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the Securities Act.

(b) In light of the above, and notwithstanding the other provisions of this Agreement, the Company and the Guarantor agree to use their commercially reasonable efforts to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement for a period of up to 180 days after the last Exchange Date (as such period may be extended pursuant to Section 3(d) hereof), in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above. The Company and the Guarantor further agree that, subject to Section 3(c), Participating Broker-Dealers shall be authorized to deliver such Prospectus (or, to the extent permitted by law, make available) during such period in connection with the resales contemplated by this Section 4.

5. Indemnification and Contribution. (a) The Company and each Guarantor, jointly and severally, agree to indemnify and hold harmless each Initial Purchaser, and each Holder, their respective affiliates, directors and officers and each Person, if any, who controls any Initial Purchaser or any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the

Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (1) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus, any Free Writing Prospectus or any "issuer information" ("Issuer Information") filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Initial Purchaser or information relating to any Holder furnished to the Company in writing through Goldman, Sachs & Co., J.P. Morgan Securities LLC, any Initial Purchaser or any selling Holder, respectively, expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company and the Guarantor, jointly and severally, will also indemnify the Underwriters, if any, participating in the distribution, their respective affiliates and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement, any Prospectus, any Free Writing Prospectus or any Issuer Information.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantor, the Initial Purchasers and the other selling Holders, the directors and officers of the Company and the Guarantor and each Person, if any, who controls the Company, the Guarantor, any Initial Purchaser and any other selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Registration Statement, any Prospectus and any Free Writing Prospectus. Any underwriting agreement entered into in connection with any Underwritten Offering permitted by Section 3, shall include provisions whereby each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors, the Initial Purchasers and the selling Holders, the directors and officers of the Company and the Guarantors and each Person, if any, who controls the Company, the Guarantors, any Initial Purchaser and any selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the

Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter expressly for use in any Registration Statement and any Prospectus.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnification may be sought pursuant to either paragraph (a) or (b) above, such Person (the "Indemnified Person") shall promptly notify the Person against whom such indemnification may be sought (the "Indemnifying Person") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under paragraph (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under paragraph (a) or (b) above. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 5 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm (x) for any Initial Purchaser, its affiliates, directors and officers and any control Persons of such Initial Purchaser shall be designated in writing by Goldman Sachs & Co. and J.P. Morgan Securities LLC, (y) for any other Holder, its directors and officers and any control Persons of such Holder shall be

designated in writing by the Majority Holders and (z) in all other cases shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantor from the offering of the Securities and the Exchange Securities, on the one hand, and by the Holders from receiving Securities or Exchange Securities registered under the Securities Act, on the other hand, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and the Guarantor on the one hand and the Holders on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantor on the one hand and the Holders on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantor or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company, the Guarantor and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 5, in no event shall a Holder be required to contribute any amount in excess of the amount by which the total price at which the Securities or Exchange Securities sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 5 are several and not joint.

(f) The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies that may otherwise be available to any Indemnified Person at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Initial Purchasers or any Holder or any Person controlling any Initial Purchaser or any Holder, or by or on behalf of the Company or the Guarantor or the officers or directors of or any Person controlling the Company or the Guarantor, (iii) acceptance of any of the Exchange Securities and (iv) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

#### 6. General.

(a) *No Inconsistent Agreements*. The Company and the Guarantor represent, warrant and agree that (i) the rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of any other outstanding securities issued or guaranteed by the Company or any Guarantor under any other agreement in effect as of the date hereof and (ii) neither the Company nor any Guarantor has entered into, or on or after the date of this Agreement will enter into, any agreement that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof.

(b) *Amendments and Waivers*. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof

may not be given unless the Company and the Guarantor have obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; provided that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder. Any amendments, modifications, supplements, waivers or consents pursuant to this Section 6(b) shall be by a writing executed by each of the parties hereto. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof that relates exclusively to the rights of Holders whose Registrable Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Registrable Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Registrable Securities being tendered pursuant to such Exchange Offer; provided that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 6(b), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(c) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telecopier/facsimile, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Initial Purchasers, the address set forth in the Purchase Agreement; (ii) if to the Company and the Guarantor, initially at the Company's address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c); and (iii) to such other persons at their respective addresses as provided in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c). All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if telecopied/faxed; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery. Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

(d) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Initial Purchasers (in their capacity as Initial Purchasers) shall have no liability or obligation to the Company or the Guarantor with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(e) *Third Party Beneficiaries.* Each Holder shall be a third party beneficiary to the agreements made hereunder between the Company and the Guarantor, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of other Holders hereunder.

(f) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

(g) *Headings.* The headings in this Agreement are for convenience of reference only, are not a part of this Agreement and shall not limit or otherwise affect the meaning hereof.

(h) *Governing Law.* This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, shall be governed by and construed in accordance with the laws of the State of New York.

(i) *Entire Agreement; Severability.* This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against



public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Company, the Guarantor and the Initial Purchasers shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

MALLINCKRODT INTERNATIONAL FINANCE S.A.

By /s/ Michelangelo Stefani

Name: Michelangelo Stefani

Title: Director

[Signature page to Registration Rights Agreement]

Confirmed and accepted as of the date first written above:

GOLDMAN, SACHS & CO.

By /s/ Matt Leavitt  
Name: Matt Leavitt  
Title: Managing Director

J.P. MORGAN SECURITIES LLC

By /s/ Maria Sramek  
Name: Maria Sramek  
Title: Executive Director

For themselves and on behalf of the  
several Initial Purchasers

[Signature page to Registration Rights Agreement]

Annex A

Counterpart to Registration Rights Agreement

The undersigned hereby absolutely, unconditionally and irrevocably agrees as a Guarantor (as defined in the Registration Rights Agreement, dated April 11, 2013 by and among Mallinckrodt International Finance S.A., a Luxembourg public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg and being registered with the Luxembourg Trade and Companies Register under the number B 172865, the Guarantor party thereto and Goldman, Sach & Co. and J.P. Morgan Securities LLC, on behalf of themselves and the other Initial Purchasers) to be bound by the terms and provisions of such Registration Rights Agreement.

IN WITNESS WHEREOF, the undersigned has executed this counterpart as of [—].

[GUARANTOR]

By \_\_\_\_\_  
Name:  
Title:

TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

COVIDIEN PLC

AND

MALLINCKRODT PLC

DATED AS OF [—], 2013

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## TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of [—], 2013 (this “Agreement”), is by and between Covidien plc, an Irish public limited company (“Covidien”), and Mallinckrodt plc, an Irish public limited company (“Mallinckrodt”). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement, dated as of the date hereof, by and between Covidien and Mallinckrodt (as amended, modified or supplemented from time to time in accordance with its terms, the “Separation Agreement”).

### RECITALS

WHEREAS, the board of directors of Covidien has determined that it is in the best interests of Covidien and its shareholders that the Mallinckrodt Business be operated by a newly incorporated publicly traded company;

WHEREAS, Covidien and Mallinckrodt have entered into the Separation Agreement;

WHEREAS, in order to facilitate and provide for an orderly transition under the Separation Agreement, the Parties (as defined herein) desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide to the other the Services (as defined herein) for a transitional period; and

WHEREAS, the Separation Agreement requires execution and delivery of this Agreement by Covidien and Mallinckrodt on or prior to the Distribution Date.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

### **ARTICLE I DEFINITIONS**

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“Additional Services” shall have the meaning set forth in Section 2.03(a).

“Agreement” shall have the meaning set forth in the Preamble.

“Confidential Information” shall have the meaning set forth in Section 9.03(a).

“Covidien” shall have the meaning set forth in the Preamble.

“Covidien Business” shall mean the businesses and operations of the Covidien Group other than the Mallinckrodt Business.

“Covidien Local Service Manager” shall have the meaning set forth in Section 2.06(a).

“Covidien Materials” shall have the meaning set forth in Section 3.01(a).



“Covidien Services” shall have the meaning set forth in Section 2.01.

“Covidien Services Manager” shall have the meaning set forth in Section 2.06(a).

“Governmental Requirements” shall have the meaning set forth in the Tax Matters Agreement.

“Interest Payment” shall have the meaning set forth in Section 5.01(d).

“Mallinckrodt” shall have the meaning set forth in the Preamble.

“Mallinckrodt Local Service Manager” shall have the meaning set forth in Section 2.06(b).

“Mallinckrodt Services” shall have the meaning set forth in Section 2.01.

“Mallinckrodt Services Manager” shall have the meaning set forth in Section 2.06(b).

“New Services” shall have the meaning set forth in Section 2.04(a).

“Party” shall mean Covidien and Mallinckrodt individually, and “Parties” means Covidien and Mallinckrodt collectively, and, in each case, their permitted successors and assigns.

“Provider” shall mean the Party or its Subsidiary or Affiliate providing a Service under this Agreement.

“Provider Indemnified Party” shall have the meaning set forth in Section 7.04.

“Recipient” shall mean the Party or its Subsidiary or Affiliate to whom a Service under this Agreement is being provided.

“Recipient Indemnified Party” shall have the meaning set forth in Section 7.05.

“Reimbursement Charges” shall have the meaning set forth in Section 5.01(c).

“Schedule(s)” shall have the meaning set forth in Section 2.02.

“Separation Agreement” shall have the meaning set forth in the Preamble.

“Service Baseline Period” shall have the meaning set forth in Section 2.03(c).

“Service Charges” shall have the meaning set forth in Section 5.01(a).

“Service Extension” shall have the meaning set forth in Section 8.01(c).

“Service Increases” shall have the meaning set forth in Section 2.03(b).

“Services” shall have the meaning set forth in Section 2.01.

“Taxes” shall have the meaning set forth in the Tax Matters Agreement.

“Transfer Taxes” shall have the meaning set forth in Section 5.02(a).

“VAT” shall have the meaning set forth in Section 5.02(a).

## ARTICLE II SERVICES, DURATION AND SERVICES MANAGERS

Section 2.01. Services. Subject to the terms and conditions of this Agreement, (a) Covidien shall provide or cause to be provided to the Mallinckrodt Group the services listed on Schedule A to this Agreement (the “Covidien Services”) and (b) Mallinckrodt shall provide or cause to be provided to the Covidien Group the services listed on Schedule B to this Agreement (the “Mallinckrodt Services,” and, collectively with the Covidien Services, any Additional Services, any Service Increases and any New Services, the “Services”). For the avoidance of doubt, Services provided in different regions or countries (as indicated by such Services being listed on different subparts of the Schedules hereto) shall be considered separate Services hereunder, notwithstanding that such Services may be similar in nature. All of the Services shall be for the sole use and benefit of the respective Recipient and its respective Party.

Section 2.02. Duration of Services. Subject to the terms of this Agreement, each of Covidien and Mallinckrodt shall provide or cause to be provided to the respective Recipients each Service until the earlier to occur of, with respect to each such Service, (i) the expiration of the term for such Service (or, subject to the terms of Section 8.01(c), the expiration of any Service Extension) as set forth on Schedule A or Schedule B (each a “Schedule”, and collectively, the “Schedules”) or (ii) the date on which such Service is terminated under Section 8.01(b).

Section 2.03. Additional Unspecified Services. (a) After the date of this Agreement, if Mallinckrodt or Covidien (i) identifies a service that (x) the Covidien Group provided to the Mallinckrodt Group prior to the Distribution Date that Mallinckrodt reasonably needs in order for the Mallinckrodt Business to continue to operate in substantially the same manner in which the Mallinckrodt Business operated prior to the Distribution Date, and such service was not included on Schedule A (other than because the Parties agreed such service shall not be provided), or (y) the Mallinckrodt Group provided to the Covidien Group prior to the Distribution Date that Covidien reasonably needs in order for the Covidien Business to continue to operate in substantially the same manner in which the Covidien Business operated prior to the Distribution Date, and such service was not included on Schedule B (other than because the Parties agreed such service shall not be provided), and (ii) provides written notice to the other Party within ten (10) days following the date of the filing by Mallinckrodt of its first Annual Report on Form 10-K with the U.S. Securities and Exchange Commission requesting such additional services, then such other Party shall use its commercially reasonable efforts to provide such requested additional services (such requested additional services, the “Additional Services”); provided, however, that no Party shall be obligated to provide any Additional Service if it does not, in its reasonable judgment, have adequate resources to provide such Additional Service or if the provision of such Additional Service would significantly disrupt the operation of its businesses; and provided, further, that the Provider shall not be required to provide any Additional Services if the Parties are unable to reach agreement on the terms thereof (including with respect to Service Charges

therefor). In connection with any request for Additional Services in accordance with this Section 2.03(a), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith negotiate the terms of a supplement to the applicable Schedule, which terms shall be consistent with the terms of, and the pricing methodology used for, similar Services provided under this Agreement. Upon the mutual written agreement of the Parties, the supplement to the applicable Schedule shall describe in reasonable detail the nature, scope, service period(s), termination provisions and other terms applicable to such Additional Services in a manner similar to that in which the Services are described in the existing Schedules. Each supplement to the applicable Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(b) After the date of this Agreement, if (i) a Recipient requests to increase, relative to historical levels prior to the Distribution Date, the volume, amount, level or frequency, as applicable, of any Service provided by such Provider and (ii) such increase is reasonably determined by the Recipient as necessary for the Recipient to operate its businesses (such increases, the "Service Increases"), then such Provider shall consider such request in good faith; provided, however, that no Party shall be obligated to provide any Service Increase, including because, after good-faith negotiations between the Parties, the Parties fail to reach an agreement with respect to the terms thereof (including with respect to Service Charges therefor). In connection with any request for Service Increases in accordance with this Section 2.03(b), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith negotiate the terms of an amendment to the applicable Schedule, which amendment shall be consistent with the terms of, and the pricing methodology used for, the applicable Service. Each amended Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Service Increases set forth therein shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(c) Notwithstanding the foregoing clauses (a) and (b), and without limiting the remainder of this clause (c), the Provider shall not be obligated to perform or to cause to be performed any Service in a volume or quantity in any fiscal year that exceeds the highest volumes or quantities of analogous services provided to Covidien's applicable functional group or Subsidiary during fiscal year 2012 (without reference to the transactions contemplated by the Separation Agreement) (the "Service Baseline Period"). If the Recipient requests that the Provider perform or cause to be performed any Service in a volume or quantity that exceeds the highest volumes or quantities of analogous services that were provided to Covidien or its applicable functional group or Subsidiary during the Service Baseline Period, then: (i) if such higher volume or quantity results from fluctuations occurring in the ordinary course of business of the Recipient, the Provider shall use commercially reasonable efforts to provide such requested higher volume or quantity; and (ii) if such higher volume or quantity results from any other source, including an acquisition, merger, purchase or other business combination by the Recipient, the Parties shall cooperate and act in good faith to determine whether the Provider shall provide such requested higher volume or quantity. If the Parties agree that the Provider shall provide the requested higher volume or quantity, then Covidien and Mallinckrodt shall document such terms in an amendment to the applicable Schedule, which amendment shall be consistent with the terms of,

and the pricing methodology used for, the applicable Service. Each amended subsection of Schedule A hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the volume or quantity increases set forth therein shall be deemed a part of the “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.04. New Services. (a) From time to time during the term of this Agreement, either Party may request the other Party to provide additional or different services which such other Party is not expressly obligated to provide under this Agreement (excluding, for the avoidance of doubt, any Additional Services or Service Increases, the “New Services”). The Party receiving such request shall consider such request in good faith; provided, however, that no Party shall be obligated to provide any New Services, including because, after negotiations between the Parties pursuant to Section 2.04(b), the Parties fail to reach an agreement with respect to the terms (including the Service Charges) applicable to the provision of such New Services.

(b) In connection with any request for New Services in accordance with Section 2.04(a), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith (i) negotiate the applicable Service Charge and the terms of a supplement to the applicable Schedule, which supplement shall describe in reasonable detail the nature, scope, service period(s), termination provisions and other terms applicable to such New Services, and (ii) determine any costs and expenses, including any start-up costs and expenses, that would be incurred by the Provider in connection with the provision of such New Services, which costs and expenses shall be borne solely by the Recipient. Each supplement to the applicable Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the New Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.05. Services Not Included. It is not the intent of the Provider to render, nor of the Recipient to receive from the Provider, professional advice or opinions, whether with regard to Tax, legal, treasury, finance, employment or other business and financial matters, technical advice, whether with regard to information technology or other matters, or the handling of or addressing environmental matters; the Recipient shall not rely on, or construe, any Service rendered by or on behalf of the Provider as such professional advice or opinions or technical advice; and the Recipient shall seek all third-party professional advice and opinions or technical advice as it may desire or need.

Section 2.06. Transition Services Managers. (a) Covidien hereby appoints and designates the individual holding the Covidien position set forth on Exhibit I to act as its initial services manager (the “Covidien Services Manager”), who will be directly responsible for coordinating and managing the delivery of the Covidien Services and have authority to act on Covidien’s behalf with respect to matters relating to the provision of Services under this Agreement. The Covidien Services Manager will work with the personnel of the Covidien Group to periodically address issues and matters raised by Mallinckrodt relating to the provision of Services under this Agreement. Notwithstanding the requirements of Section 9.06, all communications from Mallinckrodt to Covidien pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the “Covidien Local Service Manager”) with respect to such Service on the applicable Schedule or such other individual

as may be specified by the Covidien Services Manager in writing and delivered to Mallinckrodt by email or facsimile transmission with receipt confirmed. Covidien shall notify Mallinckrodt of the appointment of a different Covidien Services Manager or Covidien Local Service Manager(s), if necessary, in accordance with Section 9.06.

(b) Mallinckrodt hereby appoints and designates the individual holding the Mallinckrodt position set forth on Exhibit I to act as its initial services manager (the "Mallinckrodt Services Manager"), who will be directly responsible for coordinating and managing the delivery of Mallinckrodt Services and have authority to act on Mallinckrodt's behalf with respect to matters relating to this Agreement. The Mallinckrodt Services Manager will work with the personnel of the Mallinckrodt Group to periodically address issues and matters raised by Covidien relating to this Agreement. Notwithstanding the requirements of Section 9.06, all communications from Covidien to Mallinckrodt pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the "Mallinckrodt Local Service Manager") with respect to such Service on the applicable Schedule or as specified by the Mallinckrodt Services Manager in writing and delivered to Covidien by email or facsimile transmission with receipt confirmed. Mallinckrodt shall notify Covidien of the appointment of a different Mallinckrodt Services Manager or Mallinckrodt Local Service Manager(s), if necessary, in accordance with Section 9.06.

Section 2.07. Personnel. (a) The Provider of any Service will make available to the Recipient of such Service such personnel as may be necessary to provide such Service on the understanding that such personnel shall remain employed and/or engaged by the Provider. The Provider will have the right, in its reasonable discretion, to (i) designate which personnel it will assign to perform such Service, and (ii) remove and replace such personnel at any time; provided, however, that any such removal or replacement shall not be the basis for any increase in any Service Charge or Reimbursement Charge payable hereunder or relieve the Provider of its obligation to provide any Service hereunder; and provided, further, that the Provider will use its commercially reasonable efforts to limit the disruption to the Recipient in the transition of the Services to different personnel.

(b) In the event that the provision of any Service by the Provider requires the cooperation and services of the personnel of the Recipient, the Recipient will make available to the Provider such personnel (who shall be appropriately qualified for purposes of so supporting the provision of such Service by the Provider) as may be necessary for the Provider to provide such Service on the understanding that such personnel shall remain employed and/or engaged by the Recipient. The Recipient will have the right, in its reasonable discretion, to (i) designate which personnel it will make available to the Provider in connection with the provision of such Service, and (ii) remove and replace such personnel at any time; provided, however, that any resulting increase in costs to the Provider shall be borne by the Recipient and any adverse effect to the provision of such Service by the Provider shall not be deemed a breach of this Agreement; and provided, further, that the Recipient will use its commercially reasonable efforts to limit the disruption to the Provider in the transition of such personnel. If the Provider, in its reasonable discretion and following discussions with the Recipient, requests the Recipient to remove and/or replace any such personnel from their roles in respect of the Services being provided by the Provider, the Recipient shall comply with such request.

(c) No Provider shall be liable under this Agreement for any Liabilities incurred by the Recipient Indemnified Parties that are primarily attributable to, or that are a consequence of, any actions or inactions of the personnel of the Recipient, except for any such actions or inactions undertaken pursuant to the direction of the Provider.

(d) Nothing in this Agreement shall grant the Provider, or its employees, agents and third-party providers that are performing the Services, the right directly or indirectly to control or direct the operations of the Recipient or any member of its Group. Such employees, agents and third-party providers shall not be required to report to the management of the Recipient nor be deemed to be under the management or direction of the Recipient. The Recipient acknowledges and agrees that, except as may be expressly set forth herein as a Service (including any Additional Services, Service Increases or New Services) or otherwise expressly set forth in the Separation Agreement, another Ancillary Agreement or any other applicable agreement, no Provider or any member of its Group shall be obligated to provide, or cause to be provided, any service or goods to any Recipient or any member of its Group.

### **ARTICLE III COVIDIEN MATERIALS**

Section 3.01. Corporate Policies. (a) Subject to the terms and conditions of this Agreement, Covidien grants to Mallinckrodt a non-exclusive, royalty-free, fully paid-up, worldwide license to create or have created materials based on Covidien's corporate policies and manuals (the "Covidien Materials") for distribution to employees of Mallinckrodt and use such materials in the operation of the Mallinckrodt Business in substantially the same manner as the Covidien Materials were used by Covidien prior to the Distribution. It is understood and agreed that, to the maximum extent permitted by applicable Law, Covidien makes no representation or warranty, express or implied, as to the accuracy or completeness of any of the Covidien Materials, as to whether the Covidien Materials comply with Law, as to the non-infringement of any of the Covidien Materials or as to the suitability of any of the Covidien Materials for use by Mallinckrodt in respect of its business, or otherwise.

(b) Notwithstanding the foregoing, the text of any materials created by or for Mallinckrodt, and related to, or based upon, any of the Covidien Materials, may not contain any references to Covidien (or any of Covidien's marks, names, trade dress, logos or other source or business identifiers, including the Covidien Name and Covidien Marks), Covidien's publications, Covidien's personnel (including senior management), Covidien's management structures or any other indication (other than the verbatim or paraphrased reproduction of the content) that such materials are based upon any of the Covidien Materials.

Section 3.02. Limitation on Rights and Obligations with Respect to the Covidien Materials. (a) Covidien shall have no obligation to (i) notify Mallinckrodt of any changes or proposed changes to any of the Covidien Materials, (ii) include Mallinckrodt in any consideration of proposed changes to any of the Covidien Materials, (iii) provide draft changes of any of the Covidien Materials to Mallinckrodt for review and/or comment or (iv) provide Mallinckrodt with any updated materials relating to any of the Covidien Materials. Mallinckrodt acknowledges and agrees that, except as expressly set forth above, Covidien reserves all rights (including all Intellectual Property rights) in, to and under the Covidien Materials and no rights with respect to

ownership or use, except as otherwise expressly provided in this Agreement, shall vest in Mallinckrodt. The Parties acknowledge and agree that, subject to the exceptions specified in Section 9.03, the Covidien Materials are the Confidential Information of Covidien. Mallinckrodt shall use at least the same degree of care to prevent and restrain the unauthorized use or disclosure of any confidential materials created by or for Mallinckrodt that are based upon any of the Covidien Materials as it uses for its other confidential information of a like nature, but in no event less than a reasonable degree of care. Mallinckrodt will allow Covidien reasonable access to personnel and information as reasonably necessary to determine Mallinckrodt's compliance with the provisions set forth above; provided, however, such access shall not unreasonably interfere with any of the business or operations of Mallinckrodt. Subject to Section 9.05, in the event that Covidien determines that Mallinckrodt has not materially complied with some or all of its obligations with respect to any or all of the Covidien Materials, Covidien may terminate Mallinckrodt's rights with respect to such Covidien Materials upon written notice to Mallinckrodt and, in such case, Covidien shall be entitled to require such Covidien Materials to be returned to Covidien or destroyed and any materials created by or for Mallinckrodt that are based upon such Covidien Materials to be destroyed (with such destruction certified by Mallinckrodt in writing to Covidien promptly after such termination).

(b) If Mallinckrodt determines to cease to avail itself of any of the Covidien Materials, Covidien and Mallinckrodt shall cooperate in good faith to take reasonable and appropriate actions to arrange for the return to Covidien or destruction of such Covidien Materials and to protect Covidien's rights and interests in such Covidien Materials.

#### **ARTICLE IV ADDITIONAL ARRANGEMENTS**

Section 4.01. Software and Software Licenses. (a) If and to the extent requested by Mallinckrodt, Covidien shall use commercially reasonable efforts to assist Mallinckrodt in its efforts to obtain licenses (or other appropriate rights) to use, duplicate and distribute, as necessary and applicable, certain computer software necessary for Covidien to provide, and Mallinckrodt to receive, Covidien Services; provided, however, that Covidien shall not be required to pay any fees or other payments or incur any obligations or liabilities to enable Mallinckrodt to obtain any such license or rights (except and to the extent that Mallinckrodt advances such fees or payments to Covidien); provided, further, that Covidien shall not be required to seek broader rights or more favorable terms for Mallinckrodt than those applicable to Covidien or Mallinckrodt, as the case may be, prior to the date of this Agreement or as may be applicable to Covidien from time to time hereafter; and, provided, further, that Mallinckrodt shall bear only those costs that relate solely and directly to obtaining such licenses (or other appropriate rights) in the ordinary course. The Parties acknowledge and agree that there can be no assurance that Covidien's efforts will be successful or that Mallinckrodt will be able to obtain such licenses or rights on acceptable terms or at all and, where Covidien enjoys rights under any enterprise or site license or similar license, the Parties acknowledge that such license typically precludes partial transfers or assignments or operation of a service bureau on behalf of unaffiliated entities. In the event that Mallinckrodt is unable to obtain such software licenses, the Parties shall work together using commercially reasonable efforts to obtain an alternative software license to allow Covidien to provide, and Mallinckrodt to receive, such Covidien Services, and the Parties shall negotiate in good faith an amendment to the applicable Schedule to reflect any such new arrangement.

(b) If and to the extent requested by Covidien, Mallinckrodt shall use commercially reasonable efforts to assist Covidien in its efforts to obtain licenses (or other appropriate rights) to use, duplicate and distribute, as necessary and applicable, certain computer software necessary for Mallinckrodt to provide, and Covidien to receive, Mallinckrodt Services; provided, however, that Mallinckrodt shall not be required to pay any fees or other payments or incur any obligations or liabilities to enable Covidien to obtain any such license or rights (except and to the extent that Covidien advances such fees or payments to Mallinckrodt); provided, further, that Mallinckrodt shall not be required to seek broader rights or more favorable terms for Covidien than those applicable to Covidien or Mallinckrodt, as the case may be, prior to the date of this Agreement or as may be applicable to Mallinckrodt from time to time hereafter; and, provided, further, that Covidien shall bear only those costs that relate solely and directly to obtaining such licenses (or other appropriate rights) in the ordinary course. The Parties acknowledge and agree that there can be no assurance that Mallinckrodt's efforts will be successful or that Covidien will be able to obtain such licenses or rights on acceptable terms or at all and, where Mallinckrodt enjoys rights under any enterprise or site license or similar license, the Parties acknowledge that such license typically precludes partial transfers or assignments or operation of a service bureau on behalf of unaffiliated entities. In the event that Covidien is unable to obtain such software licenses, the Parties shall work together using commercially reasonable efforts to obtain an alternative software license to allow Mallinckrodt to provide, and Covidien to receive, such Mallinckrodt Services, and the Parties shall negotiate in good faith an amendment to the applicable Schedule to reflect any such new arrangement, which amended Schedule shall not require Covidien to pay for any fees, expenses or costs relating to the software license that Covidien was unable to obtain pursuant to the provisions of this Section 4.01(b).

(c) In the event that there are any costs associated with obtaining software licenses in accordance with Section 4.01 that (i) would not be payable in the ordinary course, including in the form of a "transfer fee" or other similar fees or expenses payable by the Recipient or the Provider, and (ii) would not have been payable by the Recipient or the Provider absent the need for a consent or waiver in connection with the license that the Recipient is seeking to obtain, such costs shall be borne by the Recipient.

Section 4.02. Covidien Computer-Based and Other Resources. (a) From and after the date of this Agreement, Mallinckrodt and its Affiliates shall cause all of their personnel having access to the Covidien Intranet or such other computer software, networks, hardware, technology or computer based resources pursuant to the Separation Agreement, or any Ancillary Agreement, or in connection with performance, receipt or delivery of a Service, to comply with all security guidelines (including physical security, network access, internet security, confidentiality and personal data security guidelines) of Covidien and its Affiliates (of which Covidien provides Mallinckrodt written notice). Mallinckrodt shall ensure that the access contemplated by this Section 4.02 shall be used by such personnel only for the purposes contemplated by, and subject to the terms of, this Agreement. Except as expressly provided in the Separation Agreement, any other Ancillary Agreement or any other applicable agreement or as required in connection with the performance or delivery of any Services, each of the Parties and its Affiliates shall cease using (and shall cause their employees to cease using) the services made available by the other Party and its Affiliates prior to the date of this Agreement.



Section 4.03. Access to Facilities. (a) Mallinckrodt shall, and shall cause its Subsidiaries to, allow Covidien and its Representatives reasonable access to the facilities of Mallinckrodt necessary for Covidien to fulfill its obligations under this Agreement.

(b) Covidien shall, and shall cause its Subsidiaries to, allow Mallinckrodt and its Representatives reasonable access to the facilities of Covidien necessary for Mallinckrodt to fulfill its obligations under this Agreement.

(c) Notwithstanding the other rights of access of the Parties under this Agreement, each Party shall, and shall cause its Subsidiaries to, afford the other Party, its Subsidiaries and Representatives, following not less than five (5) business days' prior written notice from the other Party, reasonable access during normal business hours to the facilities, information, systems, infrastructure, and personnel of the relevant Providers as reasonably necessary for the other Party to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided, however, such access shall not unreasonably interfere with any of the business or operations of such Party or its Subsidiaries.

(d) Except as otherwise permitted by the other Party in writing, each Party shall permit only its authorized Representatives, contractors, invitees or licensees to access the other Party's facilities.

Section 4.04. Cooperation. It is understood that it will require the significant efforts of both Parties to implement this Agreement and to ensure performance of this Agreement by the Parties at the agreed-upon levels in accordance with all of the terms and conditions of this Agreement. The Parties will cooperate, acting in good faith and using commercially reasonable efforts, to effect a smooth and orderly transition of the Services provided under this Agreement from the Provider to the Recipient (including repairs and maintenance Services and the assignment or transfer of the rights and obligations under any third-party contracts relating to the Services); provided, however, that this Section 4.04 shall not require either Party to incur any out-of-pocket costs or expenses.

Section 4.05. Data Protection. The Provider shall only process personal data which it may receive from the Recipient, while carrying out its duties under this Agreement: (a) in such a manner as is necessary to carry out those duties; (b) in accordance with the instructions of the Recipient; and (c) using appropriate technical and organizational measures to prevent the unauthorized or unlawful processing of such personal data and/or the accidental loss or destruction of, or damage to, such personal data.

## ARTICLE V COSTS AND DISBURSEMENTS

Section 5.01. Costs and Disbursements. (a) Except as otherwise provided in this Agreement, a Recipient of Services shall pay to the Provider of such Services a monthly fee for the Services (or category of Services, as applicable) (each fee constituting a "Service Charge" and, collectively, "Service Charges") as listed on the Schedules hereto. With respect to each

Service or category of Services, the applicable Schedule shall set forth (i) the Recipient that will be invoiced the Service Charge for such Service or category of Services and (ii) the Provider that will be paid such Service Charge.

(b) The amount of the Service Charge for each Service shall increase three percent (3%) annually on each anniversary of this Agreement (including during the term of any Service Extension). In addition, during the term of this Agreement, the amount of a Service Charge for any Services (or category of Services, as applicable) may increase to the extent of: (i) any increases mutually agreed to by the Parties, (ii) any Service Charges applicable to any Additional Services, Service Increases or New Services, and (iii) any increase in the rates or charges imposed by any unaffiliated third-party provider that is providing Services. Together with any monthly invoice for Service Charges and Reimbursement Charges, the Provider shall provide the Recipient with documentation to support the calculation of such Service Charges or any Reimbursement Charges.

(c) The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or its Affiliates in connection with providing the Services (including necessary travel-related expenses) (each such cost or expense, a "Reimbursement Charge" and, collectively, "Reimbursement Charges"); provided, however, that any such cost or expense that is materially inconsistent with historical practice between the Parties for any Service (including business travel and related expenses) shall require advance approval of the Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the Recipient in accordance with the Provider's then-applicable business travel policies made known to the Recipient.

(d) The Service Charges and Reimbursement Charges due and payable hereunder shall be invoiced and paid in the currency expressly applicable to such Service in the relevant Schedule hereto. The Recipient shall pay the amount of each monthly invoice by wire transfer (or such other method of payment as may be agreed between the Parties) to the Provider within sixty (60) days of the receipt of each such invoice, including appropriate documentation as described herein. In the absence of a timely notice of billing dispute in accordance with the provisions of Article VIII of the Separation Agreement, if the Recipient fails to pay such amount by the due date, the Recipient shall be obligated to pay to the Provider, in addition to the amount due, interest at an annual default interest rate of three percent (3%), or the maximum legal rate, whichever is lower (the "Interest Payment"), accruing from the date the payment was due through the date of actual payment. In the event of any billing dispute, the Recipient shall promptly pay any undisputed amount.

(e) Subject to the confidentiality provisions set forth in Section 9.03, each Party shall, and shall cause their respective Affiliates to, provide, upon ten (10) days' prior written notice from the other Party, any information within such Party's or its Affiliates' possession that the requesting Party reasonably requests in connection with any Services being provided to such requesting Party by an unaffiliated third-party provider, including any applicable invoices, agreements documenting the arrangements between such third-party provider and the Provider and other supporting documentation; provided, however, that each Party shall make no more than one such request during any calendar month.

Section 5.02. Tax Matters. (a) Without limiting any provisions of this Agreement, the Recipient shall be responsible for (i) all excise, sales, use, transfer, stamp, documentary, filing, recordation and other similar Taxes, (ii) any value added, goods and services or similar recoverable indirect Taxes (“VAT”) and (iii) any related interest and penalties (collectively, “Transfer Taxes”), in each case imposed or assessed as a result of the provision of Services by the Provider. In particular, but without prejudice to the generality of the foregoing, all amounts payable pursuant to this Agreement are exclusive of amounts in respect of VAT. Where any taxable supply for VAT purposes is made pursuant to this Agreement by the Provider to the Recipient, the Recipient shall either (i) on receipt of a valid VAT invoice from the Provider, pay to the Provider such additional amounts in respect of VAT as are chargeable on the supply of the services at the same time as payment is due for the supply of the services; or (ii) where required by legislation to do so, account directly to the relevant Governmental Authority for any such VAT amounts. The Party required to account for Transfer Tax shall provide to the other Party evidence of the remittance of the amount of such Transfer Tax to the relevant Governmental Authority, including, without limitation, copies of any Tax returns remitting such amount. The Provider agrees that it shall take commercially reasonable actions to cooperate with the Recipient in obtaining any refund, return, rebate, or the like of any Transfer Tax, including by filing any necessary exemption or other similar forms, certificates, or other similar documents. The Recipient shall promptly reimburse the Provider for any costs incurred by the Provider or its Affiliates in connection with the Recipient obtaining a refund or overpayment of refund, return, rebate, or the like of any Transfer Tax. For the avoidance of doubt, any applicable gross receipts-based or net income-based Taxes shall be borne by the Provider unless the Provider is required by law to obtain, or allowed to separately invoice for and obtain, reimbursement of such Taxes from the Recipient.

(b) The Recipient shall be entitled to deduct and withhold Taxes required by any Governmental Requirements to be withheld on payments made pursuant to this Agreement. To the extent any amounts are so withheld, the Recipient shall (i) pay, in addition to the amount otherwise due to the Provider under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by the Provider will equal the full amount the Provider would have received had no such deduction or withholding been required, (ii) pay such deducted and withheld amount to the proper Governmental Authority, and (iii) promptly provide to the Provider evidence of such payment to such Governmental Authority. The Provider shall, prior to the date of any payment to be made pursuant to this Agreement, at the request of the Recipient, make commercially reasonable efforts to provide the Recipient any certificate or other documentary evidence (x) required by Governmental Requirements or (y) which the Provider is entitled by Governmental Requirements to provide in order to reduce the amount of any Taxes that may be deducted or withheld from such payment and the Recipient agrees to accept and act in reliance on any such duly and properly executed certificate or other applicable documentary evidence.

(c) If the Provider (i) receives any refund (whether by payment, offset, credit or otherwise) or (ii) utilizes any overpayment of Taxes that are borne by Recipient pursuant to this Agreement, then the Provider shall promptly pay, or cause to be paid, to the Recipient an amount equal to the deficiency or excess, as the case may be, with respect to the amount that the Recipient has borne if the amount of such refund or overpayment (including, for the avoidance of doubt, any interest or other amounts received with respect to such refund or overpayment) had been included originally in the determination of the amounts to be borne by Recipient pursuant to this Agreement, net of any additional Taxes the Provider incurs or will incur as a result of the receipt of such refund or such overpayment.

Section 5.03. No Right to Set-Off. The Recipient shall timely pay the full amount of Service Charges and Reimbursement Charges and shall not set-off, counterclaim or otherwise withhold any amount owed to the Provider under this Agreement on account of any obligation owed by the Provider to the Recipient.

## **ARTICLE VI STANDARD FOR SERVICE**

### Section 6.01. Standard for Service.

(a) The Provider agrees (i) to perform the Services with substantially the same nature, quality, standard of care and service levels at which the same or similar services were performed by or on behalf of the Provider prior to the Distribution Date or, if not so previously provided, then substantially similar to that which are applicable to similar services provided to the Provider's Affiliates or other business components; and (ii) upon receipt of written notice from the Recipient identifying any outage, interruption or other failure of any Service, to respond to such outage, interruption or other failure of such Service in a manner that is substantially similar to the manner in which such Provider or its Affiliates responded to any outage, interruption or other failure of the same or similar services prior to the Distribution Date. The Parties acknowledge that an outage, interruption or other failure of any Service shall not be deemed to be a breach of the provisions of this Section 6.01 so long as the applicable Provider complies with the foregoing clause (ii).

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a violation of applicable Law or any existing contract or agreement with a third party. If the Provider is or becomes aware of any potential violation on the part of the Provider, the Provider shall promptly send a written notice to the Recipient of any such potential violation. The Parties each agree to cooperate and use commercially reasonable efforts to obtain any necessary third-party consents required under any existing contract or agreement with a third party to allow the Provider to perform or cause to be performed any Service in accordance with the standards set forth in this Section 6.01. Any costs and expenses incurred by either Party in connection with obtaining any such third-party consent that is required to allow the Provider to perform or cause to be performed any Service shall be solely the responsibility of the Recipient. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required third-party consent or the performance of such Service by the Provider would continue to constitute a violation of applicable Laws, the Provider shall use commercially reasonable efforts in good faith to provide such Services in a manner as closely as possible to the standards described in this Section 6.01 that would apply absent the exception provided for in the first sentence of this Section 6.01(b).

Section 6.02. Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE SERVICES ARE PROVIDED AS-IS, THAT EACH RECIPIENT ASSUMES ALL RISKS

AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES AND EACH PROVIDER, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT THERETO. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PROVIDER HEREBY EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING THE SERVICES, WHETHER EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF ANY SERVICE FOR A PARTICULAR PURPOSE.

Section 6.03. Compliance with Laws and Regulations. Each Party shall be responsible for its own compliance and its subcontractors' compliance with any and all Laws applicable to its performance under this Agreement. No Party will knowingly take any action in violation of any such applicable Law that results in liability being imposed on the other Party.

## **ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION**

Section 7.01. Consequential and Other Damages. Notwithstanding anything to the contrary contained in the Separation Agreement or this Agreement, the Provider shall not be liable to the Recipient or any of its Affiliates or Representatives, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by the Provider (including any Affiliates and Representatives of the Provider and any unaffiliated third-party providers, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

Section 7.02. Limitation of Liability. The Liabilities of each Provider and its Affiliates and Representatives, collectively, under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, shall not exceed the total aggregate Service Charges (excluding any Reimbursement Charges) actually paid to such Provider by the Recipient pursuant to this Agreement. The foregoing limitations on Liability in this Section 7.02 shall not apply to any breach of Section 9.03.

Section 7.03. Obligation To Reperform; Liabilities. In the event of any breach of this Agreement by any Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), the Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in Sections 7.01 and 7.02,

reimburse the Recipient and its Affiliates and Representatives for Liabilities attributable to such breach by the Provider. The remedy set forth in this [Section 7.03](#) shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement. Any request for re-performance in accordance with this [Section 7.03](#) by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one (1) month from the date such error, defect or breach becomes apparent or should have reasonably become apparent to the Recipient.

Section 7.04. [Release and Recipient Indemnity](#). Subject to [Section 7.01](#), each Recipient hereby releases the applicable Provider and its Affiliates and Representatives (each, a "[Provider Indemnified Party](#)"), and each Recipient hereby agrees to indemnify, defend and hold harmless each such Provider Indemnified Party from and against any and all Liabilities arising from, relating to or in connection with: (a) the use of any Services by such Recipient or any of its Affiliates, Representatives or other Persons using such Services; or (b) the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, in the case of each of clause (a) and (b), except to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider Indemnified Party's bad faith, gross negligence or willful misconduct.

Section 7.05. [Provider Indemnity](#). Subject to [Section 7.01](#), each Provider hereby agrees to indemnify, defend and hold harmless the applicable Recipient and its Affiliates and Representatives (each a "[Recipient Indemnified Party](#)"), from and against any and all Liabilities arising from, relating to or in connection with: (a) the use of any Services by such Recipient or any of its Affiliates, Representatives or other Persons using such Services; or (b) the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, in the case of each of clause (a) and (b), to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider's bad faith, gross negligence or willful misconduct.

Section 7.06. [Indemnification Procedures](#). The provisions of Sections 4.5 and 4.6 of the Separation Agreement shall govern claims for indemnification under this Agreement.

Section 7.07. [Liability for Payment Obligations](#). Nothing in this [Article VII](#) shall be deemed to eliminate or limit, in any respect, Covidien's or Mallinckrodt's express obligation in this Agreement to pay Service Charges and Reimbursement Charges for Services rendered in accordance with this Agreement.

Section 7.08. [Exclusion of Other Remedies](#). The provisions of [Sections 7.03](#), [7.04](#) and [7.05](#) of this Agreement shall, to the maximum extent permitted by applicable Law, be the sole and exclusive remedies of the Provider Indemnified Parties and the Recipient Indemnified Parties, as applicable, for any claim, loss, damage, expense or liability, whether arising from statute, principle of common or civil law, principles of strict liability, tort, contract or otherwise under this Agreement.

Section 7.09. [Confirmation](#). Neither Party excludes responsibility for any liability which cannot be excluded pursuant to applicable Law.

**ARTICLE VIII  
TERM AND TERMINATION**

Section 8.01. Term and Termination. (a) This Agreement shall commence immediately upon the Distribution Date and shall terminate upon the earlier to occur of: (i) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement or (ii) the mutual written agreement of the Parties to terminate this Agreement in its entirety.

(b) Without prejudice to a Recipient's rights with respect to a Force Majeure, a Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) for any reason or no reason, upon providing at least sixty (60) days' prior written notice to the Provider; provided, however, that the Recipient shall pay to the Provider the necessary and reasonable documented out-of-pocket costs incurred in connection with the wind down of such Service other than any employee severance and relocation expenses, but including unamortized license fees and costs for equipment used to provide such Service, contractual obligations under agreements used to provide such Service, any breakage or termination fees and any other termination costs payable by the Provider with respect to any resources or pursuant to any other third-party agreements that were used by the Provider to provide such Service (or an equitably allocated portion thereof, in the case of any such equipment, resources or agreements that also were used for purposes other than providing Services); or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to exist thirty (30) days after receipt by the Provider of written notice of such failure from the Recipient.

In the event that any Service is terminated other than at the end of a month, the Service Charge associated with such Service shall be pro-rated appropriately. The Parties acknowledge that there may be interdependencies among the Services being provided under this Agreement that may not be identified on the applicable Schedules and agree that, if the Provider's ability to provide a particular Service in accordance with this Agreement is materially and adversely affected by the termination of another Service in accordance with Section 8.01(b)(i), then the Parties shall negotiate in good faith to amend the Schedule relating to such affected continuing Service, which amendment shall be consistent with the terms of, and the pricing methodology used for, comparable Services.

(c) In connection with the termination of any Service identified on the Schedules as being subject to the provisions of this Section 8.01(c), if the Recipient reasonably determines that it will require such Service to continue beyond the date on which such Service is scheduled to terminate in the applicable Schedule, the Recipient may request the Provider to extend such Service for the stated renewal period applicable to such Service on the relevant Schedule hereto (each a "Service Extension") by written notice to the Provider no less than sixty (60) days prior to the date of such scheduled termination, and the Parties shall use commercially reasonable efforts

to comply with such Service Extension; provided, however, that (i) there shall be no more than one (1) Service Extension with respect to each Service and (ii) the Provider shall not be obligated to provide such Service Extension if a third-party consent is required and cannot be obtained by the Provider. The Service Charge applicable to any such Service Extension shall be one hundred and twenty percent (120%) of the Service Charge applicable to such Service immediately prior to the Service Extension. Any Services provided pursuant to such Service Extensions shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 8.02. Effect of Termination. Upon termination of any Service pursuant to this Agreement, the Provider of the terminated Service will have no further obligation to provide the terminated Service, and the relevant Recipient will have no obligation to pay any future Service Charges relating to any such Service; provided, however, that the Recipient shall remain obligated to the relevant Provider for the (i) Service Charges and Reimbursement Charges owed and payable in respect of Services provided prior to the effective date of termination and (ii) any applicable charges described in Section 8.01(b)(i), which charges shall be payable only in the event that the Recipient terminates any Service pursuant to Section 8.01(b)(i). In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, Article VII (including liability in respect of any indemnifiable Liabilities under this Agreement arising or occurring on or prior to the date of termination), Article VIII, Article IX, all confidentiality obligations under this Agreement and liability for all due and unpaid Service Charges and Reimbursement Charges and any applicable charges payable pursuant to Section 8.01(b)(i), shall continue to survive indefinitely.

Section 8.03. Force Majeure. (a) Neither Party (nor any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure; provided, however, that (i) such Party (or such Person) shall have exercised commercially reasonable efforts to minimize the effect of such Force Majeure on its obligations; and (ii) the nature, quality and standard of care that the Provider shall provide in delivering a Service after a Force Majeure shall be substantially the same as the nature, quality and standard of care that the Provider provides to its Affiliates with respect to such Service. In the event of an occurrence of a Force Majeure, the Party whose performance is affected thereby shall give notice of suspension as soon as reasonably practicable to the other stating the date and extent of such suspension and the cause thereof, and such Party shall resume the performance of such obligations as soon as reasonably practicable after the removal of such cause.

(b) During the period of a Force Majeure, the Recipient shall be entitled to permanently terminate such Service(s) (and shall be relieved of the obligation to pay Service Charges for such Services(s) throughout the duration of such Force Majeure) if a Force Majeure shall continue to exist for more than fifteen (15) consecutive days, it being understood that Recipient shall not be required to provide any advance notice of such termination to Provider or pay any charges in connection therewith.



**ARTICLE IX  
GENERAL PROVISIONS**

Section 9.01. No Agency. Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any Party an agent of an unaffiliated party in the conduct of such other party's business. A Provider of any Service under this Agreement shall act as an independent contractor and not as the agent of the Recipient in performing such Service, maintaining control over its employees, its subcontractors and their employees and complying with all withholding of income at source requirements, whether federal, national, state, local or foreign.

Section 9.02. Subcontractors. A Provider may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided, however, that (i) such Provider shall use the same degree of care in selecting any such subcontractor as it would if such contractor was being retained to provide similar services to the Provider and (ii) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the scope of the Services, the standard for services as set forth in Article VI and the content of the Services provided to the Recipient.

Section 9.03. Treatment of Confidential Information.

(a) The Parties shall not, and shall cause all other persons providing Services or having access to information of the other Party that is confidential or proprietary ("Confidential Information") not to, disclose to any other person or use, except for purposes of this Agreement, any Confidential Information of the other Party; provided, however, that the Confidential Information may be used by such Party to the extent that such Confidential Information has been (i) in the public domain through no fault of such Party or any member of such Group or any of their respective Representatives, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any Confidential Information of the other Party; provided, further, that each Party may disclose Confidential Information of the other Party, to the extent not prohibited by applicable Law: (i) to its Representatives on a need-to-know basis in connection with the performance of such Party's obligations under this Agreement; (ii) in any report, statement, testimony or other submission required to be made to any Governmental Authority having jurisdiction over the disclosing Party; or (iii) in order to comply with applicable Law, or in response to any summons, subpoena or other legal process or formal or informal investigative demand issued to the disclosing Party in the course of any litigation, investigation or administrative proceeding. In the event that a Party becomes legally compelled (based on advice of counsel) by deposition, interrogatory, request for documents subpoena, civil investigative demand or similar judicial or administrative process to disclose any Confidential Information of the other Party, such disclosing Party shall provide the other Party with prompt prior written notice of such requirement, and, to the extent reasonably practicable, cooperate with the other Party (at such other Party's expense) to obtain a protective order or similar remedy to cause such Confidential Information not to be disclosed, including interposing all available objections thereto, such as objections based on settlement privilege. In the event that such protective order or other similar remedy is not obtained, the disclosing Party shall furnish only that portion of the Confidential Information that has been legally compelled, and shall exercise its commercially reasonable efforts (at such other Party's expense) to obtain assurance that confidential treatment will be accorded such Confidential Information.

(b) Each Party shall, and shall cause its Representatives to, protect the Confidential Information of the other Party by using the same degree of care to prevent the unauthorized disclosure of such as the Party uses to protect its own confidential information of a like nature, but in any event no less than a reasonable degree of care.

(c) Each Party shall be liable for any failure by its respective Representatives to comply with the restrictions on use and disclosure of Confidential Information contained in this Agreement.

(d) Each Party shall comply with all applicable local, state, national, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of Services under this Agreement.

Section 9.04. Further Assurances. Each Party covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement.

Section 9.05. Dispute Resolution. Any Dispute shall be resolved in accordance with the procedures set forth in Article VIII of the Separation Agreement, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified herein or in Article VIII of the Separation Agreement.

Section 9.06. Notices. Except with respect to routine communications by the Covidien Services Manager, Mallinckrodt Services Manager, Covidien Local Services Manager and Mallinckrodt Local Services Manager under Section 2.06, all notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.06):

- (i) if to Covidien:
  - Covidien plc
  - 1st Floor, 20 on Hatch
  - Lower Hatch Street
  - Dublin 2
  - Ireland
  - Attn: Chief Financial Officer
  - Facsimile: +352-266-379-92

with copies to:

Covidien plc  
15 Hampshire Street  
Mansfield, MA 02048  
Attn: General Counsel  
Facsimile: (508) 261-8544

Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Attention: Adam O. Emmerich  
Benjamin M. Roth  
Facsimile: (212) 403-2000

(ii) if to Mallinckrodt:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland  
Attn: Chief Financial Officer  
Facsimile: +352-266-379-92

with copies to:

Mallinckrodt plc  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: General Counsel  
Facsimile: (314) 654-5366

Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
Attention: Adam O. Emmerich  
Benjamin M. Roth  
Facsimile: (212) 403-2000

Section 9.07. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 9.08. Entire Agreement. This Agreement, together with the documents referenced herein (including the Separation Agreement and any other Ancillary Agreements) constitutes the entire agreement between the parties with respect to the subject matter hereof, supersede all prior written and oral and all contemporaneous oral agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties other than those set forth or referred to herein or therein.

Section 9.09. No Third-Party Beneficiaries. Except as provided in Article VII with respect to Provider Indemnified Parties and Recipient Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person, including any union or any employee or former employee of Covidien or Mallinckrodt, any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Section 9.10. Governing Law. This Agreement (and any claims or disputes arising out of or related to this Agreement or to the transactions contemplated by this Agreement or to the inducement of any Party to enter into this Agreement or the transactions contemplated by this Agreement, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall in all respects be governed by, and construed in accordance with, the Laws of the State of New York, including all matters of construction, validity and performance, in each case without reference to any conflict of Law rules that might lead to the application of the Laws of any other jurisdiction (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York).

Section 9.11. Amendment. No provision of this Agreement, including any Schedules to this Agreement, may be amended, supplemented or modified except by a written instrument making specific reference to this Agreement or any such Schedules to this Agreement, as applicable, signed by all the Parties.

Section 9.12. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph and Schedule are references to the Articles, Sections, paragraphs and Schedules of this Agreement unless otherwise specified; (c) references to "\$" shall mean U.S. dollars; (d) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (e) the word "or" shall not be exclusive; (f) references to "written" or "in writing" include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) Covidien and Mallinckrodt have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if

drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; (j) a reference to any Person includes such Person's successors and permitted assigns; (k) any reference to "days" means calendar days unless business days are expressly specified; and (l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day.

Section 9.13. Counterparts. This Agreement may be executed in one or more counterparts, and by each Party in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 9.14. Assignability. This Agreement shall not be assigned by operation of Law or otherwise without the prior written consent of Covidien and Mallinckrodt, except that each Party may:

(a) assign all of its rights and obligations under this Agreement to any of its Subsidiaries; provided, that in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement;

(b) in connection with the divestiture of any Subsidiary or business of such Party that is a Recipient to an acquiror that is not a competitor of the Provider, assign to the acquiror of such Subsidiary or business its rights and obligations as a Recipient with respect to the Services provided to such divested Subsidiary or business under this Agreement; provided, that (i) in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement, (ii) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (iii) of this proviso) shall be borne solely by the assigning Party, and (iii) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules hereto, that may be necessary or appropriate in order to assign such Services; and

(c) in connection with the divestiture of any Subsidiary or business of such Party that is a Recipient to an acquiror that is a competitor of the Provider, assign to the acquiror of such Subsidiary or business its rights and obligations as a Recipient with respect to the Services provided to such divested Subsidiary or business under this Agreement; provided, that (i) in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement, (ii) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (iii) of this proviso) shall be borne solely by the assigning Party, (iii) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules hereto, that may be necessary or appropriate in order to ensure that such

assignment will not (x) materially and adversely affect the businesses and operations of each of the Parties and their respective Affiliates or (y) create a competitive disadvantage for the Provider with respect to an acquiror that is a competitor, and (iv) no Party shall be obligated to provide any such assigned Services to an acquiror that is a competitor if the provision of such assigned Services to such acquiror would disrupt the operation of such Party's businesses or create a competitive disadvantage for such Party with respect to such acquirer.

Section 9.15. Public Announcements. From and after the Distribution Date, the Parties shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth in the Separation Agreement.

Section 9.16. Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, attorney or representative of either Covidien or Mallinckrodt or their Affiliates shall have any liability for any obligations or liabilities of Covidien or Mallinckrodt, respectively, under this Agreement or for any claims based on, in respect of, or by reason of, the transactions contemplated by this Agreement.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

**COVIDIEN PLC**

By: \_\_\_\_\_  
Name:  
Title:

**MALLINCKRODT PLC**

By: \_\_\_\_\_  
Name:  
Title:

## TAX MATTERS AGREEMENT

This Tax Matters Agreement (this “**Agreement**”) is entered into as of [—], 2013 between Covidien plc, a corporation organized under the laws of Ireland (“**Covidien**”), and Mallinckrodt plc, a corporation organized under the laws of Ireland (“**Mallinckrodt**” and, together with Covidien, the “**Parties**”). Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the Separation and Distribution Agreement, dated as of the date hereof, between Covidien and Mallinckrodt (the “**Distribution Agreement**”).

## RECITALS

WHEREAS, the board of directors of Covidien has determined that it is in the best interests of Covidien and its shareholders that the Mallinckrodt Business be operated by a newly incorporated publicly traded company;

WHEREAS, Mallinckrodt has been incorporated for these purposes and has not engaged in activities except those incidental to its formation and in preparation for the Distribution;

WHEREAS, Covidien will effect the restructuring transactions described in the Plan of Reorganization (as defined in the Distribution Agreement) for the purpose of aggregating the Mallinckrodt Business in the Mallinckrodt Group prior to the Distribution (collectively, the “**Reorganization**”);

WHEREAS, Covidien currently intends that, on the Distribution Date, it will make a distribution in specie of the Mallinckrodt Business to the holders of Covidien Ordinary Shares on the Record Date (“**Qualifying Covidien Shareholders**”), effected by (i) the transfer of Covidien’s entire legal and beneficial interest in the issued share capital of the Mallinckrodt Holding Companies to Mallinckrodt; and (ii) Mallinckrodt issuing Mallinckrodt Ordinary Shares directly to Qualifying Covidien Shareholders on a pro rata basis in return, as more fully described in the Distribution Agreement (the “**Distribution**”);

WHEREAS, the Parties intend that the Distribution will qualify as a non-taxable transaction pursuant to Section 355 of the Code; and

WHEREAS, the Parties desire to set forth their rights and obligations with respect to Taxes due for periods before and after the Distribution Date.



NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

1.01 GENERAL. As used in this Agreement, the following terms shall have the following meanings:

“**2007 TCE TSA**” shall mean the Tax Sharing Agreement entered into as of June 29<sup>th</sup>, 2007 by and among Tyco International Ltd., Covidien, and Electronics Ltd.

“**2007 TCE TSA Tax Contest**” shall mean any Tax Contest which is subject to the provisions of, or the administration and settlement of which is otherwise governed by or described in, the 2007 TCE TSA.

“**Active Business**” shall mean, with respect to the Distribution, the business conducted by the relevant ATOB Entities as of the Distribution Date, or, with respect to any other relevant transaction described in the Plan of Reorganization, the business conducted by the relevant ATOB Entities as of the date of such transaction.

“**Adjustment Request**” shall mean any formal or informal claim or request filed with any Governmental Entity, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (i) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (ii) any claim for equitable recoupment or other offset, and (iii) any claim for refund or credit of Taxes previously paid.

“**Affiliate**” shall have the meaning set forth in the Distribution Agreement.

“**Agreement**” shall have the meaning set forth in the preamble hereto.

“**Ancillary Agreement**” shall have the meaning set forth in the Distribution Agreement.

“**ATOB Entities**” shall mean the Section 355 ATOB Entities, the Belgium ATOB Entities, the Poland ATOB Entities, and the Spain ATOB Entities.

“**Audit Management Party**” shall have the meaning set forth in the 2007 TCE TSA.

“**Belgium ATOB Entities**” shall mean the Entities listed on Schedule A.

“**Belgium Restricted Transfer Entities**” shall mean the Entities listed on Schedule B.

“**Business Day**” shall mean any day except a Saturday, Sunday or a day on which a commercial bank in New York, New York or Dublin, Ireland is authorized or required to close.

“**Canada Restricted Transfer Entities**” shall mean the Entities listed on Schedule C.

“**Controlling Party**” shall mean, with respect to a Tax Contest, the Party entitled to control such Tax Contest pursuant to Sections 6.02 and 6.03 of this Agreement.

“**Covidien**” shall have the meaning set forth in the preamble hereto.

“**Covidien Businesses**” shall mean the businesses and operations of the Covidien Group other than the Mallinckrodt Business.

“**Covidien Controlled Tax Contests**” shall have the meaning set forth in Article 6.02.

“**Covidien Group**” shall mean Covidien and its Affiliates, as well as any entity that becomes an Affiliate of Covidien after the date hereof, excluding any entity that is a member of the Mallinckrodt Group.

“**Covidien Ordinary Shares**” shall have the meaning set forth in the Distribution Agreement.

“**Covidien Separation Tax**” shall mean any Separation Tax to the extent that the liability for such Tax does not exceed the amount listed on Schedule I with respect to such Tax; provided, that, for all purposes of this Agreement and each Ancillary Agreement, Covidien shall be treated as having borne any such Tax to the extent such Tax was paid or otherwise satisfied on or prior to the Distribution Date.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Current Taxes**” shall mean any and all Specified Taxes which are imposed on or with respect to a taxable period or portion thereof which (i) includes the Distribution Date, (ii) ended on or before the Distribution Date but with respect to which the date prescribed by law for the filing of the applicable Tax Return is after the Distribution Date (without taking into account any applicable extensions or any Tax Returns attributable to estimated, quarterly, or other similar payments or prepayments of Taxes), or (iii) begins after the Distribution Date.

“**Dispute**” shall have the meaning set forth in Article 9.01.

“**Distribution**” shall have the meaning set forth in the recitals.

“**Distribution Agreement**” shall have the meaning set forth in the preamble hereto.

“**Distribution Date**” shall have the meaning set forth in the Distribution Agreement.

**“Employee Matters Agreement”** shall mean the Employee Matters Agreement dated as of the date hereof by and among Covidien and Mallinckrodt.

**“Employment Tax”** shall have the meaning set forth in Employee Matters Agreement.

**“Final Determination”** shall mean the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a taxable period,

(i) by an acceptance on an IRS Form 870 or 870-AD (or any successor forms thereto), or by a comparable form or agreement pursuant to the laws of a state, local, or non-United States taxing jurisdiction, except that acceptance on an IRS Form 870 or 870-AD or comparable form or agreement shall not constitute a Final Determination to the extent that such form or agreement reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for refund or the right of the Taxing Authority to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be);

(ii) by a decision, judgment, decree, or other order of a court of competent jurisdiction which is or has become final and unappealable;

(iii) by a closing agreement or accepted offer in compromise pursuant to Sections 7121 or 7122 of the Code, or a comparable agreement pursuant to the laws of a state, local, or non-United States jurisdiction;

(iv) by any allowance of a refund or credit in respect of an overpayment of a Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) or, where such periods are undefined or indefinite, in accordance with ordinary course limitation periods, by the jurisdiction imposing such Tax;

(v) by a final settlement resulting from a treaty-based competent authority determination; or

(vi) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Parties.

**“Germany Restricted Transfer Entities”** shall mean the entities listed on Schedule D.

**“Governmental Entity”** shall mean shall mean any United States federal, state, local or non-United States court, government (or political subdivision thereof), department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

**“Group”** shall mean either the Mallinckrodt Group or the Covidien Group, as the context requires.

“**Income Tax**” shall mean any federal, state, local or Non-United States Tax determined by reference to income, gains, net worth, gross receipts, or any Taxes imposed in lieu of such a Tax.

“**Indemnified Party**” shall have the meaning set forth in Article 5.02.

“**Indemnifying Party**” shall have the meaning set forth in Article 5.02.

“**IRS**” shall mean the United States Internal Revenue Service.

“**Law**” shall mean any United States or non-United States federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law), or any tax treaty.

“**Local Separation Agreement**” shall mean each of the asset transfer agreements, share transfer agreements, business transfer agreements, certificates of demerger and merger and other agreements and instruments that provide for or effect the separation of the Mallinckrodt Business from the Covidien Business, as contemplated by the Plan of Reorganization.

“**Mallinckrodt**” shall have the meaning set forth in the preamble hereof.

“**Mallinckrodt Business**” shall have the meaning set forth in the Distribution Agreement.

“**Mallinckrodt Controlled Tax Contests**” shall have the meaning set forth in Article 6.03.

“**Mallinckrodt Group**” shall mean (i) Mallinckrodt and its Affiliates, as determined immediately after the Distribution Date, (ii) any entity which (A) was an Affiliate of Covidien or an Affiliate of a member of the Mallinckrodt Group, (B) conducted solely or predominantly the Mallinckrodt Business, and (C) is no longer an Affiliate of Covidien as of the Distribution Date, as well as (iii) any entity that becomes an Affiliate of Mallinckrodt after the date hereof.

“**Mallinckrodt Historic Tax Liability**” shall mean any liability for Specified Taxes (including, for the avoidance of doubt, a liability imposed pursuant to Section 1.1502-6 of the Treasury Regulations or any other similar provision of state, local, or foreign Law) where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (x) pay such Specified Taxes or (y) file a Tax Return with respect to such Specified Taxes, in each case other than a liability for (i) Current Taxes and (ii) Income Taxes imposed by the United States federal government if and to the extent (A) the entity on which such Income Tax is imposed was, during the relevant taxable period or portion thereof, a member of a “consolidated group” (as defined in Section 1.1502-1(h) of the Treasury Regulations) and (B) neither Mallinckrodt nor any member of the Mallinckrodt Group was the “common parent” of such consolidated group (as

such term is used Section 1504 of the Code and the Treasury Regulations promulgated under Section 1502 of the Code) during such relevant taxable period or portion thereof.

“**Mallinckrodt Holding Companies**” shall mean Mallinckrodt International Finance S.A. and Mallinckrodt Belgium BVBA.

“**Mallinckrodt Ordinary Shares**” shall have the meaning set forth in the Distribution Agreement.

“**Mallinckrodt Separation Tax**” shall mean any Separation Tax to the extent that the liability for such Tax is not a Covidien Separation Tax.

“**Mallinckrodt Tax Liability Cap**” shall mean an amount equal to two hundred million United States dollars (US\$200,000,000).

“**Netherlands Restricted Transfer Entities**” shall mean the entities listed on Schedule E.

“**Non-Controlling Party**” shall mean, with respect to a Tax Contest, the Party that is not entitled to control such Tax Contest pursuant to Articles 6.02 and 6.03 of this Agreement.

“**Non-United States Taxes**” shall mean all Taxes imposed by any jurisdiction other than the United States, or any political subdivision thereof.

“**Other Tax**” shall mean any Tax imposed by any Governmental Entity other than any (i) Income Taxes, (ii) Employment Taxes, (iii) Separation Taxes, (iv) Unanticipated Separation Taxes, and (v) any interest, penalties, additions to tax, or additional amounts in respect of (i) through (iv) inclusive.

“**Parties**” shall have the meaning set forth in the preamble hereto.

“**Past Practices**” shall have the meaning set forth in Article 3.05.

“**Person**” shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for United States federal income Tax purposes.

“**Plan of Reorganization**” shall have the meaning set forth in the Distribution Agreement.

“**Poland ATOB Entities**” shall mean the entities listed on Schedule F.

“**Post-Distribution Period**” shall mean any taxable year or other taxable period beginning after the Distribution Date.

**“Pre-Distribution Period”** shall mean any taxable year or other taxable period that ends on or before the Distribution Date.

**“Preliminary Tax Advisor”** shall have the meaning set forth in Article 8.01.

**“Prime Rate”** shall have the meaning set forth in the Distribution Agreement.

**“Privilege”** shall mean any privilege that may be asserted pursuant to applicable law, including, any privilege arising pursuant to or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

**“Prohibited Acts”** shall have the meaning set forth in Article 4.02.

**“Proposed Acquisition Transaction”** shall mean a transaction or series of related transactions (or any agreement, understanding, arrangement or substantial negotiations, within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, to enter into a transaction or series of related transactions), whether such transaction is supported by Mallinckrodt management or shareholders, is a hostile acquisition, or otherwise, as a result of which Mallinckrodt (or any successor thereto) would merge or consolidate with any other Person or as a result of which any Person or any group of related Persons would (directly or indirectly) acquire, or have the right to acquire (through an option or otherwise) from Mallinckrodt (or any successor thereto) and/or one or more holders of Mallinckrodt Ordinary Shares, respectively, any amount of stock of Mallinckrodt, that would, when combined with any other changes in ownership of the stock of Mallinckrodt pertinent for purposes of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, comprise more than thirty-five percent (35%) of (i) the value of all outstanding shares of Mallinckrodt as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all shares of voting stock of Mallinckrodt as of the date of the such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by Mallinckrodt of a shareholder rights plan or (ii) issuances by Mallinckrodt that satisfy Safe Harbor VIII (relating to acquisition in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock (including any redemption of Mallinckrodt equity pursuant to the exception in Article 4.02(a)(viii)) shall be treated as an indirect acquisition of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly.

**“Qualifying Covidien Shareholders”** shall have the meaning set forth in the recitals.

**“Reasonable Basis”** shall mean reasonable basis within the meaning of Section 6662(d)(2)(B)(ii)(II) of the Code and the Treasury Regulations promulgated thereunder (or such other level of confidence required by the Code at that time to avoid the imposition of penalties).

**“Record Date”** shall have the meaning set forth in the Distribution Agreement.

**“Refund”** shall mean any refund, reimbursement, offset, credit, or other similar benefit in respect of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied against future Taxes payable) together with any interest paid on or with respect to such refund of Taxes; provided, however, that the amount of any refund of Taxes shall be net of any Taxes imposed by any Taxing Authority on the receipt of the refund, including any Taxes imposed by way of withholding or offset.

**“Reorganization”** shall have the meaning set forth in the recitals.

**“Responsible Party”** shall mean, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return pursuant to this Agreement.

**“Restricted Period”** shall mean:

(i) with respect to the Section 355 Entities, the Section 355 ATOB Entities, the Canada Restricted Transfer Entities, and the Poland ATOB Entities, the period which begins with the Distribution Date and ends two (2) years thereafter;

(ii) with respect to the Belgium Restricted Transfer Entities, the Belgium ATOB Entities, and the Netherlands Restricted Transfer Entities, the period which begins with the Distribution Date and ends three (3) years thereafter; and

(iii) with respect to the Germany Restricted Transfer Entities and the Spain ATOB Transfer Entities, the period which begins with the Distribution Date and ends five (5) years thereafter.

**“Restricted Transfer Entities”** shall mean the Section 355 Entities, Belgium Restricted Transfer Entities, the Canada Restricted Transfer Entities, the Germany Restricted Transfer Entities, and the Netherlands Restricted Transfer Entities.

**“Ruling”** shall mean (i) the private letter ruling issued by the IRS to Covidien on March 1, 2013, (ii) the Canadian ruling issued by the Canada Revenue Agency to Covidien on April 25, 2013, (iii) the Irish rulings issued by Tom Connor of the Irish Revenue Commissioners to Arthur Cox, acting on behalf of Covidien, on March 15, 2013 and to PricewaterhouseCoopers LLP, acting on behalf of

Covidien, on March 12, 2013 and April 18, 2013, or (iv) any other ruling issued by a Taxing Authority, in each case in connection with the Reorganization and/or Distribution.

**“Ruling Request”** shall mean (i) the request for rulings submitted by Covidien to the IRS on August 30, 2012, as supplemented and amended on each of December 12, 2012; January 23, 2013; and February 28, 2013, (ii) the request for rulings submitted by Covidien to the Canada Revenue Agency on August 21, 2012, as supplemented and amended, (iii) the request for rulings submitted by Arthur Cox, acting on behalf of Covidien, to the Irish Revenue Commissioners on November 16, 2012, and by PricewaterhouseCoopers LLP, acting on behalf of Covidien, to the Irish Revenue Commissioners on November 23, 2012, or (iv) any other ruling request submitted to a Taxing Authority, in each case including the exhibits attached thereto, and all related supplements.

**“Section 355 ATOB Entities”** shall mean the entities listed on Schedule G.

**“Section 355 Entities”** shall mean the entities listed on Schedule H.

**“Separation Taxes”** shall mean those Taxes listed on Schedule I, in each case, without regard to (x) the amounts shown on Schedule I and (y) whether such Taxes arose, resulted or were incurred, or were paid or otherwise satisfied, prior to, on, or after the Distribution Date, arising as a result of (A) the Distribution or (B) the Reorganization or any transaction associated therewith as described in any Ruling, the Distribution Agreement, or any Local Separation Agreement, except for (i) any Tax resulting from a breach by any Party of any covenant in this Agreement or any Ancillary Agreement, and (ii) any Tax attributable to a Prohibited Act.

**“Spain ATOB Entities”** shall mean the entities listed on Schedule J.

**“Specified Taxes”** shall mean all Taxes other than Employment Taxes and Other Taxes.

**“Straddle Period”** shall mean any taxable year or other taxable period that begins on or before the Distribution Date and ends after the Distribution Date.

**“Subsidiary”** shall have the meaning set forth in the Distribution Agreement.

**“Tax”** or **“Taxes”** shall mean (i) all taxes, charges, fees, duties, levies, imposts, rates or other assessments or governmental charges of any kind imposed by any federal, state, local or non-United States Governmental Entity, including, without limitation, income, gross receipts, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, property, sales, use, license, capital stock, transfer, franchise, registration, payroll, withholding, social security, unemployment, disability, value added, alternative or add-on minimum or other taxes, whether disputed or not, and including any interest, penalties, charges or additions attributable thereto, (ii) liability for the



payment of any amount of the type described in clause (i) above arising as a result of being (or having been) a member of any group or being (or having been) included or required to be included in any Tax Return related thereto, and (iii) liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

“**Tax Advisor**” shall have the meaning set forth in Article 9.01.

“**Tax Attribute**” shall mean net operating losses, capital losses, investment tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, previously taxed income, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax liability for a past or future taxable period.

“**Tax Benefit Amount**” shall mean, with respect to the payment of a liability by a Party or any of its Subsidiaries, an amount equal to the reduction in Taxes due and payable during the Tax Benefit Period resulting from the payment of such liability, which for each taxable period during the Tax Benefit Period, shall equal the sum of:

(a) the excess (if any) of (i) the amount of Taxes that the Party and its Subsidiaries would have owed in such taxable period had there been no payment of or event giving rise to such liability (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period), over (ii) the amount of Taxes actually paid by the Party and its Subsidiaries in such taxable period after taking into account such payment (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period other than such deductions, credits, losses, or other Tax Attributes, if any, arising as a result of the payment of such liability); and

(b) the excess (if any) of (i) the amount of the Refund that would be realized by the Party and its Subsidiaries with respect to such taxable period as a result of the carryback of deductions, credits, losses or other Tax Attributes attributable to such payment to such taxable period (without taking into account any other carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period), over (ii) the amount of the Refund that the Party and its Subsidiaries would have been entitled to realize with respect to such taxable period (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period).

The Tax Benefit Amount shall be computed based on the actual tax rates applicable to the Party and its Subsidiaries during the applicable taxable period.

If and to the extent Mallinckrodt or any member of the Mallinckrodt Group does not provide the pro forma Tax Returns required to be provided in

Article 5.03(c) in respect of any liability, then, notwithstanding anything else to the contrary in this Agreement, the Tax Benefit Amount in respect of such liability shall be equal to the product of (a) the absolute value of the amount of such liability and (b) the highest marginal income Tax rate, as determined in Covidien's reasonable discretion, taking into account all potentially applicable Taxes (federal, state, local, and non-United States), applicable to any member of the Mallinckrodt Group.

**"Tax Benefit Adjusted Amount"** shall mean, with respect to a liability, the amount equal to the amount of such liability reduced by the Tax Benefit Amount, if any, with respect to Mallinckrodt and its Subsidiaries, in respect of the payment of such liability.

**"Tax Benefit Period"** shall mean, with respect to the payment of a liability, the sequential series of taxable periods beginning with the taxable period that includes the date which is one (1) year prior to the date on which such liability is considered to have been paid or satisfied for applicable Tax purposes and ending with the taxable period that includes the date which is five (5) years after the date on which such liability is considered to have been paid or satisfied for applicable Tax purposes.

**"Tax Certificates"** shall mean any certificates of officers of Covidien and Mallinckrodt, provided to Skadden, Arps, Slate, Meagher & Flom LLP, PricewaterhouseCoopers LLP, Arthur Cox, or any other law or accounting firm in connection with any Tax Opinion issued in connection with the Reorganization or Distribution.

**"Tax Contest"** shall have the meaning set forth in Article 6.01.

**"Tax Counsel"** shall mean a tax counsel or accountant of recognized national standing reasonably acceptable to Covidien.

**"Taxing Authority"** shall mean any Governmental Entity having jurisdiction over the assessment, determination, collection or imposition of any Tax.

**"Tax Law"** shall mean the law of any governmental entity or political subdivision thereof relating to any Tax.

**"Tax Materials"** shall have the meaning set forth in Article 4.01(a).

**"Tax Opinion"** shall mean any written opinion of Skadden, Arps, Slate, Meagher & Flom LLP, PricewaterhouseCoopers LLP, Arthur Cox, or any other law or accounting firm, regarding certain tax consequences of certain transactions executed as part of the Reorganization and the Distribution.

**"Tax Records"** shall have the meaning set forth in Article 8.01.

**“Tax-Related Losses”** shall mean (i) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes; and (ii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Covidien (or its Affiliate) or Mallinckrodt (or its Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Taxing Authority, in each case, resulting from the failure of the Distribution, the Reorganization or any transaction associated therewith to be tax-free or otherwise have the tax treatment described in any Tax Opinion or Ruling.

**“Tax Return”** shall mean any return, report, certificate, form or similar statement or document (including any related supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated tax) supplied to or filed with, or required to be supplied to or filed with, a Governmental Entity, or any bill for or notice related to ad valorem or other similar Taxes received from a Governmental Entity, in each case, in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

**“Treasury Regulations”** shall mean the regulations promulgated from time to time under the Code as in effect for the relevant tax period.

**“Unanticipated Separation Taxes”** shall mean Taxes arising as a result of (i) the Distribution, or (ii) the Reorganization or any transaction associated therewith as described in any Ruling, the Distribution Agreement, or any Local Separation Agreement, in each case where such Tax is not a Separation Tax, except for (A) any Tax resulting from a breach by any Party of any covenant in this Agreement or any Ancillary Agreement, and (B) any Tax attributable to a Prohibited Act.

**“Unqualified Tax Opinion”** shall mean an unqualified “will” opinion of Tax Counsel on which Mallinckrodt and Covidien may rely to the effect that the Prohibited Act will not result in Unanticipated Separation Taxes or any incremental liability for Separation Taxes. Any such opinion must assume that the Distribution, Reorganization, and any transaction associated therewith would have been tax-free or had the tax treatment described in any applicable Tax Opinion or Ruling if such transaction did not occur.

**“US GAAP”** means United States generally accepted accounting principles.

1.02 INTERPRETATION. For all purposes of this Agreement: (i) the terms defined in this Agreement include the plural as well as the singular; (ii) all references in this Agreement to “Preamble”, “Recitals”, “Articles”, “Sections” and other subdivisions are to the designated Preamble, Recitals, Articles, Sections and other subdivisions of the body of this Agreement; (iii) pronouns of either gender or neuter include, as appropriate, the other pronoun forms; (iv) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not

to any particular Article, Section or other subdivision; (v) “or” is not exclusive; (vi) “including” shall be deemed to be followed by “but not limited to”; and (vii) any definition of or reference to any statute shall be construed as referring also to any rules and regulations promulgated thereunder.

## ARTICLE II

### PAYMENTS AND TAX REFUNDS

2.01 COVIDIEN LIABILITY. Covidien shall pay and be responsible for:

- (a) any Specified Taxes not allocated to Mallinckrodt pursuant to Article 2.02; and
- (b) any Covidien Separation Taxes.

2.02 MALLINCKRODT LIABILITY. Mallinckrodt shall pay and be responsible for:

- (a) any Current Taxes where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (i) pay such Taxes or (ii) file a Tax Return with respect to such Taxes;
- (b) any Mallinckrodt Historic Tax Liability;
- (c) 20% of any Unanticipated Separation Taxes; and
- (d) any Mallinckrodt Separation Taxes.

2.03 MALLINCKRODT TAX LIABILITY CAP.

(a) Notwithstanding anything in this Agreement to the contrary, Mallinckrodt shall not be liable for Taxes pursuant to Article 2.02(b), 2.02(c), or 2.02(d) to the extent that the aggregate Tax Benefit Adjusted Amount in respect of liability for Taxes allocated to Mallinckrodt pursuant to Article 2.02(b), together with the aggregate Tax Benefit Adjusted Amount in respect of liability for Taxes allocated to Mallinckrodt pursuant to Article 2.02(c) and 2.02(d), exceeds the Mallinckrodt Tax Liability Cap.

(b) If and to the extent the Tax Benefit Adjusted Amount in respect of any liability for Mallinckrodt Historic Tax Liabilities, Unanticipated Separation Taxes, or Mallinckrodt Separation Taxes changes subsequent to any determination made with respect to Article 2.01 or 2.02 including, without limitation, as a result of a carryforward or a carryback of a deduction, credit, loss or other Tax attribute which affects the Tax Benefit Adjusted Amount in respect of such a liability, then the amount of all Taxes for which each Party is responsible pursuant to Articles 2.01 and 2.02 shall be redetermined taking into account the effect of such modified Tax Benefit Adjusted Amount.

(c) If and to the extent Mallinckrodt or any member of the Mallinckrodt Group receives any Refund of Unanticipated Separation Taxes or Mallinckrodt Separation Taxes pursuant to Article 2.05, then the amount of all Taxes for which each Party is responsible pursuant to Articles 2.01 and 2.02 shall be redetermined taking into account the effect of such Refund.

#### 2.04 CERTAIN EMPLOYMENT AND OTHER TAXES.

(a) ALLOCATION OF EMPLOYMENT TAXES. Except as otherwise addressed in Article V hereof, liability for Employment Taxes shall be determined pursuant to the Employee Matters Agreement.

(b) ALLOCATION OF OTHER TAXES. Except as otherwise addressed in Article V hereof, liability for Other Taxes shall be determined pursuant to the Distribution Agreement.

#### 2.05 TAX REFUNDS.

(a) Mallinckrodt shall be entitled to

(i) any Refund of Current Taxes received by any member of the Mallinckrodt Group or the Covidien Group, where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (i) pay such Taxes or (ii) file a Tax Return with respect to such Taxes;

(ii) 20% of any Refund of any Unanticipated Separation Taxes received by any member of the Mallinckrodt Group or the Covidien Group; provided that, if the proportionate amount of such Tax that was borne by Mallinckrodt was lower than 20%, whether by reason of the application of Article 2.03 or otherwise, Mallinckrodt will be entitled to such lower proportionate amount of such Refund of Unanticipated Separation Taxes; and

(iii) any Refund of Mallinckrodt Separation Taxes received by any member of the Mallinckrodt Group or the Covidien Group to the extent that liability for such Taxes was actually borne by Mallinckrodt; provided that, solely for purposes of this Article 2.05(a)(iii), any Refund in respect of a Separation Tax shall be treated first as a Refund of a Mallinckrodt Separation Tax if and only to the extent Mallinckrodt bore such Tax, taking into account the application of Article 2.03, and thereafter as a Refund of a Covidien Separation Tax.

(b) Covidien shall be entitled to all Refunds of Specified Taxes received by any member of the Mallinckrodt Group or the Covidien Group other than those to which Mallinckrodt is entitled pursuant to Article 2.05(a).

2.06 PRIOR AGREEMENTS. Except as set forth in this Agreement and in consideration of the mutual indemnities and other obligations of this Agreement, any and all prior Tax sharing or allocation agreements or practices between any member of the Covidien Group and any member of the Mallinckrodt Group shall be terminated with respect to the Mallinckrodt Group and the Covidien Group as of the Distribution Date. No member of either the Mallinckrodt Group or the Covidien Group shall have any continuing rights or obligations under any such agreement thereunder.

### ARTICLE III

#### **PREPARATION AND FILING OF TAX RETURNS**

3.01 COVIDIEN'S RESPONSIBILITY. Covidien shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all Tax Returns Covidien or any member of the Covidien Group is obligated to file pursuant to applicable Tax Law.

3.02 MALLINCKRODT'S RESPONSIBILITY. Mallinckrodt shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all Tax Returns Mallinckrodt or any member of the Mallinckrodt Group is obligated to file pursuant to applicable Tax Law, other than those which Covidien is responsible to file pursuant to Article 3.01.

3.03 RIGHT TO REVIEW TAX RETURNS. With respect to any Tax Return relating to any Pre-Distribution Period or Straddle Period for which Mallinckrodt is the Responsible Party, Mallinckrodt shall deliver such Tax Return and related workpapers to Covidien for approval twenty (20) Business Days prior to the due date of the relevant Tax Return. Mallinckrodt shall provide Covidien a meaningful opportunity to analyze and comment on such Tax Return and shall modify such Tax Return before filing to include Covidien's reasonable comments. Mallinckrodt shall not, and shall not permit any member of the Mallinckrodt Group to, file any such Tax Return without the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion.

3.04 COOPERATION. The Parties shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Article VII with respect to the preparation and filing of Tax Returns, including providing information required to be provided in Article VIII.

3.05 TAX REPORTING PRACTICES. Except as provided in Article 3.06, with respect to any Tax Return for any taxable period that ends on or before the second anniversary of the Distribution Date with respect to which Mallinckrodt is the Responsible Party, such Tax Return shall be prepared in a manner (i) consistent with past practices, accounting methods, elections and conventions ("**Past Practices**") used with respect to the Tax Returns in question (unless there is no Reasonable Basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no Reasonable Basis for the use of such Past Practices), in

accordance with reasonable Tax accounting practices selected by Mallinckrodt; and (ii) that, to the extent consistent with clause (i), minimizes the overall amount of Taxes due and payable on such Tax Return for all of the Parties by cooperating in making such elections or applications for group or other relief or allowances available in the taxing jurisdiction in which such Tax Return is filed. Mallinckrodt shall not take any action inconsistent with the assumptions (including items of income, gain, deduction, loss and credit) made in determining all estimated or advance payments of Taxes on or prior to the Distribution Date.

**3.06 REPORTING OF REORGANIZATION.** The Tax treatment of any step in or portion of the Reorganization shall be reported on each applicable Tax Return consistently with the treatment thereof in any Ruling Request, Tax Opinion, Ruling, and Local Separation Agreement, taking into account the jurisdiction in which such Tax Returns are filed, unless there is no Reasonable Basis for such Tax treatment. In the event that a Party shall determine that there is no Reasonable Basis for such Tax treatment, such Party shall notify the other Party no later than twenty (20) Business Days prior to filing the relevant Tax Return and the Parties shall attempt in good faith to agree on the manner in which the relevant portion of the Reorganization shall be reported.

**3.07 PAYMENT OF TAXES.**

(a) With respect to any Tax Return required to be filed pursuant to this Agreement, the Responsible Party shall remit or cause to be remitted to the applicable Governmental Entity in a timely manner any Taxes due in respect of any such Tax Return.

(b) In the case of any Tax Return for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes reported as due on such Tax Return, the Responsible Party shall notify the other Party, in writing, of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of five (5) Business Days prior to the date on which such payment is due and fifteen (15) Business Days after the receipt of such notice.

**3.08 AMENDED RETURNS AND CARRYBACKS.**

(a) Mallinckrodt shall not, and shall not permit any member of the Mallinckrodt Group to, file or allow to be filed any Adjustment Request for any Pre-Distribution Period or Straddle Period without the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion.

(b) Mallinckrodt shall, and shall cause each member of the Mallinckrodt Group to, make any available elections to waive the right to carry back any Tax Attribute from a taxable period or portion thereof ending after the Distribution Date to a taxable period or portion thereof ending on or before the Distribution Date.

(c) Mallinckrodt shall not, and shall cause each member of the Mallinckrodt Group not to, without the prior written consent of Covidien, make any affirmative election to carry back any Tax Attribute from a taxable period or portion thereof ending after the Distribution Date to a taxable period or portion thereof ending on or before the Distribution Date, such consent to be exercised in Covidien's sole discretion.

(d) Receipt of consent by Mallinckrodt or a member of the Mallinckrodt Group from Covidien pursuant to the provisions of this Article 3.08 shall not limit or modify Mallinckrodt's continuing indemnification obligation pursuant to Article V.

### 3.09 TAX ATTRIBUTES.

(a) Mallinckrodt shall make its own determination as to the existence and the amount of the Tax Attributes to which it is entitled after the Distribution Date; provided, however, that such determination shall be made in a manner that is (a) consistent with Past Practices; (b) in accordance with the rules prescribed by applicable Law, including the Code and the Treasury Regulations; (c) consistent with the Rulings, the Tax Certificates, and the Tax Opinions; (d) reasonably determined by Mallinckrodt to minimize the aggregate cash Tax liability of the Parties for all Pre-Distribution Tax Periods and the portion of all Straddle Tax Periods ending on the Distribution Date; and (e) with respect to any determination relating to the existence or availability of net operating losses, consented to in writing by Covidien, such consent to be exercised in Covidien's sole and absolute discretion.

(b) Upon the reasonable request of Mallinckrodt, Covidien shall provide Mallinckrodt with any reasonably available Tax Records relating to the determination of Tax Attributes if and only to the extent such Tax Records exist on the Distribution Date. Nothing in this Agreement, including this Article 3.09(b), shall require Covidien to make any determinations or otherwise create any Tax Records with respect to Tax Attributes or the determination thereof.

## ARTICLE IV

### REPRESENTATIONS AND COVENANTS

#### 4.01 COMPLIANCE WITH THE RULINGS AND TAX OPINIONS.

(a) Covidien, on behalf of itself and all other members of the Covidien Group, hereby represents and warrants that (i) it has examined (A) the Rulings, (B) the Tax Opinions, (C) the Ruling Requests, (D) the Tax Certificates and (E) any other materials delivered or deliverable in connection with the issuance of the Rulings and the rendering of Tax Opinions (collectively, the "**Tax Materials**") and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to Covidien or any member of the Covidien Group or the Covidien Businesses, were, at the time presented or represented and from such time until and including the Distribution



Date, true, correct, and complete in all material respects. Covidien, on behalf of itself and all other members of the Covidien Group, hereby confirms and agrees to comply with any and all covenants and agreements in the Tax Materials applicable to Covidien or any member of the Covidien Group or the Covidien Businesses.

(b) Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby represents and warrants that (i) it has examined the Tax Materials and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to Mallinckrodt or any member of the Mallinckrodt Group or the Mallinckrodt Business, were, at the time presented or represented and from such time until and including the Distribution Date, true, correct, and complete in all material respects. Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby confirms and agrees to comply with any and all covenants and agreements in the Tax Materials applicable to Mallinckrodt or any member of the Mallinckrodt Group or the Mallinckrodt Business.

4.02 CONSENT REQUIREMENT FOR MAJOR TRANSACTIONS. Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby covenants and agrees that no member of the Mallinckrodt Group will take or permit to be taken:

(a) within the applicable Restricted Period, any of the following actions:

(i) any Proposed Acquisition Transaction, or approval of any Proposed Acquisition Transaction for any purpose;

(ii) any merger, scheme of arrangement, or consolidation with any other Person or liquidation or partial liquidation; or any approval or allowance of any merger, scheme of arrangement, consolidation, liquidation, or partial liquidation of any of the Restricted Transfer Entities or the ATOB Entities;

(iii) any approval or allowance of the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material change in, any Active Business;

(iv) any approval or allowance of the sale, transfer, issuance, or other disposition (to an Affiliate or otherwise), directly or indirectly, of any share of, or other equity interest or an instrument convertible into an equity interest in, any of the ATOB Entities, Belgium Restricted Transfer Entities, Canada Restricted Transfer Entities, German Restricted Transfer Entities, or Netherlands Restricted Transfer Entities;

(v) any sale, transfer, or other disposition of more than 35 percent (35%) of its consolidated gross or net assets, or approval or allowance of the sale, transfer, or other disposition (to an Affiliate or

otherwise) of more than 35 percent (35%) of the consolidated gross or net assets of any of the Restricted Transfer Entities (in each case, excluding sales in the ordinary course of business and measured based on fair market values as of the date of the applicable Distribution or other transaction);

(vi) any amendment to its certificate of incorporation (or other organizational documents), or any other action or approval or allowance of the taking of any action, whether through a stockholder vote or otherwise, affecting the voting rights of the stock of Mallinckrodt or any of the Restricted Transfer Entities;

(vii) any issuance of shares of a new class of nonvoting stock or approval or allowance of any of the Restricted Transfer Entities to issue shares of a new class of nonvoting stock;

(viii) any purchase, directly or through any Affiliate, of any of its outstanding stock after the Distributions, other than through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30;

(ix) any approval or allowance of an extraordinary contribution to any of the Restricted Transfer Entities (or any successor thereto) by its shareholder or shareholders (or any successor(s) thereto);

(x) any sale, transfer or other disposition, or any approval or allowance of the sale, transfer, or other disposition, of ten percent (10%) or more of the fair market value of the property, determined at the time of the Distribution, of any Canada Restricted Transfer Entity, as determined pursuant to Section 55(3)(a) of the Canadian Income Tax Act of 1985, as amended and any regulations promulgated thereunder.

(b) any action at any time that could jeopardize, directly or indirectly, any of the conclusions contained in any Ruling or any Tax Opinion (collectively, the “**Prohibited Acts**”).

Notwithstanding the foregoing, Mallinckrodt or a member of the Mallinckrodt Group may take any of the Prohibited Acts if Mallinckrodt either (i) obtains an Unqualified Tax Opinion in form and substance reasonably satisfactory to Covidien or (ii) obtains the prior written consent of Covidien waiving the requirement that Mallinckrodt obtain an Unqualified Tax Opinion, such waiver to be provided in Covidien’s sole and absolute discretion. Covidien’s evaluation of an Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations, and covenants made in connection with such opinion. Mallinckrodt shall bear all costs and expenses of securing any such Unqualified Tax Opinion and shall reimburse Covidien for all reasonable out-of-pocket expenses that Covidien or its Subsidiaries may incur in good faith in seeking to obtain or evaluate any such Unqualified Tax Opinion. Neither the delivery of an Unqualified Tax Opinion nor Covidien’s waiver of Mallinckrodt’s obligation to deliver an Unqualified Tax Opinion shall limit or modify Mallinckrodt’s continuing indemnification obligation pursuant to Article V.

4.03 COVIDIEN COVENANTS. Notwithstanding anything else to the contrary contained in this Agreement or any other agreement, Covidien, on behalf of itself and all other members of the Covidien Group, hereby confirms and agrees that neither Covidien nor any member of the Covidien Group will take or permit to be taken any action at any time that would likely jeopardize, directly or indirectly, any of the conclusions contained in any Ruling or Tax Opinion.

## ARTICLE V

### INDEMNITY OBLIGATIONS

#### 5.01 INDEMNITY OBLIGATIONS.

(a) Covidien shall indemnify and hold harmless Mallinckrodt from and against, and will reimburse Mallinckrodt for, (i) all liability for Taxes allocated to Covidien pursuant to Article II, (ii) all Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any breach of or inaccuracy in any representation, covenant, or obligation of any member of the Covidien Group pursuant to this Agreement, and (iii) the amount of any Refund received by any member of the Covidien Group which is allocated to Mallinckrodt pursuant to Article 2.05(a).

(b) Without regard to whether any action is permitted or consented to hereunder and notwithstanding anything else to the contrary contained herein, Mallinckrodt shall indemnify and hold harmless Covidien from and against, and will reimburse Covidien for, (i) all liability for Taxes allocated to Mallinckrodt pursuant to Article II, (ii) all Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any breach of or inaccuracy in any representation, covenant, or obligation of any member of the Mallinckrodt Group pursuant to this Agreement, (iii) all Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any Prohibited Act by Mallinckrodt or any member of the Mallinckrodt Group, regardless of whether (A) Covidien consented to such Prohibited Act, or (B) Mallinckrodt obtained an Unqualified Tax Opinion, and (iv) the amount of any Refund received by any member of the Mallinckrodt Group which is allocated to Covidien pursuant to Article 2.05(b).

(c) To the extent that any Tax or Tax-Related Loss is subject to indemnity pursuant to both Articles 5.01(a) and 5.01(b), responsibility for such Tax or Tax-Related Loss shall be shared by Covidien and Mallinckrodt according to relative fault.

5.02 INDEMNIFICATION PAYMENTS. Except as otherwise provided in this Agreement, if either Party (the “**Indemnified Party**”) is required to pay to a Taxing Authority a Tax or to another Party an indemnification payment in respect of a Tax that another Party (the “**Indemnifying Party**”) is liable for under this Agreement, including as the result of a Final Determination, the Indemnified Party shall notify the

Indemnifying Party, in writing, of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such Indemnifying Party to the Indemnified Party, including any Tax-Related Losses attributable thereto. The Indemnifying Party shall pay such amount, including any Tax-Related Losses attributable thereto, to the Indemnified Party no later than the later of (i) five (5) Business Days prior to the date on which such payment is due to the applicable Taxing Authority or (ii) fifteen (15) Business Days after the receipt of notice from the other Party.

#### 5.03 PAYMENTS NET OF TAX BENEFITS.

(a) All amounts required to be paid by one Party to another pursuant to this Agreement, the Distribution Agreement or any Ancillary Agreement shall be reduced by the Tax Benefit Amount, if any, with respect to the Indemnified Party or its Subsidiaries in respect of the indemnified liability.

(b) If and to the extent any Tax Benefit Amount arises in respect of an indemnified liability which has not already reduced any payment made to the Indemnified Party or its Subsidiaries pursuant to this Agreement then, no later than five (5) Business Days after the filing of a Tax Return with respect to the applicable taxable period in which such Tax Benefit Amount arose, such Indemnified Party shall pay to the Indemnifying Party the amount of any such Tax Benefit Amount not previously taken into account. For the avoidance of doubt, in the event that a deduction, credit, loss or other Tax attribute, or any portion thereof, arising as a result of such payment results in a Tax Benefit Amount in a taxable period or portion thereof prior to or later than the taxable period during which such payment is considered to have been made for applicable Tax purposes, then this Article 5.03 shall continue to apply for all taxable periods included in the applicable Tax Benefit Period.

(c) With respect to each taxable period that is included in a Tax Benefit Period in respect of

(i) any liability for which Mallinckrodt or any member of the Mallinckrodt Group is required to indemnify Covidien or any member of the Covidien Group pursuant to this Agreement, the Distribution Agreement, or any Ancillary Agreement, or

(ii) any Tax for which Mallinckrodt or any member of the Mallinckrodt Group is liable pursuant to Articles 2.02(b), 2.02(c), or 2.02(d) of this Agreement (in each case, without regard to Article 2.03),

Mallinckrodt and each member of the Mallinckrodt Group shall, with respect to each Tax Return required to be filed, or actually filed, with respect to each such taxable period, provide to Covidien pro forma copies of each such Tax Return prepared in accordance with the principles set forth in the definition of Tax Benefit Amount. Such pro forma Tax Return shall determine the Tax Benefit Amount, if any, realized by Mallinckrodt or any member of the Mallinckrodt Group in respect of such liability or Tax. Mallinckrodt

shall deliver such pro forma Tax Returns to Covidien no later than twenty (20) Business Days following the earlier of the date on which such Tax Return was filed or required to be filed.

#### 5.04 PAYMENT MECHANICS.

(a) Subject to Article 10.02, all payments under this Agreement shall be made by Covidien directly to Mallinckrodt and by Mallinckrodt directly to Covidien; provided, however, that if the Parties mutually agree with respect to any such indemnification payment, any member of the Covidien Group, on the one hand, may make such indemnification payment to any member of the Mallinckrodt Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Article 5.05.

(b) Any late payment made by one Party to another Party pursuant to this Agreement shall be subject to interest at a rate per annum equal to the then effective Prime Rate plus 5% (or the maximum legal rate, whichever is lower), calculated for the actual number of days elapsed, and accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(c) In the case of any payment of Taxes made by a Responsible Party or Indemnified Party pursuant to this Agreement for which such Responsible Party or Indemnified Party, as the case may be, has received a payment from the other Party, such Responsible Party or Indemnified Party shall provide to the other Party a copy of any official government receipt received with respect to the payment of such Taxes to the applicable Taxing Authority (or, if no such official governmental receipts are available, executed bank payment forms or other reasonable evidence of payment).

5.05 TREATMENT OF PAYMENTS. The Parties agree that any payment made among the Parties pursuant to this Agreement shall be treated, to the extent permitted by law, for all United States federal income Tax purposes as either (i) a non-taxable contribution by Covidien to Mallinckrodt, or (ii) a distribution by Mallinckrodt to Covidien, in each case, made immediately prior to the Distribution.

### ARTICLE VI

#### TAX CONTESTS

6.01 NOTICE. Each Party shall promptly notify the other Party in writing upon receipt by such Party or any member of its Group of a written communication from any Governmental Entity with respect to any pending or threatened audit, claim, dispute, suit, action, proposed assessment or other proceeding (a "**Tax Contest**") concerning any Taxes for which the other Party may be liable pursuant to this Agreement.

6.02 CONTROL OF CONTESTS BY COVIDIEN. Covidien shall have the sole responsibility and right to control the prosecution of any Tax Contest, including the exclusive right to communicate with agents of the applicable Governmental Entity

and to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any such Tax Contest, other than Mallinckrodt Controlled Tax Contests (collectively, "**Covidien Controlled Tax Contests**").

6.03 CONTROL OF CONTESTS BY MALLINCKRODT. Mallinckrodt shall have the full responsibility and right to control the prosecution of any Tax Contest, including the exclusive right to communicate with agents of the applicable Governmental Entity and to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any such Tax Contest, involving any Tax Return filed by Mallinckrodt or any member of the Mallinckrodt Group for any Post-Distribution Period, and any Pre-Distribution or Straddle Period Tax Return filed by Mallinckrodt or any member of the Mallinckrodt Group relating exclusively to Non-United States Taxes for any taxable year or taxable period beginning after June 29, 2007 (collectively, "**Mallinckrodt Controlled Tax Contests**"); provided, that in no event shall any 2007 TCE TSA Tax Contest constitute a Mallinckrodt Controlled Tax Contest; provided, further, that Mallinckrodt shall not resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any Mallinckrodt Controlled Tax Contest without the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion.

6.04 2007 TCE TSA CONTEST INFORMATION UPDATE. Notwithstanding anything to the contrary in this Agreement, Covidien shall (i) provide to Mallinckrodt any factual information Covidien receives from the Audit Management Party regarding any 2007 TCE TSA Tax Contest relating to Taxes for which Mallinckrodt may be liable pursuant to Article 2.02, and (ii) provide notice to Mallinckrodt of any pending or threatened 2007 TCE TSA Tax Contest of which it becomes aware relating to Taxes for which Mallinckrodt may be liable pursuant to Article 2.02 reasonably promptly after receipt of notice pursuant to the 2007 TCE TSA. Such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Taxing Authority in respect of any such matters. Mallinckrodt shall not have any right to any amount paid to Covidien or any member of the Covidien Group by any party to the 2007 TCE TSA (or any Affiliate of any party to the 2007 TCE TSA) regardless of whether such payment relates to an amount for which Mallinckrodt is liable pursuant to the terms of this Agreement or any Ancillary Agreement.

6.05 OBLIGATION OF CONTINUED NOTICE. During the pendency of any Tax Contest or threatened Tax Contest, other than a 2007 TCE TSA Tax Contest, each of the Parties shall provide prompt notice to the other Party of any written communication received by it or a member of its respective Group from a Taxing Authority regarding any Tax Contest for which it is indemnified by the other Party hereunder or for which it may be required to indemnify the other Party hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Taxing Authority and contain factual information (to the extent known) describing any

asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Taxing Authority in respect of any such matters. Such notice shall be provided in a reasonably timely fashion; provided, however, that in the event that timely notice is not provided, a Party shall be relieved of its obligation to indemnify the other Party only to the extent that such delay results in actual increased costs or actual prejudice to such other Party.

6.06 SETTLEMENT RIGHTS. Unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest, other than a 2007 TCE TSA Tax Contest, as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (iv) the Controlling Party shall defend such Tax Contest diligently and in good faith; provided, however, that nothing in this Article 6.06 shall affect Covidien's right to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any Covidien Controlled Tax Contest, or consent to the resolution, settlement or agreement of any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any such Mallinckrodt Controlled Tax Contest, in Covidien's sole and absolute discretion. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

## ARTICLE VII

### COOPERATION

7.01 GENERAL. Each Party shall fully cooperate, and shall cause all members of such Party's Group to fully cooperate, with the other Party in connection with the preparation and filing of any Tax Return or the conduct of any Tax Contest (including, where appropriate or necessary, providing a power of attorney) concerning any issues or any other matter contemplated pursuant to this Agreement. Each Party shall make its employees and facilities available on a mutually convenient basis to facilitate such cooperation.

7.02 CONSISTENT TREATMENT. Unless and until there has been a Final Determination to the contrary, each Party agrees not to take any position on any Tax Return, in connection with any Tax Contest or otherwise that is inconsistent with (a)

the treatment of payments between the Covidien Group and the Mallinckrodt Group as set forth in Article 5.05, (b) the Rulings, (c) the Tax Opinions, or (d) the Tax treatment of any transaction included in the Reorganization.

## ARTICLE VIII

### **RETENTION OF RECORDS; ACCESS**

8.01 RETENTION OF RECORDS. For so long as the contents thereof may become material in the administration of any matter under applicable Tax law, but in any event until the later of (i) the expiration of any applicable statutes of limitation and (ii) seven years after the Distribution Date, the Parties shall retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns (collectively, "**Tax Records**") in respect of Taxes of any member of either the Covidien Group or the Mallinckrodt Group for any Pre-Distribution Period, Straddle Period, or Post-Distribution Period or for any Tax Contests relating to such Tax Returns. At any time after the Distribution Date that the Covidien Group proposes to destroy such material or information, it shall first notify the Mallinckrodt Group in writing and the Mallinckrodt Group shall be entitled to receive such materials or information proposed to be destroyed. At any time after the Distribution Date that the Mallinckrodt Group proposes to destroy such material or information, it shall first notify the Covidien Group in writing and the Covidien Group shall be entitled to receive such materials or information proposed to be destroyed.

#### 8.02 ACCESS TO TAX RECORDS.

(a) GENERAL RULE. The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items pursuant to this Agreement. The Party seeking access to the records of the other Party shall bear all costs and expenses associated with such access, including any professional fees.

8.03 PRESERVATION OF PRIVILEGE. No member of the Mallinckrodt Group shall provide access to, copies of, or otherwise disclose to any Person any documentation relating to Taxes existing as of the date hereof to which Privilege may reasonably be asserted without the prior written consent of Covidien, such consent not to be unreasonably withheld.



**ARTICLE IX**

**DISPUTE RESOLUTION**

9.01 The Parties mutually desire that friendly collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a “**Dispute**”) between any member of the Covidien Group and any member of the Mallinckrodt Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Parties shall negotiate in good faith to resolve the Dispute. If such good faith negotiations do not resolve the Dispute, then the matter, upon written request of either Party, will be referred to the persons at each Party holding the title of General Counsel (or such other chief legal officer at such Party) for resolution. If such Dispute is not resolved within ninety (90) Business Days following the date on which the senior managers receive notification, the Parties to such Dispute shall each separately retain an independent, nationally recognized law or accounting firm (each, a “**Preliminary Tax Advisor**” and, together, the “**Preliminary Tax Advisors**”), which Preliminary Tax Advisors shall jointly retain a third independent, nationally recognized law or accounting firm which must be located in New York, New York (the “**Tax Advisor**”) on behalf of the Parties to the Dispute to act as an arbitrator in order to resolve the Dispute. The Tax Advisor’s determination as to any Dispute shall be made in accordance with the terms of this Agreement and shall be final and binding on the Parties and not subject to collateral attack for any reason (other than manifest error). All fees and expenses of the Preliminary Tax Advisor shall be borne by the Party that engaged such advisor and all of the fees and expenses of the Tax Advisor shall be shared equally by each of the Parties to the Dispute.

**ARTICLE X**

**MISCELLANEOUS PROVISIONS**

10.01 CONFLICTING AGREEMENTS. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Distribution Agreement or any Ancillary Agreement, this Agreement shall control with respect to the subject matter thereof.

10.02 ASSIGNABILITY. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and permitted assigns. A Party hereto may assign its respective rights or delegate its respective obligations under this Agreement to any Affiliate of such Party; provided, however, that in connection with each such assignment or delegation, the assigning Party provides a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 10.02; provided, further, that Mallinckrodt shall only be entitled to assign its rights or delegate its obligations under this Agreement with the prior written consent of Covidien.

10.03 NO FIDUCIARY RELATIONSHIP. The duties and obligations of the Parties, and their respective successors and permitted assigns, contained herein are the extent of the duties and obligations contemplated by this Agreement; nothing in this Agreement is intended to create a fiduciary relationship between the Parties hereto, or any of their successors and permitted assigns, or create any relationship or obligations other than those explicitly described.

10.04 APPLICATION TO PRESENT AND FUTURE SUBSIDIARIES. This Agreement is being entered into by Covidien and Mallinckrodt on behalf of themselves and the members of their respective Group. This Agreement shall constitute a direct obligation of each such Party and shall be deemed to have been readopted and affirmed on behalf of any entity that becomes a Subsidiary of Covidien or Mallinckrodt in the future.

10.05 FURTHER ASSURANCES. Subject to the provisions hereof, the Parties hereto shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby.

10.06 SURVIVAL. Notwithstanding any other provision of this Agreement to the contrary, all representations, covenants and obligations contained in this Agreement shall survive until the expiration of the applicable statute of limitations with respect to any such matter (including extensions thereof).

10.07 NOTICES. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Article 10.07):

If to Covidien, to:

Covidien plc  
1<sup>st</sup> Floor, 20 on Hatch  
Lower Hatch Street  
Dublin 2  
Ireland  
Attn: General Counsel  
Facsimile: +352-266-379-92

and

Covidien  
15 Hampshire Street  
Mansfield, MA 02048  
Attn: Eric Green  
Facsimile: (508) 261-8544

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, NY 10036  
Attn: Sally Thurston  
Facsimile: (917) 777-4140

If to Mallinckrodt, to:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland  
Attn: General Counsel  
Facsimile: (314) 654-5366

and

Mallinckrodt  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: General Counsel  
Facsimile: (314) 654-5366

with a copy to:

Sidley, Austin LLP  
787 7<sup>th</sup> Ave.  
New York, NY 10019  
Attn: [—]  
Facsimile: [—]

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

10.08 NO CIRCUMVENTION. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure

to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement, the Distribution Agreement or any other Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

10.09 NO DUPLICATION; NO DOUBLE RECOVERY. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

10.10 DISTRIBUTION AGREEMENT. To the extent not inconsistent with any specific term of this Agreement, the provisions of the Distribution Agreement shall apply in relevant part to this Agreement, including Article IX Termination; 10.1 Counterparts; Entire Agreement; Corporate Power; 10.2 Governing Law; Submissions to Jurisdiction; Waiver of Jury Trial; 10.4 Third-Party Beneficiaries; 10.6 Severability; 10.7 Force Majeure; 10.9 Expenses; 10.10 Headings; 10.12 Waivers; 10.13 Specific Performance; 10.14 Amendments; and 10.15 Interpretation.

\* \* \*

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year first above written.

COVIDIEN PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MALLINCKRODT PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CREDIT AGREEMENT

dated as of

March 25, 2013

among

MALLINCKRODT INTERNATIONAL FINANCE S.A.,  
Borrower

from the Effective Date,  
MALLINCKRODT PLC,  
Parent Guarantor

The LENDERS Party Hereto

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
Administrative Agent

GOLDMAN SACHS BANK USA,  
Syndication Agent

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J.P. MORGAN SECURITIES LLC  
and  
GOLDMAN SACHS BANK USA  
Joint Bookrunners and Joint Lead Arrangers

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CREDIT AGREEMENT dated as of March 25, 2013 among MALLINCKRODT INTERNATIONAL FINANCE S.A., a public limited liability company (société anonyme), having its registered office at 3b boulevard Prince Henri, L-1724 Luxembourg, registered with the Luxembourg trade and companies register under number B.172865, the LENDERS party hereto, JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent, and, from the Effective Date, MALLINCKRODT PLC.

The parties hereto agree as follows:

## ARTICLE 1

### DEFINITIONS

Section 1.01. *Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

“**Additional Lender**” has the meaning assigned to such term in Section 2.20.

“**Adjusted Consolidated EBITDA**” means, for any period, Consolidated Net Income for such period *plus* (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) Consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iii) any extraordinary charges, expenses or losses, (iv) net after-tax losses (including all fees and expenses or charges relating thereto) on sales of assets outside the ordinary course of business and net after-tax losses from discontinued operations, (v) net after-tax losses (including all fees and expenses or charges relating thereto) on the retirement of debt and (vi) any other nonrecurring or non-cash charges, expenses or losses (including charges, fees and expenses or charges, fees and expenses incurred in connection with the Spinoff Transactions), and *minus* (b) without duplication and to the extent included in determining such Consolidated Net Income of the Parent Guarantor and its Subsidiaries (i) any extraordinary income or gains, (ii) net after-tax gains (less all fees and expenses or charges relating thereto) on the sales of assets outside of the ordinary course of business and net after-tax gains from discontinued operations, (iii) any net after-tax gains (less all fees and expenses or charges relating thereto) on the retirement of debt and (iv) any other nonrecurring or non-cash income or gains, all as determined on a Consolidated basis. For the purposes of calculating the Leverage Ratio as of the end of any period, if during such period the Parent Guarantor or any of its Subsidiaries shall have consummated a Specified Transaction (as defined below), Adjusted Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Specified Transaction occurred on the first day of such period. For purposes hereof, “**Specified Transaction**” means any transaction or series of related transactions occurring after the Effective Date, resulting in (a) the acquisition or disposition of all or substantially all of the assets of a Person, or of any line of business or division of a Person, (b) the acquisition or disposition of in excess of 50% of the Equity Interests of any Person or (c)

a merger or consolidation or any other combination with another Person (other than the Parent Guarantor or any of its Subsidiaries); *provided* that the Spinoff Transactions (including, for the avoidance of doubt, any transfer of the stock of certain entities holding the assets, liabilities and operations of the pharmaceutical business of Covidien plc and its subsidiaries, and any transfer and assignment of certain related assets and liabilities of Covidien plc or its subsidiaries to the Parent Guarantor and its Subsidiaries in connection therewith) shall be deemed a Specified Transaction.

“**Adjusted LIBO Rate**” means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate *per annum* equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“**Administrative Agent**” means JPMorgan Chase Bank, N.A. (including its branches and affiliates) in its capacity as administrative agent for the Lenders hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Article 8.

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“**Agency Site**” means the Intralinks or other electronic platform site established by the Administrative Agent to administer this Agreement.

“**Alternative Currency**” means British Pound Sterling, Canadian Dollar, Euro or Swiss Franc.

“**Alternative Currency Borrowing**” means a Eurocurrency Borrowing that is made in an Alternative Currency pursuant to the applicable Borrowing Request.

“**Alternative Currency Loan**” means a Eurocurrency Loan that is made in an Alternative Currency pursuant to the applicable Borrowing Request.

“**Applicable Percentage**” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; *provided* that in the case of Section 2.19 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination.

“**Applicable Rate**” means, for any day, with respect to any Eurocurrency Revolving Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate *per annum* set forth below under the caption “Eurocurrency Spread” or “Facility Fee Rate”, as the case may be, based upon the Index Debt Ratings by Moody’s and S&P, respectively, applicable on such date:

Category	Index Debt Rating		Eurocurrency Spread	Facility Fee Rate
	Moody’s	S&P		
1	Baa2 (or higher)	BBB (or higher)	107.5 bps	17.5 bps
2	Baa3	BBB-	127.5 bps	22.5 bps
3	Ba1	BB+	150.0 bps	25.0 bps
4	Ba2	BB	170.0 bps	30.0 bps
5	Ba3 (or lower)	BB- (or lower)	237.5 bps	37.5 bps

For purposes of the foregoing, (i) if the Index Debt Ratings established or deemed to have been established by Moody’s and S&P shall fall within different Categories, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the Applicable Rate shall be determined by reference to the Category next below that of the higher of the two ratings; (ii) if either Moody’s or S&P (but not both) shall not have in effect an Index Debt Rating, then (x) if such rating agency shall cease to be in the business of rating corporate debt obligations or if the Borrower has used commercially reasonable efforts to maintain Index Debt Ratings from both S&P and Moody’s, then the Moody’s or S&P rating that remains shall determine the applicable Category and (y) otherwise, the Applicable Rate shall be determined by reference to the Category next below that of the remaining rating; and (iii) if neither Moody’s nor S&P shall have in effect an Index Debt Rating, the Applicable Rate shall be determined by reference to Category 5. If the Index Debt Ratings established or deemed to have been established by Moody’s and S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, the Borrower and the Lenders shall negotiate in good faith to amend

this definition to reflect such changed rating system and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change.

“**Approved Fund**” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower (such approval not to be unreasonably withheld or delayed).

“**Attributable Debt**” in respect of a Sale and Leaseback Transaction means, as at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligations of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

“**Availability Period**” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, examiner, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization, examinership or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, *provided* that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, *provided, further*, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“**Board**” means the Board of Governors of the Federal Reserve System of the United States of America.

“**Borrower**” means Mallinckrodt International Finance S.A., a public limited liability company (*société anonyme*) organized and established under the laws of

Luxembourg, having its registered office at 3b, boulevard Prince Henri, L-1724 Luxembourg, registered with the Luxembourg Companies Register under number B.172865.

“**Borrowing**” means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, denominated in the same currency and as to which a single Interest Period is in effect or (b) a Swingline Loan.

“**Borrowing Request**” means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

“**British Pound Sterling**” means the lawful currency of the United Kingdom.

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City and in Luxembourg are authorized or required by law to remain closed and shall also exclude any day on which banks are not open for dealings in deposits in the relevant Alternative Currency in the London interbank market or the principal financial center of such Alternative Currency.

“**Canadian Dollar**” means the lawful currency of Canada.

“**Capital Lease Obligations**” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“**Change of Control**” means at any time after the Effective Date, (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Parent Guarantor; (b) the Parent Guarantor shall cease to own 100% of the Equity Interests of the Borrower; or (c) occupation of a majority of the seats (other than vacant seats) on the board of directors by Persons who (i) were not members of the board of directors of the Parent Guarantor on the Effective Date and (ii) whose election to the board of directors of the Parent Guarantor or whose nomination for election by the stockholders of the Parent Guarantor was approved by a majority of the members of the board of directors of the Parent Guarantor then still in office who were either members of the board of directors on the Effective Date or whose election or nomination for election was previously so approved.

“**Change in Law**” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration,

interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; *provided, however*, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“**Class**”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

“**Closing Date**” has the meaning assigned to such term in Section 4.01.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Commitment**” means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04. The initial amount of each Lender’s Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders’ Commitments is \$250,000,000.

“**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“**Consolidated**” means, with respect to any Person, the consolidation of accounts of such Person and its Subsidiaries in accordance with GAAP.

“**Consolidated Interest Expense**” means, for any fiscal period (without duplication) the Consolidated interest expense of the Parent Guarantor and its Subsidiaries for such period.

“**Consolidated Net Income**” means, for any fiscal period, the Consolidated net income of the Parent Guarantor for such period.

“**Consolidated Net Tangible Assets**” means, at any date, the total amount of assets (less applicable reserves and other properly deductible items) after deducting (a) all current liabilities (excluding the amount of those which are by their terms extendable or



renewable at the option of the obligor to a date more than 12 months after the date of which the amount is being determined) and (b) all goodwill, tradenames, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent balance sheet of the Parent Guarantor and its Consolidated Subsidiaries and determined in accordance with GAAP.

**“Consolidated Total Assets”** means, at any date, the total assets of the Parent Guarantor and its Subsidiaries on a consolidated basis determined in accordance with GAAP.

**“Consolidated Total Debt”** means at any date all Indebtedness of the Parent Guarantor and its Subsidiaries at such date on a Consolidated basis, excluding Indebtedness under clause (h) or (i) of the definition thereof other than amounts that are drawn and unreimbursed or clause (e) or (f) of the definition thereof to the extent related to any Indebtedness that would not otherwise constitute Consolidated Total Debt.

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto.

**“Controlled Affiliate”** has the meaning assigned to such term in Section 3.11(b).

**“Credit Party”** means the Administrative Agent, the Issuing Bank, the Swingline Lender, each other Lender and their respective Affiliates.

**“Default”** means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

**“Defaulting Lender”** means any Lender that, subject to Section 2.19, (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is

financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has an indirect parent company that has, become the subject of a Bankruptcy Event. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding as to such Lender absent demonstrable error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.19) upon delivery of written notice of such determination to the Borrower and each other Lender.

**"Dollar Amount"** means, at any time:

(a) with respect to any Loan denominated in Dollars, the principal amount thereof then outstanding;

(b) with respect to any Alternative Currency Loan, the principal amount thereof then outstanding in the relevant Alternative Currency, converted to Dollars in accordance with Section 2.21(a); and

(c) with respect to any Letter of Credit or LC Disbursement, (i) if denominated in Dollars, the amount thereof and (ii) if denominated in an Alternative Currency, the amount thereof converted to Dollars in accordance with Section 2.21(b).

**"Dollars"** or **"\$"** means the lawful currency of the United States of America.

**"Effective Date"** has the meaning assigned to such term in Section 4.02.

**"Environmental Laws"** means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

**"Environmental Liability"** means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Parent Guarantor or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

**"Equity Interests"** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“**ERISA Event**” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived), (b) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan, (c) a determination that any Plan is or is reasonably expected to be in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA), (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (e) the incurrence by the Parent Guarantor, its Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA (other than non-delinquent premiums payable to the PBGC under Sections 4006 and 4007 of ERISA), (f) the termination, or the filing of a notice of intent to terminate, any Plan pursuant to Section 4041(c) of ERISA, (g) the receipt by the Parent Guarantor, its Subsidiaries or any of their respective ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (h) the cessation of operations at a facility of the Parent Guarantor, its Subsidiaries or any of their respective ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA, (i) conditions contained in Section 303(k)(1)(A) of ERISA for imposition of a lien shall have been met with respect to any Plan, (j) the receipt by the Parent Guarantor, its Subsidiaries or any of their respective ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Parent Guarantor, its Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is reasonably expected to be, “insolvent” (within the meaning of Section 4245 of ERISA), in “reorganization” (within the meaning of Section 4241 of ERISA), or in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 304 of ERISA), (k) the occurrence of a non exempt “prohibited transaction” with respect to which the Parent Guarantor or any of the Subsidiaries is a “disqualified person” (within the meaning of Section 4975 of the Code) or a “party in interest” (within the meaning of Section 406 of ERISA) or with respect to which the Parent Guarantor or any such Subsidiary or their ERISA Affiliates could otherwise be liable or (l) any Foreign Benefit Event.

“**Euro**” means the single lawful currency of the Participating Member States, introduced at the start of the third stage of the European economic and monetary union under the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended.

“**Eurocurrency**”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“**Event of Default**” has the meaning assigned to such term in Article 7.

“**Exchange Rate**” means, on any day, with respect to any Alternative Currency, the rate at which such Alternative Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such Alternative Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Alternative Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such Alternative Currency on the London market at 11:00 a.m., London time, on such date for the purchase of Dollars with such Alternative Currency, for delivery two Business Days later; provided, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Non-U.S. Lender, any U.S. withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender becomes a party hereto (other than pursuant to an assignment request by Borrower under Section 2.18) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) in the case of any Recipient that is a U.S. Person, U.S. backup withholding taxes imposed on such Recipient on payments to such Recipient under the Agreement; (d) Taxes attributable to such Recipient’s failure to comply with Section 2.16(f); and (e) any U.S. Federal withholding Taxes imposed under FATCA.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and

not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“**FCPA**” has the meaning assigned to such term in Section 3.12.

“**Financial Officer**” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“**Financial Statements**” means the financial statements to be furnished pursuant to Sections 5.01(a) and 5.01(b).

“**GAAP**” means generally accepted accounting principles in the United States of America.

“**Foreign Benefit Event**” shall mean, with respect to any Foreign Pension Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the failure to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (c) the receipt of a notice by a Governmental Authority relating to the intention to terminate any such Foreign Pension Plan or to appoint a trustee or similar official to administer any such Foreign Pension Plan, or alleging the insolvency of any such Foreign Pension Plan, (d) the incurrence of any material liabilities by the Parent Guarantor or any Subsidiary under applicable law on account of the complete or partial termination of such Foreign Pension Plan or the complete or partial withdrawal of any participating employer therein, or (e) the occurrence of any transaction that is prohibited under any applicable law and that could reasonably be expected to result in the incurrence of any liability by the Parent Guarantor or any of the Subsidiaries, or the imposition on the Parent Guarantor or any of the Subsidiaries of any fine, excise tax or penalty resulting from any noncompliance with any applicable law.

“**Foreign Pension Plan**” shall mean any benefit plan that under applicable law other than the laws of the United States or any political subdivision thereof, is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

“**Governmental Authority**” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlement or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

**“Guarantee”** of or by any Person (the **“guarantor”**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the **“primary obligor”**) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; *provided*, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

**“Hazardous Materials”** means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**“Increasing Lender”** has the meaning assigned to such term in Section 2.20.

**“Indebtedness”** of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (except any such obligation that constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business), (d) all obligations of such Person in respect of the deferred purchase price of property or services (except for (i) trade and similar accounts payable and accrued expenses, (ii) employee compensation, deferred compensation and pension obligations, and other obligations arising from employee benefit programs and agreements or other similar employment arrangements, (iii) obligations in respect of customer advances received and (iv) obligations in connection with earnout and holdback agreements, in each case in the ordinary course of business), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) the principal component of all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (i) the principal component of all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

**“Indemnified Taxes”** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

**“Ineligible Institution”** has the meaning assigned to it in Section 10.04(c).

**“Index Debt Rating”** means (x) with respect to Moody’s, the “Corporate Family Rating” for the Parent Guarantor and (y) with respect to S&P, the “Corporate Credit Rating” for the Parent Guarantor.

**“Information Memorandum”** means the Confidential Information Memorandum dated February 2013 relating to the Borrower and the Transactions.

**“Initial Issuing Bank”** means each Person listed on Schedule 2.05.

**“Interest Election Request”** means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.07.

**“Interest Coverage Ratio”** means, as of any date of determination, the ratio of (a) Adjusted Consolidated EBITDA to (b) the Consolidated Interest Expense of the Parent Guarantor and its Subsidiaries, in each case, for the period of four consecutive fiscal quarters of the Parent Guarantor (i) ended in the case of Section 6.09(b), on such date and (ii) otherwise, then last ended for which financial statements have been delivered or were required to have been delivered pursuant to Section 5.01(a) or 5.01(b).

**“Interest Payment Date”** means (a) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period, and (b) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

**“Interest Period”** means (a) with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; *provided*, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing

initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“**IRS**” means the United States Internal Revenue Service.

“**Issuing Bank**” means each Initial Issuing Bank and any other Lender that may agree to issue Letters of Credit hereunder and is reasonably acceptable to the Administrative Agent, each in its capacity as the issuer of Letters of Credit hereunder, and each of its successors in such capacity as provided in Section 2.05(i). An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. References to “the Issuing Bank” in connection with any Letter of Credit are references to the particular Issuing Bank which has issued, or is requested to issue, such Letter of Credit.

“**Joint Lead Arrangers**” means the institutions so identified on the cover page hereof, acting in such capacity.

“**LC Disbursement**” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“**LC Exposure**” means, at any time, the sum of (a) the aggregate Dollar Amount of the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“**LC Sublimit**” means (x) for each Initial Issuing Bank, the amount set forth opposite such Issuing Bank’s name on Schedule 2.05 or (y) for each other Issuing Bank, the amount agreed by the Borrower and such Issuing Bank.

“**Lender Parent**” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“**Lenders**” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or pursuant to Section 2.20, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender and the Issuing Bank.

“**Letter of Credit**” means any letter of credit issued pursuant to this Agreement.

“**Leverage Ratio**” means, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of such period to (b) Adjusted Consolidated EBITDA for the period of four consecutive fiscal quarters of the Parent Guarantor (i) ended in the case of Section 6.09(a), on such date and (ii) otherwise, then last ended for which financial statements have been delivered or were required to have been delivered pursuant to Section 5.01(a) or 5.01(b).



**“LIBO Rate”** means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page on such screen) at approximately 11:00 a.m., London time, (x) two Business Days prior to the commencement of such Interest Period with respect to any Eurocurrency Borrowing denominated in Dollars or an Alternative Currency (other than British Pounds Sterling) and (y) on the same day, with respect to any Eurocurrency Borrowing denominated in British Pounds Sterling, as the rate for deposits in the applicable currency in the London interbank market with a maturity comparable to such Interest Period. In the event that such rate does not appear on such page (or on any such successor or substitute page), the “LIBO Rate” shall be determined by reference to such other publicly available service for displaying interest rates for deposits in such currency in the London interbank market as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which deposits in such currency of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent to major banks in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, (x) two Business Days prior to the commencement of such Interest Period with respect to any Eurocurrency Borrowing denominated in Dollars or an Alternative Currency (other than British Pounds Sterling) and (y) on the same day, with respect to any Eurocurrency Borrowing denominated in British Pounds Sterling.

**“Lien”** means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; *provided* that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

**“Loan Documents”** means this Agreement (including without limitation, schedules and exhibits thereto), the Parent Guarantor Supplement, any Subsidiary Guaranty and any promissory notes issued to any Lender hereunder, and amendments, modifications or supplements thereto or waivers thereof.

**“Loan Parties”** means (i) prior to the Effective Date, the Borrower and (ii) from the Effective Date, the Parent Guarantor, the Borrower and each Subsidiary Guarantor.

**“Loans”** means the loans made by the Lenders to the Borrower pursuant to this Agreement.

**“Luxembourg”** means the Grand Duchy of Luxembourg.

**“Luxembourg Companies Register”** means the Luxembourg Register of Commerce and Companies.

**“Luxembourg Insolvency Event”** means, in relation to any Luxembourg Loan Parties or any substantial portion of their assets, any corporate action, legal proceedings or other procedure or step initiated by a Luxembourg Loan Party or any unfavorable judgment of any court of competent jurisdiction against any Luxembourg Loan Party in relation to bankruptcy (*faillite*) or judicial or voluntary liquidation (*liquidation judiciaire ou volontaire*).

**“Luxembourg Loan Party”** means a Loan Party having its registered office in Luxembourg.

**“Material Adverse Effect”** means a material adverse effect on (a) the business, assets or condition (financial or otherwise) of the Loan Parties and the Subsidiaries taken as a whole or (b) the validity or enforceability of any Loan Document or the rights or remedies of the Credit Parties thereunder.

**“Material Indebtedness”** means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding \$75,000,000.

**“Maturity Date”** means the earlier of (x) the fifth anniversary of the Effective Date and (y) June 30, 2018, or, if such day is not a Business Day, the next preceding Business Day.

**“Moody’s”** means Moody’s Investors Service, Inc.

**“Multiemployer Plan”** means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

**“Non-U.S. Lender”** means a Lender that is not a U.S. Person.

**“Other Connection Taxes”** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

**“Other Taxes”** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18).

**“Parent Guarantor”** means Mallinckrodt plc, a public limited company incorporated in Ireland with registered number 522227.

**“Parent Guarantor Supplement”** means a supplement to this Agreement, substantially in the form of Exhibit B hereto.

**“Participant”** has the meaning assigned to such term in Section 10.04.

**“Participant Register”** has the meaning assigned to such term in Section 10.04(d).

**“Participating Member States”** means those members of the European Union from time to time which adopt a single, shared currency.

**“PATRIOT Act”** has the meaning assigned to such term in Section 10.18.

**“PBGC”** means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

**“Permitted Encumbrances”** means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days (or if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Liens) or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business (i) in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations or (ii) securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Parent Guarantor or any Subsidiary;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations), in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (l) of Article 7; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Parent Guarantor or any Subsidiary;

(g) Liens (i) of a collection bank on items in the course of collection, (ii) attaching to trading accounts or brokerage accounts incurred in the ordinary course of business, (iii) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds maintained with a financial institution (including the right of setoff) or which are customary in the banking industry, (iv) attaching to other prepayments, deposits or earnest money in the ordinary course of business and (v) attaching to cash collateral posted pursuant to a Swap Agreement, or a letter of credit agreement entered into in the ordinary course of business;

(h) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(i) Liens on specific items of inventory or other goods and the proceeds thereof securing such Person's obligations in respect of documentary letters of credit or banker's acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of inventory or goods;

(j) interest or title of a lessor, lessee, sublessor or sublessee under any lease or sublease permitted hereunder (other than a capital lease) and any interest or title of a licensor, licensee, sublicensor or sublicensee under any license or sublicense permitted hereunder;

(k) Liens solely on any cash earnest money deposits, escrow arrangements or similar arrangements made by the Parent Guarantor or any Subsidiary in connection with any letter of intent or purchase agreement permitted hereunder;

(l) purported Liens evidenced by the filing of precautionary Uniform Commercial Code financing statements (or any similar precautionary filings) relating solely to operating leases of personal property entered into in the ordinary course of business;

(m) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with importation of goods; and

(n) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property.

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**"Plan"** means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

**“Recipient”** means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable.

**“Register”** has the meaning assigned to such term in Section 10.04.

**“Registration Statement”** means the registration statement on Form 10 filed by the Parent Guarantor with the SEC on March 15, 2013 pursuant to the Securities Act in connection with the distribution of ordinary shares of the Parent Guarantor to the shareholders of Covidien plc.

**“Regulations U and X”** means, respectively, Regulations U and X of the Board of Governors of the Federal Reserve System of the United States of America (or any successor).

**“Related Parties”** means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

**“Required Lenders”** means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50.0% of the sum of the total Revolving Credit Exposures and unused Commitments at such time; *provided* that for the purpose of determining the Required Lenders needed for any waiver, amendment, modification or consent, any Lender that is the Borrower, or any Affiliate of the Borrower shall be disregarded.

**“Responsible Officer”** means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, secretary, assistant secretary or managing director of the Borrower.

**“Restricted Payment”** means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Parent Guarantor or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Parent Guarantor or any option, warrant or other right to acquire any such Equity Interests in the Parent Guarantor.

**“Revolving Credit Exposure”** means, with respect to any Lender at any time, the sum of the outstanding Dollar Amount of such Lender’s Revolving Loans and its LC Exposure and Swingline Exposure at such time.

**“Revolving Loan”** means a Loan made pursuant to Section 2.03.

**“S&P”** means Standard & Poor’s Ratings Group, Inc.

**“Sale and Leaseback Transaction”** has the meaning assigned to such term in Section 6.07.

“**Sanctions**” has the meaning assigned to such term in Section 3.11(a).

“**SEC**” means the Securities and Exchange Commission of the United State of America or any successor thereto.

“**Significant Subsidiary**” means, at any date, (a) the Borrower, (b) any other Subsidiary which as of the last day of the fiscal year of the Parent Guarantor most recently ended, has assets with a value equal to or in excess of 15% of Consolidated Total Assets or Adjusted EBITDA representing at least 15% of Adjusted EBITDA of the Parent Guarantor and the Restricted Subsidiaries on a Consolidated basis as of such date and (c) any other Subsidiary that is the direct or indirect parent of a Subsidiary described in clause (b) of this definition.

“**Spinoff Transactions**” means the transactions consummated in connection with the “distribution” of ordinary shares of the Parent Guarantor to shareholders of Covidien plc and the “separation” of Covidien plc’s pharmaceuticals business as set forth in (and as such terms are defined in) the Registration Statement.

“**Statutory Reserve Rate**” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentage shall include those reserves imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“**subsidiary**” means, with respect to any Person (the “**parent**”) at any date, a corporation, partnership, joint venture, limited liability company or other entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly, through one or more intermediaries, or both, by the parent.

“**Subsidiary**” means (x) prior to the Effective Date, any subsidiary of the Borrower and (y) from and after the Effective Date, any subsidiary of the Parent Guarantor (including, for the avoidance of doubt, the Borrower).

“**Subsidiary Guarantor**” means each Subsidiary that has executed a Subsidiary Guaranty pursuant to Section 5.09.

“**Subsidiary Guaranty**” means a guaranty entered into by a Subsidiary in form and substance reasonably satisfactory to the Administrative Agent.

“**Swap Agreement**” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; *provided* that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

“**Swingline Exposure**” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

“**Swingline Lender**” means JPMorgan Chase Bank, in its capacity as lender of Swingline Loans hereunder.

“**Swingline Loan**” means a Loan made pursuant to Section 2.04.

“**Swiss Franc**” means the lawful currency of Switzerland.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Transactions**” means the execution, delivery and performance by each Loan Party of each Loan Document, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

“**Transferred Business**” has the meaning assigned to such term in Section 3.04(a).

“**Unfunded Pension Liability**” means, with respect to any Plan at any time, the amount of any of its unfunded benefit liabilities as defined in Section 4001(a)(18) of ERISA.

“**U.S. Person**” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“**Withdrawal Liability**” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a “**Revolving Loan**”). Borrowings also may be classified and referred to by Class (*e.g.*, a “**Revolving Borrowing**”).

Section 1.03. *Terms Generally.* The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04. *Accounting Terms; GAAP.* Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Parent Guarantor, the Borrower or any other Subsidiary at “fair value”, as defined therein.

Section 1.05. *Currency Translation.* For purposes of determining compliance with Section 6.01 and 6.02, all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than Dollars shall be translated into Dollars at currency exchange rates in effect on the date of such determination; *provided, however,* that no Default or Event of Default shall be deemed to have occurred solely as a result of



changes in rates of exchange occurring after the time such Indebtedness or Lien is incurred; *provided further* that if such Indebtedness is incurred (and, if applicable, associated Lien granted) to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount (plus an amount equal to accrued and unpaid interest and premium thereon and fees and expenses incurred, in connection with such refinancing) of such refinancing Indebtedness (and, if applicable, associated Lien granted) does not exceed an amount sufficient to repay the principal amount of such Indebtedness being refinanced. For purposes of determining any leverage ratio or interest coverage ratio, amounts in currencies other than Dollars shall be translated into Dollars at the currency exchange rates used in preparing the most recently delivered financial statements pursuant to Section 5.01(a) or 5.01(b).

Section 1.06. *Luxembourg Terms*. Without prejudice to the generality of any provision of this Agreement, in this Agreement where it relates to the Borrower or any other Luxembourg Loan Parties, a reference to: (a) a winding-up, administration or dissolution includes, without limitation, bankruptcy (*faillite*) or liquidation; (b) a receiver, administrative receiver, administrator, trustee, custodian, sequestrator, conservator or similar officer includes, without limitation, a *juge délégué, commissaire, juge-commissaire, mandataire ad hoc, administrateur provisoire, liquidateur* or *curateur*; (c) a lien or security interest includes any *hypothèque, nantissement, gage, privilège, sûreté réelle, droit de rétention*, and any type of security *in rem (sûreté réelle)* or agreement or arrangement having a similar effect and any transfer of title by way of security; (d) a person being unable to pay its debts includes that person being a state of *cessation de paiements*; (e) creditors process means an executory attachment (*saisie exécutoire*) or conservatory attachment (*saisie conservatoire*); (f) a guarantee includes any *garantie* which is independent from the debt to which it relates and excludes any suretyship (*cautionnement*) within the meaning of Articles 2011 and seq. of the Luxembourg Civil Code; and (g) by-laws or constitutional documents includes its up-to-date (restated) articles of association (*statuts coordonnés*).

## ARTICLE 2

### THE CREDITS

Section 2.01. *Commitments*. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Credit Exposure exceeding such Lender's Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

Section 2.02. *Loans and Borrowings*. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; *provided* that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.13, each Revolving Borrowing shall be comprised entirely of Eurocurrency Loans. Each Swingline Loan shall be a Eurocurrency Loan. Each Eurocurrency Loan may be denominated in Dollars or an Alternative Currency as the Borrower may elect pursuant to Section 2.03 below. Each Lender at its option may make or carry any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make or carry such Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement or result in any obligations of the Borrower to pay additional amounts under Section 2.14 or 2.15.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be (i) in the case of a Borrowing denominated in Dollars, in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) in the case of a Borrowing denominated in an Alternative Currency, in an aggregate amount in such Alternative Currency that is not less than 5,000,000 units of such Alternative Currency and an integral multiple of 1,000,000 units of such Alternative Currency *provided* that an Eurocurrency Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of \$100,000 and not less than \$500,000. Borrowings of more than one Class may be outstanding at the same time; *provided* that there shall not at any time be more than a total of 10 Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.03. *Requests for Revolving Borrowings.* To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by hand delivery or facsimile to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower, not later than 11:00 a.m., London time, four Business Days before the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable. Each such Borrowing Request shall be in writing and shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Eurocurrency Borrowing;
- (ii) the currency of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04. *Swingline Loans.* (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans denominated in Dollars to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$50,000,000 or (ii) the sum of the total Revolving Credit Exposures exceeding the total Commitments; *provided* that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request facsimile, not later than 11:00 a.m., London time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank) by 3:00 p.m., London time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., London time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation

under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; *provided* that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

Section 2.05. *Letters of Credit.* (a) *General.* Subject to the terms and conditions set forth herein and the limitations (if any) under applicable law, the Borrower may request the issuance of Letters of Credit denominated in Dollars or in an Alternative Currency as the applicant thereof for the support of its or its Subsidiaries' or the Parent Guarantor's obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions.* To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or facsimile (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than four Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the currency and amount in such currency of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance,

amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed \$150,000,000, (ii) the sum of the total Revolving Credit Exposures shall not exceed the total Commitments and (iii) the aggregate amount of LC Exposure with respect to Letters of Credit issued by the Issuing Bank shall not exceed such Issuing Bank's LC Sublimit.

(c) *Expiration Date.* Each Letter of Credit shall expire (or be subject to termination by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date.

(d) *Participations.* By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit in the applicable currency of such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement.* If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement in the applicable currency of such Letter of Credit not later than 11:00 a.m., London time, on the Business Day immediately following the day that the Borrower receives notice of such L/C Disbursement; *provided* that if such LC Disbursement is denominated in Dollars and not less than \$500,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.04 that such payment be financed with a Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to

the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) *Obligations Absolute.* The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; *provided* that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank

may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) *Disbursement Procedures.* The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by facsimile) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) *Interim Interest.* If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate *per annum* then applicable to Eurocurrency Revolving Loans; *provided* that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.12(b) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) *Replacement of the Issuing Bank.* The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to include reference to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) *Cash Collateralization.* If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the

Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (i) or (j) of Article 7. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Required Lenders), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

Section 2.06. *Funding of Borrowings.* (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof (i) if such Borrowing is to be made in Swiss Francs by wire transfer of immediately available funds by 8:00 a.m., London time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders or (ii) if such Borrowing is to be made in Dollars or an Alternative Currency (other than Swiss Francs), not later than 12:00 noon (London time), in Dollars or such Alternative Currency (in such funds as may then be customary for the settlement of international transactions in such Alternative Currency), as applicable, to the account of the Administrative Agent as shall have most recently been designated by the Administrative Agent for such purpose by notice to the Lenders; *provided* that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting or wire transferring the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest



thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to Eurocurrency Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07. *Interest Elections.* (a) Each Revolving Borrowing shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to continue such Borrowing and may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by hand delivery or facsimile to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall be in writing and shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing); and

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day; and

(iii) the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "**Interest Period**".

If any such Interest Election Request does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected a subsequent Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default under clause (a) or (b) of Article 7 has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing each Eurocurrency Borrowing shall be converted to a Eurocurrency Borrowing with an Interest Period of one month's duration, at the end of the Interest Period applicable thereto.

Section 2.08. *Termination and Reduction of Commitments.* (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the sum of the Revolving Credit Exposures would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or the consummation of any merger, consolidation, sale of assets or acquisition of assets, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09. *Repayment of Loans; Evidence of Debt.* (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least four Business Days after such Swingline Loan is made; *provided* that on each date that a Revolving Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement. In the case of any inconsistency between the entries made in such accounts and the Register, the Register shall govern.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

Section 2.10. *Prepayment of Loans.* (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without penalty or premium, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by facsimile of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing not later than 11:00 a.m., London time, four Business Days before the date of prepayment, or (ii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, London time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.12.

Section 2.11. *Fees.* (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee, which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the date that is the earlier of (x) 30 days after the Closing Date and (y) the Effective Date, to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such facility fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued facility fees shall be payable in Dollars in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; *provided* that any facility fees accruing after the date on which the Commitments terminate shall be payable on demand. All facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit in the applicable currency of such Letter of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee in the applicable currency of such Letter of Credit, which shall accrue at the rate or rates *per annum* separately agreed upon between the Borrower and the Issuing Bank on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; *provided* that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day) other than fees payable in British Pounds Sterling, which shall be computed on the basis of a year of 365 days (including in a leap year).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

Section 2.12. *Interest.* (a) The Loans comprising each Eurocurrency Borrowing (including each Swingline Loan) shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing *plus* the Applicable Rate.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% *plus* the rate otherwise applicable to such Loan as provided in the preceding paragraph of this Section and (ii) in the case of any other amount, 2% *plus* the rate applicable to a Eurocurrency Loan with a one-month Interest Period.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; *provided* that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest payable in British Pounds Sterling shall be computed on the basis of a year of 365 days (including in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.13. *Alternate Rate of Interest.* If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for deposits in the relevant currency for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate applicable to Eurocurrency Borrowings in the relevant currency for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing

for such Interest Period; then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or facsimile as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any Interest Election Request that requests the continuation of any Revolving Borrowing as a Eurocurrency Borrowing shall be ineffective.

Section 2.14. *Increased Costs.* (a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank;
- (ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or
- (iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes (including any change of rate of Excluded Taxes)) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making or maintaining any Eurocurrency Loan (or in the case of a Change in Law with respect to Taxes, any Loan) or of maintaining its obligation to make any such Loan or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time, upon the

request of such Lender or Issuing Bank, the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; *provided further* that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.15. *Break Funding Payments.* In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(b) and is revoked in accordance therewith), or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18, then, in any such event, the Borrower shall, after receipt of a written request of any Lender affected by any such event (which request shall set forth in reasonable detail the basis for requesting such amount), compensate such Lender for the loss, cost and expense attributable to such event (including any loss or expense arising from the redeployment of funds obtained by it to maintain such Eurocurrency Loan or from fees payable to terminate the deposits from which such funds were obtained, but excluding any loss of anticipated profits). A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.16. *Payments Free of Taxes.* (a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made

without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.16) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) *Payment of Other Taxes by the Borrower.* The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent, timely reimburse the Administrative Agent for the payment of, Other Taxes.

(c) *Evidence of Payments.* As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.16, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) *Indemnification by the Borrower.* The Loan Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The written demand shall include the original or a copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment or liability for such payment reasonably satisfactory to the Borrower or Administrative Agent (as applicable), together with a certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender.

(e) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection



with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(f)(ii)(A) and (ii)(C) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) upon the reasonable request of the Borrower or the Administrative Agent, executed originals of any form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(C) if a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments including additional amounts made under this Section 2.16 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) *Survival*. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) *Defined Terms*. For purposes of this Section 2.16, the term "**Lender**" includes any Issuing Bank and the term "**applicable law**" includes FATCA.

Section 2.17. *Payments Generally; Pro Rata Treatment; Sharing of Set-offs*. (a) The Borrower shall make each payment of principal of, and interest on, the Loans denominated in Dollars, LC Exposures denominated in Dollars, facility fees and participation fees denominated in Dollars, or amounts payable under Sections 2.14, 2.15 or 2.16, or otherwise, not later than 12:00 noon (London time) on the date when due, in Dollars in funds immediately available in London. The Borrower shall make each payment of principal of, and interest on, the Alternative Currency Loans and of LC Exposures and participation fees denominated in an Alternative Currency in the relevant Alternative Currency in such funds as may then be customary for the settlement of international transactions in such Alternative Currency. Each such payment shall be made without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its applicable payment offices for such currency, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the

Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(c), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid, and/or (ii) hold such amounts in a segregated account over which the Administrative Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clause (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

Section 2.18. *Mitigation Obligations; Replacement of Lenders.* (a) If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any

Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.14 or 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate at par, without recourse (in accordance with and subject to the restrictions contained in Section 10.04), all of its interests, rights (other than its existing rights to payments pursuant to Sections 2.14 or 2.16) and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and if a Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued but unpaid interest thereon, accrued but unpaid fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 2.19. *Defaulting Lenders.*

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.11(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other

modification pursuant to Section 10.02); *provided*, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that the sum of all non-Defaulting Lenders' Revolving Credit Exposures *plus* such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of the Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.11(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.11(a) and (b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all facility fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.11(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related

exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.19(c), and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower, the Swingline Lender and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

Section 2.20. *Optional Increase in Commitments.*

(a) Following the Effective Date, the Borrower may, if it so elects, increase the aggregate amount of the Commitments, either by designating a financial institution not theretofore a Lender (an "**Additional Lender**") to become a Lender (such designation to be effective only with the prior written consent of the Administrative Agent, the Issuing Bank and the Swingline Lender, which consent will not be unreasonably withheld), or by agreeing with an existing Lender that such Lender's Commitment shall be increased. Upon execution and delivery by the Borrower and such Lender or other financial institution of an instrument in form reasonably satisfactory to the Administrative Agent, together with such evidence of appropriate corporate authorization and/or confirmations on the part of the Borrower and the Parent Guarantor with respect to the increased Commitments and such opinions of counsel for the Borrower and the Parent Guarantor with respect to the increased Commitments as the Administrative Agent may reasonably request, such existing Lender shall have a Commitment as therein set forth or such other financial institution shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder; *provided:*

- (i) that the Borrower shall provide prompt notice of such increase to the Administrative Agent, who shall promptly notify the Lenders;

(ii) the conditions set forth in Section 4.03 shall be satisfied on and as of the effective date of any increase in Commitments pursuant to this Section 2.20;

(iii) that any such increase shall be in an amount which is a multiple of \$10,000,000; and

(iv) that immediately after such increase is made, the aggregate amount of increases in the Commitments pursuant to this Section 2.20, shall not exceed \$100,000,000.

(b) On the effective date of any increase in the aggregate amount of the Commitments pursuant to this Section 2.20, (i) each Additional Lender shall pay to the Administrative Agent an amount equal to its pro rata share of the aggregate outstanding Loans and (ii) any Lender (an “**Increasing Lender**”) whose Commitment has been increased shall pay to the Administrative Agent an amount equal to the increase in its pro rata share of the aggregate outstanding Loans, in each case such payments shall be for the account of each other Lender. Upon receipt of such amount by the Administrative Agent, (A) each other Lender shall be deemed to have ratably assigned that portion of its outstanding Loans that is being reduced to the Additional Lenders and the Increasing Lenders in accordance with such Lender’s new Commitment or the increased portion thereof as applicable and (B) the Administrative Agent shall promptly distribute to each other Lender its ratable share of the amounts received by the Administrative Agent pursuant to this paragraph. For the avoidance of doubt, no existing Lender shall have any obligation to participate in such increase except in its absolute and sole discretion.

Section 2.21. *Currency Equivalents.* (a) The Administrative Agent shall determine the Dollar Amount of each Alternative Currency Loan two Business Days prior to the date of such Borrowing (except with respect to Loans denominated in British Pounds Sterling, in which case the Dollar amount is determined on the date of such Borrowing) and shall promptly notify the Borrower and the Lenders of each Dollar Amount so determined by it. Each such determination shall be based on the Exchange Rate.

(b) The Administrative Agent shall determine the LC Exposure related to each Letter of Credit as of the date of issuance thereof and at three-month intervals after the date of issuance thereof. Each such determination shall be based on the Exchange Rate (i) on the date of the related notice of issuance, in the case of the initial determination in respect of any Letter of Credit and (ii) on the fourth Business Day prior to the date as of which such Dollar Amount is to be determined, in the case of any subsequent determination with respect to an outstanding Letter of Credit.

(c) If after giving effect to any such determination of a Dollar Amount, (x) the total Revolving Credit Exposures of all Lenders exceed the aggregate amount of the Commitments or (y) the aggregate Dollar Amount of Alternative Currency Loans and LC Exposures denominated in an Alternative Currency exceeds 105% of the Commitments, the Borrower shall within five Business Days prepay outstanding Loans (as selected by



the Borrower and notified to the Lenders through the Administrative Agent not less than four Business Days prior to the date of prepayment) or take other action to the extent necessary to eliminate any such excess.

### ARTICLE 3

#### REPRESENTATIONS AND WARRANTIES

The Borrower and, from the Effective Date, the Parent Guarantor, represents and warrants to the Lenders that:

Section 3.01. *Organization; Powers.* Each Loan Party is duly organized or formed, validly existing and (to the extent such concept is applicable to it) in good standing under the laws of the jurisdiction of its organization or incorporation (as applicable), has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is (to the extent such concept is applicable to it) in good standing in, every jurisdiction where such qualification is required.

Section 3.02. *Authorization; Enforceability.* The Transactions are within each Loan Party's corporate or other organizational powers and have been duly authorized by all necessary corporate and, if required, stockholder action. Each Loan Document has been duly executed and delivered by each Loan Party party thereto and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03. *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not (x) violate any applicable law or regulation where any such violation would reasonably be expected to have a Material Adverse Effect, (y) the charter, by-laws or other organizational documents of any Loan Party or (z) any order of any Governmental Authority where any such violation would reasonably be expected to have a Material Adverse Effect, (c) will not violate or result in a default under any agreement or instrument evidencing or governing Indebtedness of such Loan Party or Subsidiary, except for any contravention or default under any such agreement or instrument evidencing or governing such Indebtedness in an aggregate principal amount, individually or in the aggregate for all such agreements or instruments in respect of which there is a contravention or default, not in excess of \$50,000,000 or (c) any other agreement or instrument binding upon any Loan Party or any Subsidiary or its assets where any such violation or default would reasonably be expected to have a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary.

Section 3.04. *Financial Condition; No Material Adverse Change.* (a) The Borrower has heretofore furnished to the Lenders the consolidated balance sheet and statements of income, stockholders equity and cash flows of the pharmaceutical and related businesses to be transferred by Covidien plc pursuant to the Spinoff Transactions (the "Transferred Business") (i) as of and for each of the fiscal years ended September 30, 2011 and September 28, 2012, reported on by Deloitte & Touche LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended December 31, 2012, certified by a Financial Officer of the Borrower. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Transferred Business as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since September 28, 2012, there has been no material adverse change in the business, assets or condition, financial or otherwise, of the Loan Parties and the Subsidiaries, taken as a whole.

Section 3.05. *Litigation and Environmental Matters.* (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the matters specifically disclosed under the headings "Patent/Antitrust Litigation," Pricing Litigation," "Environmental Remediation and Litigation Proceedings" and "Products Liability Litigation" in the Registration Statement on the date hereof) or (ii) that involve any Loan Document or the Transactions.

(b) Except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither any Loan Party nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 3.06. *Compliance with Laws.* Each Loan Party and each Subsidiary is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.07. *Investment Company Status.* No Loan Party is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.08. *Taxes.* Each Loan Party and each Subsidiary has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or

caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

Section 3.09. *ERISA*. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. There exists no Unfunded Pension Liability with respect to any Plans that would reasonably be expected to result in a Material Adverse Effect. Except as would not reasonably be expected to result in a Material Adverse Effect, each Foreign Pension Plan is in compliance in all respects with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan. With respect to each Foreign Pension Plan, none of the Parent Guarantor or any Subsidiaries or any of their respective directors, officers, employees or agents has engaged in a transaction which would subject Parent Guarantor or any Subsidiary, directly or indirectly, to a tax or civil penalty which would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Except as would not reasonably be expected to result in a Material Adverse Effect, with respect to each Foreign Pension Plan, reserves have been established in the financial statements furnished to Lenders in respect of any unfunded liabilities in accordance with applicable law and prudent business practice or, where required, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Pension Plan is maintained. The aggregate unfunded liabilities with respect to such Foreign Pension Plans would not reasonably be expected to result in a Material Adverse Effect.

Section 3.10. *Disclosure*. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other written information furnished by or on behalf of the Loan Parties to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; *provided* that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 3.11. *Economic Sanctions*. (a) None of the Loan Parties or any of their Subsidiaries nor, to the knowledge of any Loan Party, any director, officer, employee, agent or affiliate of any Loan Party or any of their Subsidiaries is a Person that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by OFAC or the U.S. State Department, the United Nations Security Council, the European Union or Her Majesty's Treasury (collectively, "*Sanctions*") and (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria);

(b) None of the Loan Parties will, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, in order to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, if such activities or business would be prohibited for a U.S. person pursuant to Sanctions. Each Loan Party and each Subsidiary and, to the knowledge of each Loan Party, each of their respective Affiliates over which any of the foregoing exercises management control (each, a “**Controlled Affiliate**”) is in compliance in all material respects with all applicable laws, orders, rules and regulations administered or enforced by OFAC and with the PATRIOT Act.

Section 3.12. *Anti-Corruption*. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity in order to obtain, retain or direct business or obtain any improper advantage, in violation of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “**FCPA**”), the Bribery Act 2010 (United Kingdom) or, to the knowledge of any Loan Party, any other applicable anti-corruption law.

Section 3.13. *Margin Regulations*. (a) No Loan Party is engaged principally or as one of its important activities in the business of extending credit for the purpose of buying or carrying margin stock (as defined in Regulation U).

(b) No part of the proceeds of the Loans will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of Regulations U or X and all official rulings and interpretations thereunder or thereof.

Section 3.14. *Subsidiaries*. Schedule 3.14 sets forth, as of the Closing Date, the name and jurisdiction or organization of, and the percentage of each class of Equity Interests owned by the Borrower or any Subsidiary in, each Subsidiary.

Section 3.15. *Luxembourg Loan Parties*. The office (*administration centrale*), the place of effective management (*siège de direction effective*) and (for the purposes of the Council Regulation (EC) N° 1346/2000 of May 29, 2000 on insolvency proceedings) the center of main interests (*centre des intérêts principaux*) of each Luxembourg Loan Party is located at the place of its registered office (*siège statutaire*) in Luxembourg.

Section 3.16. *Irish Companies Act*. (a) The Parent Guarantor and the Borrower and each other Loan Party (and all permitted successors and/or assigns) together comprise a “group” for the purposes of Section 35 of the Companies Act 1990.

(b) None of the proceeds of the Loans will be used at any time in any way which would constitute “financial assistance” as prohibited by Section 60 of the Companies Act 1963 (Ireland) (“**Section 60**”) or which would result in the Loan Documents or the transactions thereby recorded (including the guarantees and indemnities thereby created) contravening Section 60.

ARTICLE 4

CONDITIONS

Section 4.01. *Closing Date*. This Agreement shall become effective on the date (the “*Closing Date*”) on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The Administrative Agent (or its counsel) shall have received from the Borrower, the Administrative Agent and each Lender party hereto a counterpart of this Agreement signed on behalf of such party.

(b) The Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Closing Date) of (i) Wachtell, Lipton, Rosen & Katz, New York counsel for the Borrower, (ii) Allen & Overy, Luxembourg counsel for the Borrower, and (iii) Nauta Dutilh Avocats Luxembourg, Luxembourg counsel for the Administrative Agent, in each case covering such matters relating to the Borrower, the Loan Documents and the Transactions as the Required Lenders shall reasonably request. The Borrower hereby requests such counsel to deliver such opinions.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, the Loan Documents or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming compliance by the Borrower with the representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.04(a), 3.06, 3.10, 3.11, 3.12 and 3.14.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced at least three Business Days prior to the Closing Date, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) The Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act, as reasonably requested by the Lenders at least five Business Days prior to the Closing Date.

The Administrative Agent shall notify the Borrower and the Lenders of the Closing Date and such notice shall be conclusive and binding.

Section 4.02. *Effective Date*. The obligations of the Lenders to make Loans and of each Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02) (the “*Effective Date*”):

(a) The Closing Date shall have occurred.

(b) The Administrative Agent (or its counsel) shall have received from the Parent Guarantor a counterpart of the Parent Guarantor Supplement signed by the Parent Guarantor.

(c) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of the Parent Guarantor in substantially the form of Exhibit C hereto, with such attachments thereto as are set forth on such Exhibit.

(d) The Administrative Agent shall have received written opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Wachtell, Lipton, Rosen & Katz, New York Counsel for the Parent Guarantor, in substantially the form of Exhibit D, and (ii) Arthur Cox, Irish counsel for the Parent Guarantor, in substantially the form of Exhibit E hereto. The Parent Guarantor hereby requests such counsel to deliver such opinions.

(e) The Administrative Agent shall have received a supplement to Schedule 3.14 setting forth, as of the Effective Date, the name and jurisdiction or organization of, and the percentage of each class of Equity Interests owned by the Parent Guarantor or any Subsidiary in, each Subsidiary.

(f) The Borrower shall have received Index Debt Ratings of BBB- or better from S&P and Ba2 or better from Moody’s, which condition was satisfied prior to the Closing Date.

(g) The distribution of ordinary shares of the Parent Guarantor to the shareholders of Covidien plc shall have been completed in a manner substantially consistent with the description thereof in the Registration Statement (as may be amended from time to time in a manner that does not materially and adversely affect the interests of the Lenders (other than any such amendment or modification for which the Lenders have provided their written consent)).

(h) There shall have been no amendment or other modification to the Registration Statement (as in effect on the Closing Date) that materially and adversely affects the interest of the Lenders (other than any such amendment or modification for which the Lenders have provided their written consent).

(i) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Responsible Officer of the Borrower, confirming (i) compliance with clauses (e) – (h) above and (ii) satisfaction of the conditions set forth in paragraphs (b) and (c) of Section 4.03 (regardless of whether a Loan is made or a Letter of Credit is issued on the Effective Date).

(j) The Administrative Agent (or its legal counsel) shall have received up to date searches, the results of which are reasonably satisfactory to it, against the Parent Guarantor in the Irish Companies Registration Office, the Petitions Section of the Central Office of the High Court of Ireland and the Judgments Office of the Central Office of the High Court of Ireland and all other appropriate registries or public offices together with explanations in relation to the results of those searches.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., London time, on September 30, 2013 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

Section 4.03. *Each Credit Event.* The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The Effective Date shall have occurred.

(b) The representations and warranties of each Loan Party set forth in each Loan Document (other than, in the case of any Borrowing subsequent to the Effective Date, Section 3.04(b) or Section 3.05(a)) shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent any such representation or warranty (i) relates solely to an earlier date, in which case it shall be true and correct as of such earlier date or (ii) is qualified by materiality or subject to a Material Adverse Effect qualification, in which case it shall be true and correct in all respects on and as of such date or such earlier date as specified in clause (i) above.

(c) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) through (c) of this Section.

ARTICLE 5

AFFIRMATIVE COVENANTS

From the Effective Date until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated or been cash collateralized in full in a manner satisfactory to the applicable Issuing Bank, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, each of the Borrower and the Parent Guarantor covenants and agrees with the Lenders that:

Section 5.01. *Financial Statements; Ratings Change and Other Information.* The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Parent Guarantor, the Parent Guarantor's audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized international standing (without a "going concern" qualification or exception or qualification as to the scope of the audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Parent Guarantor and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent Guarantor, the Parent Guarantor's consolidated balance sheet and related statements of operations and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Parent Guarantor and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.09 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Parent Guarantor or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by the Parent Guarantor to its shareholders generally, as the case may be;

(e) promptly after Moody's or S&P shall have announced a change in the rating established or deemed to have been established for the Index Debt, written notice of such rating change; and



(f) promptly following any reasonable request therefor, such other information regarding the operations, business affairs and financial condition of the Parent Guarantor or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may reasonably request.

Information required to be delivered pursuant to (a), (b) or (d) above may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (x) on which the Parent Guarantor posts such documents, or provides a link thereto on the Parent Guarantor's website on the Internet at [www.mallinckrodt.com](http://www.mallinckrodt.com) or (x) on which such documents are posted on the Parent Guarantor's behalf. Notwithstanding the foregoing, the obligations in subsections (a) and (b) of this Section 5.01 may be satisfied by furnishing (in the manner contemplated hereby) the Parent Guarantor's Form 10-K or 10-Q, as applicable, filed with the SEC.

Section 5.02. *Notices of Material Events.* The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Loan Party or any Affiliate thereof (i) as to which there is a reasonable possibility of an adverse determination and (ii) that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. *Existence; Conduct of Business.* The Parent Guarantor will, and will cause each Significant Subsidiary to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect (a) its legal existence and (b) the rights, licenses, permits, privileges and franchises necessary to the conduct of its business; *provided* that (i) the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 and (ii) clause (b) of this Section 5.03 shall not prohibit the Parent Guarantor or any Significant Subsidiary from failing to preserve, renew or keep in full force and effect any rights, licenses, permits, privileges and franchises, the failure which to preserve, renew or keep in full force and effect would not reasonably be expected to have a Material Adverse Effect.

Section 5.04. *Payment of Obligations.* The Parent Guarantor will, and will cause each Subsidiary to, pay its obligations, including Tax liabilities, that, if not paid, would result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and (b) the Parent Guarantor or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

Section 5.05. *Maintenance of Properties; Insurance.* The Parent Guarantor will, and will cause each Subsidiary to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations, except in each case, to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 5.06. *Books and Records; Inspection Rights.* The Parent Guarantor will, and will cause each Consolidated Subsidiary to, keep proper books of record and account in which true and correct entries in all material respects are made of its business transactions and activities so that financial statements of the Parent Guarantor that fairly present its business transactions and activities can be properly prepared in accordance with GAAP. The Parent Guarantor will, and will cause each Subsidiary to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice, at a reasonable time, and absent an Event of Default, at the Administrative Agent's expense and no more often than one time per fiscal year, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants (with such officers having been given the opportunity to be present).

Section 5.07. *Compliance with Laws and Agreements.* The Parent Guarantor will, and will cause each Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 5.08. *Use of Proceeds and Letters of Credit.* The proceeds of the Loans will be used, and Letters of Credit will be issued, only for general corporate purposes. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

Section 5.09. *Subsidiary Guarantors.* Each of the Parent Guarantor or the Borrower may cause a Subsidiary to become a Subsidiary Guarantor by executing and delivering to the Administrative Agent (a) a Subsidiary Guaranty and (b) documents of the types referred to in Section 4.01(c) and favorable opinions of counsel to such Subsidiary (substantially consistent with the opinions delivered under Section 4.01(d)), all in form, content and scope reasonably satisfactory to the Administrative Agent.

ARTICLE 6

NEGATIVE COVENANTS

From the Effective Date until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated or been cash collateralized in full in a manner satisfactory to the applicable Issuing Bank, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, each of the Parent Guarantor and the Borrower covenants and agrees with the Lenders that:

Section 6.01. *Indebtedness*. No Loan Party will permit any Subsidiary (other than the Borrower) that is not a Subsidiary Guarantor to create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created hereunder;

(b) Indebtedness existing on the Closing Date and set forth in Schedule 6.01 of any Person that is a Loan Party or Subsidiary as of the Effective Date and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) Indebtedness of any Subsidiary owed to any Loan Party or any other Subsidiary;

(d) Guarantees by any Subsidiary of Indebtedness of any Subsidiary (other than the Borrower) that is not a Subsidiary Guarantor;

(e) Indebtedness of any Subsidiary (i) incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and (ii) in respect of Capital Lease Obligations incurred by such Subsidiary in respect of a Sale and Leaseback Transaction, *provided* that the aggregate principal amount of Indebtedness outstanding in respect of all Sale and Leaseback Transactions shall not exceed the greater of (x) \$100,000,000 and (y) 6.0% of Consolidated Net Tangible Assets as of the end of the fiscal quarter immediately prior to the date of such incurrence for which financial statements have been delivered pursuant to Section 5.01;

(f) Indebtedness of any Person that becomes a Subsidiary after the Effective Date, or Indebtedness of any Person that is assumed by a Subsidiary in connection with an acquisition of assets by such Subsidiary after the Effective Date; *provided* that (i) such Indebtedness is not created in contemplation of such acquisition and (ii) such Indebtedness is not guaranteed by the Parent Guarantor or any other Subsidiary;

(g) Indebtedness of any Subsidiary as an account party in respect of a letter of credit to the extent such letter of credit is either (x) undrawn or (y) drawn and reimbursed within three Business Days;

(h) Indebtedness of any Subsidiary in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case, reasonably required in the conduct of the business (giving effect to any growth or expansion of such business permitted hereunder), including those incurred to secure health, safety, insurance and environmental obligations of the Parent Guarantor and its Subsidiaries as conducted in accordance with good and prudent business industry practice and otherwise as permitted by the Loan Documents;

(i) cash management obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements, in each case, in the ordinary course of business;

(j) Indebtedness arising from agreements of any Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition, in each case, to the extent such obligation or transaction is permitted by this Agreement;

(k) Indebtedness consisting of (x) the financing of insurance premiums or (y) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(l) to the extent constituting Indebtedness, all premium (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on Indebtedness otherwise permitted to be incurred pursuant to Section 6.01;

(m) Indebtedness representing deferred compensation or stock-based compensation to employees of any Subsidiary;

(n) Indebtedness consisting of promissory notes issued by any Subsidiary to current or former officers, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of the Parent Guarantor in an aggregate principal amount not to exceed \$10,000,000; and

(o) other Indebtedness in an aggregate principal amount not exceeding the greater of (x) \$100,000,000 and (y) 6.0% of Consolidated Net Tangible Assets as of the end of the fiscal quarter immediately prior to the date of such incurrence for which financial statements have been delivered pursuant to Section 5.01.

Section 6.02. *Liens*. The Parent Guarantor will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, except:

(a) Permitted Encumbrances;

(b) any Lien existing on the Closing Date and set forth in Schedule 6.02 on any property or asset of any Person that is a Loan Party or Subsidiary as of the Effective Date; *provided* that (i) such Lien shall not apply to any other property or asset of the Parent Guarantor or any Subsidiary of the Parent Guarantor and (ii) such Lien shall secure only those obligations which it secures on the Closing Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Parent Guarantor or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the Effective Date prior to the time such Person becomes a Subsidiary; *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Parent Guarantor or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens securing Indebtedness permitted by clause (e) of Section 6.01; *provided* that (i) such security interests and the Indebtedness secured thereby are incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and (ii) such security interests shall not apply to any other property or assets of the Parent Guarantor or any Subsidiary;

(e) Liens securing Indebtedness of any Subsidiary that is not a Loan Party owed to any Loan Party or any other Subsidiary; and

(f) Liens not otherwise permitted hereunder which secure obligations not exceeding an aggregate amount at any time outstanding equal to 12.5% of Consolidated Net Tangible Assets at such time.

Section 6.03. *Fundamental Changes*. (a) (i) Neither the Parent Guarantor nor the Borrower will merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, (ii) neither the Parent Guarantor nor the Borrower will sell, transfer, lease or otherwise dispose of, and will not permit any Subsidiary to sell, transfer, lease or otherwise dispose of, (in one transaction or in a series of transactions) either (x) all or substantially all of the property or assets of the Parent Guarantor and its Subsidiaries taken as a whole or (y) all or substantially all of either (1) the Parent Guarantor and its Subsidiaries' specialty pharmaceutical line of business or (2) the Parent Guarantor and its Subsidiaries' global medical imaging line of business, and

(iii) neither the Parent Guarantor nor the Borrower will liquidate or dissolve, and will not permit any Subsidiary to liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing (x) in the case of clause (a)(i), any Person (other than the Borrower or the Parent Guarantor) may merge into the Borrower or the Parent Guarantor in a transaction in which the Borrower or the Parent Guarantor is the surviving corporation, (y) in the case of clause (a)(ii), any Subsidiary other than the Borrower may sell, transfer, lease or otherwise dispose of its assets to the Borrower or to another Subsidiary and (z) in the case of clause (a)(iii), any Subsidiary other than the Borrower may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is not materially disadvantageous to the Lenders.

(b) The Parent Guarantor will not, and will not permit any Subsidiary to, engage to any material extent in any business other than (i) businesses of the type conducted by the Parent Guarantor, the Borrower and the Subsidiaries on the date of execution of this Agreement and businesses reasonably incidental or related thereto and (ii) businesses that are reasonably similar thereto or a reasonable extension, development or expansion thereof or ancillary thereto.

Section 6.04. *Restricted Payments.* The Parent Guarantor will not, and will not permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that (a) the Parent Guarantor may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its common stock, (b) each Subsidiary may declare and pay dividends, or make other distributions, ratably with respect to its Equity Interests, (c) the Parent Guarantor may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Parent Guarantor and its Subsidiaries, (d) the Parent Guarantor or any Subsidiary may (i) make payments of cash, or dividends, distributions or advances to allow such Person to make payments of cash, in lieu of the issuance of fractional shares upon exercise of warrants or upon the conversion or exchange of Equity Interests of such Person and (ii) (A) issue additional Equity Interests in connection with any conversion request by a holder of convertible Indebtedness and (B) make cash payments in lieu of fractional shares in connection with any such conversion, (e) the Parent Guarantor may pay dividends and distributions within 60 days after the date of declaration thereof, if at the date of declaration of such payment, such payment would have complied with the other provisions of this Section 6.04 and (f) the Parent Guarantor or any Subsidiary may make Restricted Payments if at the time thereof (i) no Default shall have occurred and be continuing (or would result immediately thereafter therefrom) and (ii) the Borrower would be in compliance with Section 6.09(a) and (b), in each case after giving effect, on a pro forma basis, to such Restricted Payment.

Section 6.05. *Transactions with Affiliates.* The Parent Guarantor will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, which involves aggregate consideration in excess of \$10,000,000, except (a) at prices and on terms and conditions not less favorable to the Parent Guarantor or such Subsidiary than would be obtained on

an arm's-length basis from unrelated third parties, (b) transactions between or among the Parent Guarantor and its Subsidiaries not involving any other Affiliate, (c) transactions undertaken in connection with the Spinoff Transactions, (d) paying or granting reasonable compensation, indemnities, reimbursements and benefits to any director, officer, employee or agent of the Parent Guarantor or any Subsidiary and (d) any Restricted Payment permitted by Section 6.04.

Section 6.06. *Change in Fiscal Year.* The Parent Guarantor may, on no more than one occasion, change its fiscal year-end to a date other than the final Friday in September, subject to the consent of the Administrative Agent and subject to such adjustments to this Agreement and the other Loan Documents, and the delivery of such additional certificates and financial information, as the Borrower and Administrative Agent shall reasonably agree are necessary or appropriate in connection with such change (and the Lenders hereby authorize the Administrative Agent and the Borrower to make such adjustments to this Agreement and the other Loan Documents).

Section 6.07. *Sale and Leaseback Transactions.* The Parent Guarantor will not, and will not permit any Subsidiary to, enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "**Sale and Leaseback Transaction**"), unless the sale of such property and any Indebtedness arising from the leaseback of such property is otherwise permitted hereunder.

Section 6.08. *Limitations on Subsidiary Distributions.* The Parent Guarantor will not, and will not permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary, other than the Borrower, to (x) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits, owned by the Parent Guarantor or any Subsidiary, or pay any Indebtedness owed by any Subsidiary to the Parent Guarantor or any Subsidiary, (y) make loans or advances to the Parent Guarantor or any Subsidiary or (z) transfer any of its properties or assets to the Parent Guarantor or any Subsidiary, except for such encumbrances or restrictions (a) in effect on the Closing Date, (b) in effect at the time such Subsidiary becomes a Subsidiary of the Parent Guarantor, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of the Parent Guarantor, (c) containing customary provisions (as determined in good faith by the Borrower) in joint venture agreements or other similar agreements applicable to joint ventures entered into in the ordinary course of business, (d) imposed by applicable law, (e) any restriction on the Equity Interests or assets of a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of such Equity Interests or assets permitted under Section 6.03 pending the closing of such sale or disposition, (f) customary restrictions and conditions (as determined in good faith by the Borrower) contained in any agreement relating to the sale of any asset permitted under Section 6.03 applicable to the asset to be sold pending the consummation of such sale, (g) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of

business, (h) customary net worth, leverage and other financial covenants, customary covenants regarding the merger of or sale of stock or property of a Subsidiary, customary restrictions on transactions with affiliates and other customary restrictions contained in any agreement governing Indebtedness otherwise permitted hereunder (in each case, as determined by the Borrower in good faith), (i) (x) customary provisions (as determined in good faith by the Borrower) restricting the subletting or assignment of any lease governing a leasehold interest or (y) customary restrictions (as determined in good faith by the Borrower) imposed on the transfer of trademarked, copyrighted or patented materials or provisions in agreements that restrict the assignment of such agreements or any rights thereunder and (j) any extensions, refinancings, renewals or replacement of any of the foregoing that are no less favorable in any material respect (as determined by the Borrower in good faith) to the Lenders than those restrictions that are then in effect and are being extended, refinanced, renewed or replaced.

Section 6.09. *Financial Covenants.*

(a) Beginning with the first full fiscal quarter commencing subsequent to the Effective Date, the Leverage Ratio as of the last day of any fiscal quarter shall not exceed 3.50 to 1.00.

(b) Beginning with the first full fiscal quarter commencing subsequent to the Effective Date, the Interest Coverage Ratio as of the last day of any fiscal quarter shall not be less than 3.50:1.00.

For purposes of determining compliance prior to the completion of four full fiscal quarters commencing subsequent to the Effective Date, computation shall be based on annualized amounts determined with reference to any full fiscal quarter commencing and ending after the Effective Date.

ARTICLE 7

EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five Business Days;

(c) the Borrower shall fail to pay any reimbursement obligation in respect of a LC Disbursement with respect to a Letter of Credit in respect of which the Parent Guarantor or a Subsidiary is the account party within four Business Days;



(d) any representation or warranty made or deemed made by or on behalf of the Parent Guarantor or any Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect or false in any material respect when made or deemed made;

(e) the Parent Guarantor or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in (i) Section 5.02(a), 5.03 (with respect to the existence of the Borrower or the Parent Guarantor) or 5.08 or in Article 6 (other than Section 6.09) and such failure shall not be remedied within five Business Days after any Responsible Officer obtains knowledge thereof or (ii) Section 6.09;

(f) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), (c) or (e) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Parent Guarantor or the Borrower (which notice will be given at the request of any Lender);

(g) the Parent Guarantor or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, and such failure shall continue beyond any applicable grace period (but in any event, in the case of interest, fees or other amounts other than principal, for a period of at least five Business Days);

(h) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; *provided* that this clause (h) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, examinership, reorganization or other relief in respect of the Parent Guarantor or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, examiner, trustee, custodian, sequestrator, conservator or similar official for the Parent Guarantor or any Significant Subsidiary or for a substantial part of its respective assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(j) (i) the Parent Guarantor or any Significant Subsidiary shall (A) voluntarily commence any proceeding or file any petition seeking liquidation, examinership,

reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (B) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Article, (C) apply for or consent to the appointment of a receiver, examiner, trustee, custodian, sequestrator, conservator or similar official for the Parent Guarantor or any Significant Subsidiary or for a substantial part of its respective assets, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors or (F) take any action for the purpose of effecting any of the foregoing or (ii) a Luxembourg Insolvency Event shall have occurred;

(k) the Parent Guarantor or any Significant Subsidiary shall fail generally to pay its debts as they become due;

(l) one or more judgments for the payment of money in an aggregate amount in excess of \$75,000,000 (after deducting amounts covered by insurance except to the extent that the insurer providing such coverage has declined such coverage or indemnification) shall be rendered against the Parent Guarantor, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed or such judgment is not discharged within 60 days after the expiration of any such stay;

(m) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(n) any Loan Document shall cease to be valid and enforceable against any Loan Party party thereto (except for the termination of a Subsidiary Guaranty in accordance with its terms) or any Loan Party shall so assert in writing; or

(o) a Change in Control shall occur;

then, and in every such event (other than an event with respect to any Loan Party described in clause (i) or (j) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to any Loan Party described in clause (i) or (j) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of

the Loan Parties accrued under this Agreement or any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties.

## ARTICLE 8

### THE ADMINISTRATIVE AGENT

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Loan Parties or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Parent Guarantor, the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender

and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a lender or assign or otherwise transfer its rights, interests and obligations hereunder.

## ARTICLE 9

### PARENT GUARANTY

Section 9.01. *Parent Guaranty*. From the Effective Date, the Parent Guarantor hereby unconditionally and irrevocably, guarantees the full and punctual payment when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans, LC Disbursements and all other amounts whatsoever at any time or from time to time payable or becoming payable under this Agreement or the other Loan Documents. This is a continuing guarantee and a guarantee of payment and not merely of collection. Upon failure by the Borrower to pay punctually any such amount when due as aforesaid, the Parent Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in this Agreement.

Section 9.02. *Parent Guaranty Unconditional*. The obligations of the Parent Guarantor hereunder shall be unconditional and absolute, and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected, at any time by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower under any Loan Document, by operation of law or otherwise;

(b) any modification or amendment of or supplement to any Loan Document;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower under any Loan Document;

(d) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, examinership, reorganization or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any obligation of the Parent Guarantor or the Borrower contained in any Loan Document;

(e) the existence of any claim, set-off or other rights which the Parent Guarantor may have at any time against the Borrower, the Administrative Agent, the Issuing Bank, any Lender or any other Person, whether in connection herewith or any unrelated transactions, *provided* that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) any invalidity or unenforceability relating to or against the Borrower for any reason of any Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower, in the currency and funds and at the time and place specified herein, of any amount payable by it under any Loan Document; or

(g) any other act or omission to act or delay of any kind by the Borrower, the Administrative Agent, the Issuing Bank, any Lender or any other Person, or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge or defense of a guarantor or surety.

Section 9.03. *Discharge Only upon Payment in Full; Reimbursement in Certain Circumstances.* The Parent Guarantor's obligations under this Article 9 shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Loans, LC Disbursements and all other amounts whatsoever payable by the Borrower under any Loan Document shall have been finally paid in full. If at any time any payment of any such amount payable by the Borrower under any Loan Document is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Parent Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

Section 9.04. *Waiver by the Parent Guarantor.* The Parent Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Parent Guarantor, the Borrower or any other Person.

Section 9.05. *Subrogation.* Upon making any payment hereunder with respect to the Borrower, the Parent Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such payment; *provided* that the Parent Guarantor shall not enforce any payment by way of subrogation until all amounts of principal of and interest on the Loans, LC Disbursements and all other amounts payable by the Borrower under any Loan Document has been paid in full and the Commitments have been terminated.

Section 9.06. *Stay of Acceleration.* In the event that acceleration of the time for payment of any amount payable by the Borrower under any Loan Document is stayed upon insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by the Parent Guarantor hereunder forthwith on demand by the Required Lenders.

Section 9.07. *Scheme.* The obligations and liabilities of the Parent Guarantor under this Agreement shall not be affected by any reduction occurring in, or other arrangement being made relating to the liabilities of any Loan Party to the Lenders as a

result of any arrangement or composition, made pursuant to any of the provisions of the Companies (Amendment) Act 1990 (Ireland) and whether or not following the appointment of an administrator, administrative receiver, trustee, liquidator, receiver or examiner or any similar officer or any analogous event occurring under the laws of any relevant jurisdiction to any Loan Party or over all or a substantial part of the assets (as the case may be) of any Loan Party and the Parent Guarantor hereby agrees with the Lenders and the Administrative Agent that the amount recoverable by the Lenders from the Parent Guarantor hereunder will be and will continue to be the full amount which would have been recoverable by the Lenders from the Parent Guarantor in respect of the Parent Guarantor's liabilities had no such arrangement or composition or event as aforesaid been entered into.

## ARTICLE 10

### MISCELLANEOUS

Section 10.01. *Notices.* (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

(i) if to the Borrower, to it at 3b bd Prince Henri, Luxembourg L-1724, Attention of John Einwalter (Tel: + 352 266 279 00; Fax: + 352 266 379 92; email: john.einwalter@covidien.com), with a copy to it at 675 McDonnell Blvd., Hazelwood, MO 63042, Attention of: Miriam Singer (Tel: 314-654-6082; email: Miriam.singer@covidien.com);

(ii) if to the Parent Guarantor, to it at Damastown, Mulhuddart, Dublin 15, Ireland, Attention of John Einwalter (Tel: + 353 (1) 8207940; Fax: + 353 (1) 8208780; email: john.einwalter@covidien.com), with a copy to it at 675 McDonnell Blvd., Hazelwood, MO 63042, Attention of: Miriam Singer (Tel: 314-654-6082; email: Miriam.singer@covidien.com);

(iii) if to the Administrative Agent, to J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London E14 5JP, Attention of The Manager, Loan & Agency Services (Fax No. 44 207 777 2360);

(iv) if to an Initial Issuing Bank, to it at its address specified on Schedule 2.05;

(v) if to the Swingline Lender, to J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London E14 5JP, Attention of The Manager, Loan & Agency Services (Fax No. 44 207 777 2360); and

(vi) if to any other Lender, to it at its address (or facsimile number or electronic mail address) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Administrative Agent and the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address, facsimile number or electronic mail address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Borrowing Requests and Interest Election Requests) purportedly given by or on behalf of the Borrower.

Section 10.02. *Waivers; Amendments.* (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document or any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Subsidiary Guarantors (to the extent applicable), the Required Lenders and, from the Effective Date, the Parent Guarantor, or by the Borrower, the Subsidiary Guarantors (to the extent applicable), the Administrative Agent with the consent of the Required Lenders and, from the Effective Date, the Parent Guarantor; *provided* that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.03 or the waiver of any Default shall not constitute an extension or increase of any Commitment of any Lender), (ii) reduce the principal amount of any Loan or LC Disbursement or reduce



the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Parent Guarantor from its obligations under Article 9 without the written consent of each Lender or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender under any Loan Document without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be.

Section 10.03. *Expenses; Indemnity; Damage Waiver.* (a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent, the Joint Lead Arrangers and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) while a Default has occurred and is continuing, all out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout or restructuring negotiations in respect of such Loans or Letters of Credit.

(b) Each Loan Party shall jointly and severally indemnify the Administrative Agent, the Issuing Bank, the Swingline Lender and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of (i) one counsel to the Indemnitees taken as a whole and (ii) in the case of any conflict of interest, additional counsel to the affected Indemnitees limited to one such counsel so long as representation of each such party by a single counsel is consistent with and permitted by professional responsibility rules and (iii) if necessary, one local counsel in each relevant

jurisdiction and special counsel incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (A) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (B) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (C) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent Guarantor or any Subsidiary, or any Environmental Liability related in any way to the Parent Guarantor or any Subsidiary, or (D) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (w) the gross negligence, bad faith or willful misconduct of such Indemnitee, (x) a breach of the confidentiality provisions contained in Section 10.14 of this Agreement by such Indemnitee, (y) a dispute among the Lenders (and not against the Administrative Agent, any Joint Lead Arranger, the Issuing Bank, the Swingline Lender or any other agent, in each case, in its capacity as such) that does not arise from any Loan Party's breach of its obligations under any Loan Document or applicable law or (z) any settlement entered into by such Indemnitee without the Borrower's written consent (such consent not to be unreasonably withheld); *provided further*, however, the foregoing indemnity will apply to any such settlement in the event either the Borrower or the Parent Guarantor was offered the ability to assume the defense of the action that was the subject matter of such settlement and elected not to assume such defense. This Section 10.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each such party hereby waives, any claim against any other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; *provided* that, nothing in this clause (d) shall relieve any Loan Party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 10.04. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) neither the Parent Guarantor nor the Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any attempted assignment or transfer by the Parent Guarantor or the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (d) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) In case of assignment, transfer or novation by a Lender to a new lender or a participant, of all or any part of its rights and obligations under this Agreement or any of the other Loan Documents, the Lenders and the new lender or participant shall agree that, for the purposes of Article 1278 and/or Article 1281 of the Luxembourg Civil Code (to the extent applicable), any assignment, amendment, transfer and/or novation of any kind permitted under, and made in accordance with the provisions of the Agreement or any agreement referred to herein to which a Luxembourg Loan Party is a party, any security created or guarantee given under this Agreement or in relation to this Agreement shall be preserved and continue in full force and effect to the benefit of the new lender or participant.

(c) (i) Subject to the conditions set forth in paragraph 10.04(c)(ii) below, any Lender may assign to one or more Persons (other than a natural person or an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, *provided* that the Borrower shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof; *provided further* that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) each of the Administrative Agent, the Issuing Bank and the Swingline Lender *provided* that no such consent shall be required for an assignment of any Commitment to an assignee that is a Lender with a Commitment immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender, an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent (each such consent not to be unreasonably withheld), *provided* that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, *provided* that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Loan Parties and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 10.04(c), the term "**Approved Fund**" and "**Ineligible Institution**" have the following meanings:

"**Approved Fund**" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

**“Ineligible Institution”** means a (a) natural person or (b) the Borrower or any Affiliate of the Borrower.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 10.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the **“Register”**). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender and the other Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and, with respect to its commitment only, any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (c) of this Section and any written consent to such assignment required by paragraph (c) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; *provided* that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(d) or 10.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full,

together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "**Participant**"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(f) (it being understood that the documentation required under Section 2.16(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (c) of this Section; *provided* that such Participant (A) agrees to be subject to the provisions of Section 2.18 as if it were an assignee under paragraph (c) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.14 or 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.18(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.17(c) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive

absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.05. *Survival.* All covenants, agreements, representations and warranties made by the Loan Parties herein and in the other Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or the other Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or the other Loan Documents is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.14, 2.15, 2.16, 10.03 and 10.12 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement, any other Loan Document or any provision hereof or thereof.

Section 10.06. *Counterparts; Integration.* (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent and the Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; *provided* that the inclusion of supplemental rights or remedies in favor of the Administrative Agent, the Issuing Bank, the Swingline Lender or the other Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Delivery of an executed counterpart of a signature page of this Agreement and those of any other Loan Document, by facsimile, emailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Without limiting the last sentence of the preceding clause (a), the words “execution,” “signed,” “signature,” and words of like import in any Loan Document or any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.07. *Severability.* Any provision of this Agreement or the other Loan Documents held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.08. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, upon the making of the request, or the granting of the consent, if required under Article 7 to authorize the Administrative Agent to declare the Loans due and payable, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of the Loan Parties now or hereafter existing under this Agreement or the other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Loan Parties may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

Section 10.09. *Governing Law; Jurisdiction; Consent to Service of Process.* (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States



District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Loan Parties or their properties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each Credit Party irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(e) Each Loan Party hereby irrevocably designates and appoints Mallinckrodt Enterprises LLC, having an office on the date hereof at 675 McDonnell Blvd, Hazelwood, MO 63042, as its authorized agent, to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in paragraph (b) hereof in any Federal or New York State court sitting in New York County, Borough of Manhattan. Each Loan Party represents and warrants that such agent has agreed in writing to accept such appointment and that a true copy of such designation and acceptance has been delivered to the Administrative Agent. If such agent shall cease so to act, each Loan Party covenants and agrees to designate irrevocably and appoint without delay another such agent satisfactory to the Administrative Agent and to deliver promptly to the Administrative Agent evidence in writing of such other agent's acceptance of such appointment.

Section 10.10. *WAIVER OF JURY TRIAL*. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS

REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.11. *Waiver of Immunities.* TO THE EXTENT PERMITTED BY APPLICABLE LAW, IF ANY LOAN PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY (SOVEREIGN OR OTHERWISE) FROM ANY LEGAL ACTION, SUIT OR PROCEEDING, FROM JURISDICTION OF ANY COURT OR FROM SET-OFF OR ANY LEGAL PROCESS (WHETHER SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF JUDGMENT, EXECUTION OF JUDGMENT OR OTHERWISE) WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, SUCH OBLIGOR HEREBY IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. EACH LOAN PARTY AGREES THAT THE WAIVERS SET FORTH ABOVE SHALL BE TO THE FULLEST EXTENT PERMITTED UNDER THE FOREIGN SOVEREIGN IMMUNITIES ACT OF 1976 OF THE UNITED STATES OF AMERICA AND ARE INTENDED TO BE IRREVOCABLE AND NOT SUBJECT TO WITHDRAWAL FOR PURPOSES OF SUCH ACT.

Section 10.12. *Judgment Currency.* If, under any applicable law and whether pursuant to a judgment being made or registered against any Loan Party or for any other reason, any payment under or in connection with this Agreement or any other Loan Document, is made or satisfied in a currency (the “**Other Currency**”) other than that in which the relevant payment is due (the “**Required Currency**”) then, to the extent that the payment (when converted into the Required Currency at the rate of exchange on the date of payment or, if it is not practicable for the party entitled thereto (the “**Payee**”) to purchase the Required Currency with the Other Currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so) actually received by the Payee falls short of the amount due under the terms of this Agreement or any other Loan Document, the Loan Parties shall, to the extent permitted by law, as a separate and independent obligation, indemnify and hold harmless the Payee against the amount of such shortfall. The foregoing indemnity shall continue in full force and effect notwithstanding any such related judgment or order. For the purpose of this Section, “**rate of exchange**” means the rate at which the Payee is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any premium and other costs of exchange.

Section 10.13. *Headings.* Article and Section headings and the Table of Contents used herein and in the other Loan Documents are for convenience of reference only, are not part of this Agreement or any other Loan Document and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement or any other Loan Document.

Section 10.14. *Confidentiality*. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents whom they determine need to know such Information in connection with matters relating directly to this Agreement, the other Loan Documents and the Transactions, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and the Administrative Agent, the Issuing Bank or the applicable Lenders shall be responsible for breach of this Section by any such Person to whom it disclosed such Information), (b) to the extent requested by any regulatory or quasi-regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; *provided* that in the case of any intended disclosure under this clause (c), except with respect to any audit or examination conducted in the ordinary course of business by bank accountants or by any governmental bank regulatory authority exercising examination or supervisory authority, the recipient thereof shall, to the extent not prohibited by law and reasonably practicable under the circumstances, use commercially reasonable efforts to notify the Borrower of such disclosure in advance of such disclosure so as to allow the Borrower an opportunity to seek an appropriate protective order, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement, any other Loan Document, or any suit, action or proceeding relating to this Agreement or any other Loan Document, or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any other Loan Document or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the written consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis from a source other than the Borrower. In addition, the Administrative Agent, the Issuing Bank and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Administrative Agent, the Issuing Bank and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents. For the purposes of this Section, "**Information**" means all information received from or on behalf of any Loan Party relating to any Loan Party, its Subsidiaries or their respective businesses, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by any Loan Party from a source which is not, to the knowledge of the recipient, prohibited from disclosing such information by a confidentiality agreement or other legal or fiduciary obligation to any Loan Party or its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its

own confidential information. In addition to other remedies, the Loan Parties shall be entitled to specific performance and injunctive and other equitable relief for breach of this Section 10.14.

Section 10.15. *Material Non-Public Information.*

(a) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN Section 10.14 FURNISHED TO IT PURSUANT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(b) INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY ANY LOAN PARTY OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

Section 10.16. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation to the date of repayment, shall have been received by such Lender.

Section 10.17. *No Fiduciary Duty.* The Credit Parties may have economic interests that conflict with those of the Loan Parties, their stockholders and/or their affiliates. Each Loan Party agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty (other than an implied duty of good faith and fair dealing arising under generally applicable law) between any Credit Party, on the one hand, and such Loan Party, its stockholders or its affiliates, on the other. The Loan Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Credit Parties, on the one hand, and the Loan Parties, on the other, and (b) in connection therewith and with the process leading thereto, (i) no Credit Party has assumed an advisory or fiduciary responsibility in favor of any Loan Party, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Credit Party has advised, is currently advising or will advise any Loan Party, its stockholders or its Affiliates on other matters) or any other obligation to any Loan Party except the obligations expressly set forth in the Loan Documents and (ii) each Credit Party is acting solely as principal and not as the agent or fiduciary of any Loan Party, its management, stockholders, creditors or any other Person. Each Loan Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Loan Party agrees that it will not claim that any Credit Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Loan Party, in connection with such transaction or the process leading thereto.

Section 10.18. *USA PATRIOT Act.* Each Lender that is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**PATRIOT Act**") hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Act.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

MALLINCKRODT INTERNATIONAL FINANCE SA

By: /s/ Michelangelo Stefani  
Name: Michelangelo Stefani  
Title: Director

JPMORGAN CHASE BANK, N.A. as Administrative Agent,  
Issuing Bank, Swingline Lender and Lender

By: /s/ Vanessa Chiu  
Name: Vanessa Chiu  
Title: Executive Director

GOLDMAN SACHS BANK USA, as Lender

By: /s/ Charles D. Johnston  
Name: Charles D. Johnston  
Title: Authorized Signatory

CITIBANK, N.A., as Lender

By: /s/ Patricia Guerra Heh  
Name: Patricia Guerra Heh  
Title: Vice President

DEUTSCHE BANK AG NEW YORK BRANCH, as Lender

By: /s/ Ming K. Chu  
Name: Ming K. Chu  
Title: Vice President

BANK OF MONTREAL, LONDON BRANCH, as Lender

By: /s/ Andy McClinton

Name: Andy McClinton

Title: Managing Director

/s/ Lisa Rodriguez

Name: Lisa Rodriguez

Title: Associate General Counsel

BARCLAYS BANK PLC, as Lender

By: /s/ Vanessa A. Kurbatskiy

Name: Vanessa A. Kurbatskiy

Title: Vice President

MIZUHO CORPORATE BANK, LTD., as Lender

By: /s/ Atsushi Okuda

Name: Atsushi Okuda

Title: Deputy General Manager

PNC BANK, NATIONAL ASSOCIATION, as Lender

By: /s/ Thomas S. Sherman

Name: Thomas S. Sherman

Title: Senior Vice President

THE NORTHERN TRUST COMPANY, as Lender

By: /s/ James Shanel

Name: James Shanel

Title: Second Vice President

By: /s/ Kirk Tesch

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Name: Kirk Tesch

Title: Director



## ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “**Assignment and Assumption**”) is dated as of the Assignment Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the “**Assignor**”) and [Insert name of Assignee] (the “**Assignee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as may be amended from time to time, the “**Credit Agreement**”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Assignment Effective Date inserted by the Administrative Agent as contemplated below (1) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (2) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “**Assigned Interest**”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- |    |                       |   |
|----|-----------------------|---|
| 1. | Assignor:             |   |
| 2. | Assignee:             |   |
|    |                       | [and is an Affiliate/Approved Fund of [identify Lender] <sup>1</sup> ]            |
| 3. | Borrower:             | Mallinckrodt International Finance S.A.   |
| 4. | Administrative Agent: | JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement |
| 5. | Credit Agreement:     | The \$250,000,000 Credit Agreement dated as of March 25,                          |

<sup>1</sup> Select as applicable.

6. Assigned Interest:

<u>Revolving Facility</u>	<u>Aggregate Amount of Commitment/Loans for all Lenders</u>	<u>Amount of Commitment/Loans Assigned</u>	<u>Percentage Assigned of Commitment/Loans<sup>2</sup></u>
	\$	\$	%
	\$	\$	%
	\$	\$	%

Assignment Effective Date: \_\_\_\_\_, 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Loan Parties their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

<sup>2</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[Consented to and]<sup>3</sup> Accepted:

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent

By \_\_\_\_\_  
Title:

[Consented to:]<sup>4</sup>

[NAME OF RELEVANT PARTY]

By \_\_\_\_\_  
Title:

<sup>3</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>4</sup> To be added only if the consent of the Borrower, Swingline Lender and/or Issuing Bank is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1. *Assignor.* The Assignor (a) represents and warrants that (1) it is the legal and beneficial owner of the Assigned Interest, (2) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (3) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (1) any statements, warranties or representations made in or in connection with the Credit Agreement, (2) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, (3) the financial condition of the Borrower, the Parent Guarantor, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement or (4) the performance or observance by the Borrower, the Parent Guarantor, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. *Assignee.* The Assignee (a) represents and warrants that (1) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (2) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (3) from and after the Assignment Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (4) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, Issuing Bank, Swingline Lender or any other Lender, and (5) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (1) it will, independently and without reliance on the Administrative Agent, Issuing Bank, Swingline Lender, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (2) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

1. *Payments.* From and after the Assignment Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Assignment Effective Date and to the Assignee for amounts which have accrued from and after the Assignment Effective Date.

2. *General Provisions.* This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

## PARENT GUARANTOR SUPPLEMENT

THIS PARENT GUARANTOR SUPPLEMENT (this "**Agreement**"), dated as of March 25, 2013, is entered into between MALLINCKRODT PLC, a public limited company incorporated in Ireland with registered number 522227, (the "**Parent**") and JPMORGAN CHASE BANK, N.A., in its capacity as administrative agent (the "**Administrative Agent**") under that certain \$250,000,000 Credit Agreement dated as of March 25, 2013 among Mallinckrodt International Finance S.A., as Borrower, the Lenders party thereto, the Administrative Agent, and, from the Effective Date (as defined therein), the Parent, as Parent Guarantor (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement.

The Parent and the Administrative Agent, for the benefit of the Lenders, hereby agree as follows:

1. The Parent hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the Parent will be deemed to be a Loan Party under the Credit Agreement and the "**Parent Guarantor**" for all purposes of the Credit Agreement and shall have all of the obligations of a Loan Party and the Parent Guarantor thereunder as if it had executed the Credit Agreement. The Parent hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement, including without limitation (a) all of the representations and warranties of the Loan Parties set forth in Article 3 of the Credit Agreement, (b) all of the covenants set forth in Articles 5 and 6 of the Credit Agreement and (c) all of the guaranty obligations set forth in Article 9 of the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the Parent hereby unconditionally and irrevocably guarantees the full and punctual payment when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Loans, LC Disbursements and all other amounts whatsoever at any time or from time to time payable or becoming payable under the Credit Agreement or the other Loan Documents. This is a continuing guarantee and a guarantee of payment and not merely of collection. Upon failure by the Borrower to pay punctually any such amount when due as aforesaid, the Parent shall forthwith on demand pay the amount not so paid at the place and in the manner specified in the Credit Agreement.

2. The address of the Parent for purposes of Section 10.01 of the Credit Agreement is as follows:

Mallinckrodt plc

Damastown, Mulhuddart

Dublin 15

Ireland

3. The Parent hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the Parent upon the execution of this Agreement by the Parent.

4. This Agreement is the Parent Guarantor Supplement referred to in the Credit Agreement and constitutes a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

5. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.

6. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Parent has caused this Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

MALLINCKRODT PLC

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and accepted:

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:



## MALLINCKRODT PUBLIC LIMITED COMPANY

## SECRETARY'S CERTIFICATE

The undersigned, \_\_\_\_\_, Assistant Secretary of Mallinckrodt Public Limited Company, a public limited company organized under the laws of Ireland (“**Mallinckrodt plc**”), hereby certifies on behalf of Mallinckrodt plc as follows:

1. Attached hereto as Exhibit A is a copy letter of status issued by the Companies Registration Office of Ireland confirming that Mallinckrodt plc is duly incorporated, registered with the Companies Registration Office, has filed its annual returns up to [—] and that its current designation is Normal.
2. Attached hereto as Exhibit B is a certified copy of the Certificate of Incorporation of Mallinckrodt plc. No amendment or other document relating to or affecting such Certificate of Incorporation has been filed with the Companies Registration Office of Ireland, and no action has been taken by Mallinckrodt plc or its shareholders, directors or officers in contemplation of the filing of any such other document.
3. Attached hereto as Exhibit C is a true and complete copy of the Memorandum and Articles of Association of Mallinckrodt plc, and such Memorandum and Articles of Association are in full force and effect on the date hereof, and no action has been taken by Mallinckrodt plc or its shareholders, directors or officers in contemplation of the filing of any amendment or other document relating to or affecting such Memorandum and Articles of Association.
4. Each person, who as a director or an authorized officer of Mallinckrodt plc, signed and delivered (a) the Parent Guarantor Supplement (as defined in the Credit Agreement (as defined below)) (the “**Guaranty**”) entered into by Mallinckrodt plc in respect of the obligations of Mallinckrodt International Finance S.A. under a five year revolving credit facility in an aggregate amount as at the date of the Guaranty of \$250,000,000 (subject to variation, including increase, from time to time) pursuant to a Credit Agreement between, among others, Mallinckrodt International Finance S.A. as Borrower, JPMorgan Chase Bank, National Association as Administrative Agent, Goldman Sachs Bank USA as Syndication Agent and the Lenders (as defined therein) (the “**Credit Agreement**”) and (b) any other document delivered in connection with the Credit Agreement or the issuance of the Guaranty was, at the respective times of such signing and delivery, and is now duly elected or appointed, qualified and acting pursuant to the title set forth next to his or her name and the signatures (or facsimile signatures) of such persons appearing on such documents are their genuine signatures.
5. Attached hereto as Exhibit D is a true, correct and complete copy of extract resolutions duly adopted by the Board of Directors of Mallinckrodt plc (the “**Board**”) at a meeting duly held on \_\_\_\_\_, 2013. Such resolutions have not been amended, modified or rescinded and remain in full force and effect, and no other action has been taken nor is any other action necessary by the Board or by any committee or officer designated by the Board relating to the Guaranty.

6. The entering by Mallinckrodt plc into the Guaranty in the form executed and delivered by Mallinckrodt plc has been approved by the Board or by an officer designated by the Board, in the resolutions referred to in paragraph 5 above.

7. Each set of minutes, each record and all other documents of Mallinckrodt plc relating to all proceedings of the Board (and any committee of the Board) made available to Wachtell, Lipton, Rosen & Katz, Allen & Overy Luxembourg and Arthur Cox are accurate and complete in all material respects, **[except that certain of the minute books and records were provided in draft form]**. There have been no material changes, additions or alterations in said minutes, records or other documents that have not been disclosed to Wachtell, Lipton, Rosen & Katz, Allen & Overy Luxembourg and Arthur Cox.

8. Neither Mallinckrodt plc nor any of its directors or secretary is a company or a person to whom either Chapter 1 or Chapter 2 of Part VII of the Companies Act 1990 applies

9. Attached hereto as Exhibit E is a list of Persons who, as of the date hereof, are duly elected and qualified officers of Mallinckrodt plc holding the offices indicated next to their respective names and each such officer is duly authorised to execute and deliver, on behalf of the Company, (a) the Guaranty and (b) any other document delivered in connection with the Guaranty or the Credit Agreement.

*[Signature page follows]*

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Exhibit A

Letter of Status

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Exhibit B

Certificate of Incorporation

Exhibit C

Memorandum and Articles of Association

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Exhibit D

Extract Resolutions

Exhibit E

Authorised Officers

Name

Office

Specimen Signature

—

—

\_\_\_\_\_

—

—

\_\_\_\_\_

—

—

\_\_\_\_\_

IN WITNESS WHEREOF, I have signed this certificate on behalf of Mallinckrodt plc. Dated: —, 2013

Mallinckrodt plc

By: \_\_\_\_\_

Name:

Title: Assistant Secretary

I, \_\_\_\_\_, **[Executive Vice President and Chief Financial Officer]** of Mallinckrodt plc, do hereby certify that — is on the date hereof and has been at all times since — the duly elected or appointed, qualified and acting Assistant Secretary of Mallinckrodt plc, and the signature set forth above is the genuine signature of such officer.

Mallinckrodt plc

By: \_\_\_\_\_

Name:

Title: **[Executive Vice President and Chief Financial Officer]**

*[Signature Page to Mallinckrodt plc's Secretary's Certificate]*



**FORM OF WACHTELL, LIPTON, ROSEN & KATZ  
LEGAL OPINION ON EFFECTIVE DATE**

1. Each of the Credit Agreement and Parent Guarantor Supplement constitutes the legal, valid and binding obligation of the Parent Guarantor, enforceable against the Parent Guarantor in accordance with its terms.
2. Assuming the proceeds of the Loans are used solely for the purposes set forth in the Credit Agreement, the execution and delivery of the Parent Guarantor Supplement by the Parent Guarantor and the performance by the Parent Guarantor of its payment obligations in accordance with the terms of the Credit Agreement do not violate, conflict with or result in a breach of (x) any applicable law, rule or regulation under the laws of the State of New York or the Federal laws of the United States of America or (y) the Indenture, dated as of April , 2013, among, *inter alia*, the Borrower and Deutsche Bank Trust Company Americas, as trustee.

[—] 2013

**PRIVATE AND CONFIDENTIAL**

To: The Lenders party to the Credit Agreement (as defined in the Schedule) as at the date hereof, and JPMorgan Chase Bank, National Association as Administrative Agent (the “**Agent**”) and as Issuing Bank.

Re: Mallinckrodt public limited company (the “**Company**”) incorporated in Ireland under registered number 522227.

Dear Sirs,

**1. Basis of Opinion***Introduction*

- 1.1 We act as solicitors in Ireland for the Company. We have been requested to furnish this Opinion in connection with the entry into of the Transaction Documents (as defined in the Schedule hereto) by the Company (the “**Transaction**”). This Opinion is solely for the benefit of the addressees of this opinion and any person that becomes a Lender or Issuing Bank under the Credit Agreement (as defined in the Schedule) within 30 (thirty) days of the Closing Date and may not be relied upon, used, transmitted, referred to, quoted from, circulated, copied, filed with any governmental agency or authority, disseminated or disclosed by or to any other person or entity for any purpose(s) without our prior written consent, provided that it may be disclosed to regulatory authorities to whom disclosure may be required by applicable laws or regulations and to your legal adviser(s) on the basis that it is for information only, such persons may not rely upon this Opinion, we have no responsibility to such persons in connection with this Opinion and such persons are bound by restrictions as to disclosure and reliance set out in this Opinion.
- 1.2 This Opinion is given on the basis that our client is the Company. For the purposes of giving this Opinion, we have taken instructions solely from our client.
- 1.3 This Opinion is confined to and given in all respects on the basis of the laws of Ireland in force as at the date hereof as currently applied by the courts of Ireland. We have made no investigations of and we express no opinion as to the laws of any other jurisdiction or the effect thereof. In particular, we express no opinion on the laws of the European Union as they affect any jurisdiction other than Ireland. We have assumed without investigation that insofar as the laws of any jurisdiction other than Ireland are relevant, such laws do not prohibit and are not inconsistent with any of the obligations or rights expressed in the Transaction Documents or the Transaction.
- 1.4 This Opinion is also strictly confined to:
  - (a) the matters expressly stated herein and is not to be read as extending by implication or otherwise to any other matter;

(b) the Transaction Documents (and no other documents whatsoever) and the Searches (see paragraph 1.8 below), and is subject to the assumptions and qualifications set out below.

In giving this opinion, we have relied upon the Closing Certificate (as defined in the Schedule hereto) and the Searches (see paragraph 1.8 below) and we give this Opinion expressly on the terms that no further investigation or diligence in respect of any matter referred to in the Closing Certificate or the Searches is required of us.

1.5 Save as set out in paragraphs 2.8 and 2.9, no opinion is expressed as to the taxation consequences of the Transaction Documents or the Transaction. The opinions given in those paragraphs are confined to and given in all respects on the basis of the laws of Ireland relating to tax in force as at the date hereof as currently applied by the courts of Ireland and on the basis of our understanding of the current practice of the Revenue Commissioners on the date hereof.

1.6 For the purposes of giving this Opinion, we have examined copies sent to us by email in pdf or other electronic format of the Transaction Documents.

1.7 All words and phrases defined in the Transaction Documents and not defined herein shall have the same meanings herein as are respectively assigned to them in the Transaction Documents. References in this Opinion to:

(a) the “**1963 Act**” means the Companies Act 1963 of Ireland as amended and references to the “**1990 Act**” means the Companies Act 1990 of Ireland as amended;

(b) the “**Companies Acts**” means the Companies Acts 1963 to 2005, Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006, the Companies (Amendment) Act 2009, the Companies (Miscellaneous Provisions) Act 2009 and the Companies (Amendment) Act 2012, all statutory instruments which are to be read as one with, or construed or read together with or as one with, one another and every statutory modification and re-enactment thereof for the time being in force;

(c) the “**CRO**” means the Irish Companies Registration Office;

(d) “**Ireland**” means Ireland exclusive of Northern Ireland;

(e) the “**Revenue Commissioners**” means the Irish Revenue Commissioners;

(f) “**Searches**” means the searches listed in paragraph 1.8; and

(g) the “**TCA**” means the Taxes Consolidation Act 1997 of Ireland as amended.

1.8 For the purpose of giving this Opinion, we have caused to be made the following legal searches against the Company on [—] 2013:

(a) on the file of the Company maintained by the Registrar of Companies in the CRO for mortgages, debentures, or similar charges or notices thereof and the appointment of any examiner or liquidator;

- (b) in the Judgments Office of the High Court for unsatisfied judgments, orders, decrees and the like for the five years immediately preceding the date of the search;
  - (c) in the Central Office of the High Court of Dublin for any petitions filed in the two years immediately preceding the date of the search, and for any proceedings to which the Company is a party; and
  - (d) on the register of persons disqualified or restricted from acting as directors of companies incorporated in Ireland, which is maintained by the Registrar of Companies, against the names of the current directors of the Company as identified in the search results referred to in subparagraph (a) above.
- 1.9 This Opinion is governed by and to be construed in accordance with the laws of Ireland (as interpreted by the courts of Ireland at the date hereof) and anyone seeking to rely on this Opinion agrees for our benefit that the courts of Ireland shall have exclusive jurisdiction to settle any dispute arising out of, or in connection with this Opinion. This Opinion speaks only as of its date. We assume no obligation to update this Opinion at any time in the future or to advise you of any change in law, change in interpretation of law or change in the practice of the Revenue Commissioners, which may occur after the date of this Opinion.

## 2. **Opinion**

Subject to the assumptions and qualifications set out in this Opinion, we are of the opinion that:

### *Capacity, Authority and Status*

- 2.1 The Company is a public limited company and is duly incorporated and validly existing under the laws of Ireland.
- 2.2 The Company has the necessary corporate power and authority under its Memorandum and Articles of Association to execute and deliver any and all of the Transaction Documents to which it is a party (whether by way of accession or otherwise) and to perform its obligations thereunder in accordance with the terms of the Transaction Documents.
- 2.3 The entry into and the performance of the Transaction Documents by the Company does not contravene:
  - (a) any law of Ireland applicable to the Company; or
  - (b) the Memorandum and Articles of Association of the Company.
- 2.4 All necessary corporate action required on the part of the Company to authorise the execution of the Guarantor Supplement (as defined in the Schedule) and the performance by the Company of its obligations under the Transaction Documents has been taken.
- 2.5 The Guarantor Supplement has been duly executed by the Company.
- 2.6 No consent, authorisation, licence or approval from any Irish governmental, regulatory or public body or public authority and no registration, filing or recording of any of the Transaction Documents or any instrument relating thereto in any Irish

public office, governmental authority, regulatory or public body or authority is necessary under the laws of Ireland to ensure the validity and enforceability of the Transaction Documents against the Company.

- 2.7 The Company has not taken any corporate action nor have legal proceedings been started against the Company for its winding up, dissolution, court protection or reorganisation or for the appointment of a liquidator, receiver, examiner, trustee or similar officer of it or of any or all of its assets or revenues as at the date of this Opinion.

#### *Taxes*

- 2.8 Subject to paragraph 4.6, the Company should not be required to make any withholding or deduction for or on account of Irish income tax from guarantee payments under the Credit Agreement.
- 2.9 Under the laws of Ireland there is no stamp duty payable in Ireland in relation to the execution and delivery of the Transaction Documents.

#### *Pari Passu Ranking*

- 2.10 The obligations of the Company under the Transaction Documents will rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

#### *Governing law and Jurisdiction*

- 2.11 In any proceedings taken in Ireland for the enforcement of the Transaction Documents, the choice of the law of the State of New York as the governing law of the Transaction Documents will upon proof of the relevant provisions of the relevant laws be recognised by the courts of Ireland pursuant to Article 3 of the Rome I Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (the “**Rome I Regulation**”) with respect to matters falling within the scope of the Rome I Regulation.
- 2.12 The courts of Ireland will enforce the submission by the Company to the jurisdiction of the courts of the Supreme Court of the State of New York and of the United States District Court for the Southern District of New York and a judgment of such courts will be enforced by the courts of Ireland if the following general requirements are met:
- (a) the foreign court must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and
  - (b) the foreign judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the courts of Ireland may refuse to enforce a judgment of the courts of the Supreme Court of the State of New York and of the United States District Court for the Southern District of New York which meets the above requirements for one of the following reasons:

- (i) the foreign judgment is not for a definite sum of money;
- (ii) the foreign judgment was obtained by fraud;
- (iii) the enforcement of the foreign judgment in Ireland would be contrary to natural or constitutional justice;
- (iv) the foreign judgment is contrary to Irish public policy or involves certain foreign laws which will not be enforced in Ireland; and
- (v) jurisdiction cannot be obtained by the courts of Ireland over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules.

*No Immunity*

2.13 The Company does not have any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of Ireland.

3. **Assumptions**

For the purpose of giving this Opinion we assume the following, without any responsibility on our part if any assumption proves to have been untrue as we have not verified independently any assumption:

*Authenticity and bona fides*

- 3.1 The truth, completeness, accuracy and authenticity of all copy letters, resolutions, certificates, permissions, minutes, authorisations and all other documents of any kind submitted to us as originals or copies of originals, and (in the case of copies) conformity to the originals of copy documents, the genuineness of all signatures, stamps and seals thereon, that any signatures are the signatures of the persons who they purport to be and that each original was executed in the manner appearing on the copy.
- 3.2 That the Transaction Documents have been delivered by the parties thereto and are not subject to any escrow arrangements.
- 3.3 That the copies produced to us of minutes of meetings and/or of resolutions correctly record the proceedings at such meetings and/or the subject matter which they purport to record and that any meetings referred to in such copies were duly convened, duly quorate and held and all formalities were duly observed, that those present at any such meetings were entitled to attend and vote at the meeting and acted bona fide throughout, that no further resolutions have been passed or corporate or other action taken which would or might alter the effectiveness thereof and that such resolutions have not been amended or rescinded and are in full force and effect.

- 3.4 That each director of the Company has disclosed any interest which he may have in the Transaction in accordance with the provisions of the Companies Acts and the Articles of Association of the Company and none of the directors of the Company has any interest in the Transaction except to the extent permitted by the Articles of Association of the Company.
- 3.5 The absence of fraud, coercion, duress or undue influence and lack of bad faith on the part of the parties to the Transaction Documents and their respective officers, employees, agents and (with the exception of Arthur Cox) advisers.
- 3.6 That, based only on the searches referred to in paragraph 1.8(d) and the certificate from the Company in the Closing Certificate, no person who has been appointed or acts in any way, whether directly or indirectly, as a director or secretary of, or who has been concerned in or taken part in the promotion of, the Company has been the subject of a declaration under Section 150 of the 1990 Act (as amended).

*Accuracy of Searches and the Closing Certificate*

- 3.7 The accuracy and completeness of the information disclosed in the Searches and that such information is accurate as of the date of this Opinion and has not since the time of such search been altered. In this connection, it should be noted that (a) the matters disclosed in the Searches may not present a complete summary of the actual position on the matters we have caused searches to be conducted for, (b) the position reflected by the Searches may not be fully up-to-date and (c) searches at the CRO do not necessarily reveal whether or not a prior charge has been created or a resolution has been passed or a petition presented or any other action taken for the winding-up of, or the appointment of a receiver or an examiner to, the Company or its assets.
- 3.8 The truth, completeness and accuracy of all representations and statements as to factual matters contained in the Closing Certificate (as defined in the Schedule hereto) at the time they were made and at all times thereafter.

*Commercial Benefit*

- 3.9 That the Transaction Documents have been entered into for bona fide commercial purposes, on arm's length terms and for the benefit of each party thereto and are in those parties' respective commercial interest and for their respective corporate benefit.

*No other information and compliance*

- 3.10 That the Transaction Documents are all the documents relating to the subject matter of the Transaction and this Opinion and that there are no agreements or arrangements of any sort in existence between the parties to the Transaction Documents and/or any other party which in any way amend or vary or are inconsistent with the terms of the Transaction Documents or in any way bear upon or are inconsistent with the opinions stated herein.

*Authority, Capacity and Execution*

- 3.11 That no party to the Transaction Documents is a "**consumer**" for the purposes of Irish law or a "**personal consumer**" for the purposes of the Central Bank of Ireland's Consumer Protection Code 2012, that the parties to the Transaction Documents (other than the Company to the extent opined on herein) are duly incorporated and validly in existence and that they and their respective signatories have the appropriate capacity,

power and authority to execute the Transaction Documents to which they are a party, to exercise and perform their rights and respective obligations thereunder and to render those Transaction Documents and all obligations thereunder legal, valid, binding and enforceable on them, and that each party to the Transaction Documents (other than the Company to the extent opined on herein) has taken all necessary corporate action and other steps to execute, deliver, exercise and perform the Transaction Documents to which it is a party and the rights and obligations set out therein.

3.12 That the execution, delivery and performance of the Transaction Documents:

- (a) does not and will not contravene the laws of any jurisdiction outside Ireland;
- (b) (other than in respect of the Company's Memorandum and Articles of Association) does not and will not result in any breach of any agreement, instrument or obligation to which the Company is a party; and
- (c) is not and will not be illegal or unenforceable by virtue of the laws of any jurisdiction outside Ireland.

3.13 That the Company was not mistaken in entering into the Transaction Documents as to any material relevant fact.

3.14 That the Transaction Documents constitute legal, valid and binding obligations of the parties thereto, enforceable in accordance with their respective terms under the laws of any relevant jurisdiction other than Ireland insofar as opined on herein.

#### *Solvency and Insolvency*

3.15 That:

- (a) the Company was not unable to pay its debts within the meaning of Section 214 of the 1963 Act and Section 2 of the Companies (Amendment) Act 1990 or any analogous provision under any applicable laws immediately after the execution and delivery of the Transaction Documents;
- (b) the Company will not, as a consequence of doing any act or thing which any Transaction Document contemplates, permits or requires the relevant party to do, be unable to pay its debts within the meaning of such Sections or any analogous provisions under any applicable laws;
- (c) no liquidator, receiver or examiner or other similar or analogous officer has been appointed in relation to the Company or any of its assets or undertaking; and
- (d) no petition for the making of a winding-up order or the appointment of an examiner or any similar officer or any analogous procedure has been presented in relation to the Company.

The searches do not disclose any matter which would contradict the assumptions included in paragraphs (a) to (d) inclusive, above.



*Financial Assistance and Connected Transactions.*

- 3.16 The Company is not by entering into the Transaction Documents or performing its obligations thereunder, providing financial assistance in connection with a purchase of or subscription for its shares or those of its holding company which would be prohibited by Section 60 of the 1963 Act.
- 3.17 That none of the transactions contemplated by the Transaction Documents are prohibited by virtue of Section 31 of the 1990 Act, which prohibits certain transactions between companies and its directors or persons connected with its directors.

*Foreign Laws*

- 3.18 That as a matter of all relevant laws (other than the laws of Ireland):
- (a) all consents, approvals, notices, filings, recordations, publications, registrations and other steps necessary or desirable to permit the execution, delivery (where relevant) and performance of the Transaction Documents or to perfect, protect or preserve any of the interests created by the Transaction Documents have been obtained, made or done, or will be obtained, made or done, within any relevant time period(s); and
  - (b) the legal effect of the Transaction Documents, and the Transaction, and the creation of any interest the subject thereof will, upon execution and, where relevant, delivery of the Transaction Documents be effective.

*Governing law and jurisdiction*

- 3.19 That under all applicable laws (other than those of Ireland):
- (a) the choice of the law of the State of New York as the governing law of the Transaction Documents (to the extent that they are expressed to be governed by such law) is a valid and binding selection which will be upheld, recognised and given effect by the courts of any relevant jurisdiction (other than those of Ireland); and
  - (b) the submission of each party to the Transaction Documents to the jurisdiction of the courts of the Supreme Court of the State of New York and of the United States District Court for the Southern District of New York (to the extent that they are so expressed) is valid and binding and will be upheld, recognised and given effect by the courts of any relevant jurisdiction (other than those of Ireland).

**4. Qualifications**

The Opinions set out herein are subject to the following reservations:

*General Matters*

- 4.1 We express no opinion as to whether the Transaction Documents breach any other agreement or instrument save for the Memorandum and Articles of Association of the Company.
- 4.2 A particular course of dealing among the parties or an oral amendment, variation or waiver may result in an Irish court finding that the terms of the Transaction Documents have been amended, varied or waived even if such course of dealing or oral amendment, variation or waiver is not reflected in writing among the parties.

- 4.3 No opinion is expressed on the irrevocability of any power of attorney under the Transaction Documents.
- 4.4 No opinion is expressed on any deed of assignment, transfer, accession or similar document executed after the date of this opinion in relation to any of the rights and obligations contained in the Transaction Documents.
- 4.5 No opinion is expressed on any deed or agreement envisaged by the Transaction Documents to be entered at a future date or any future action taken by a party under the Transaction Documents.

*Taxes*

- 4.6 The case law on the nature of a guarantee payments is equivocal, but in summary and on the basis that guarantee payments take their nature from the payment which they replace:
- (a) a payment under a guarantee in respect of a repayment of principal should not attract a requirement to withhold or deduct for or on account of Irish tax; and
  - (b) a payment under a guarantee in respect of interest should be treated as being a payment of interest but, on the basis that such payment is beneficially owned by a company which is resident in an EU Member State (other than Ireland) or a country with which Ireland has signed a double tax treaty (a “**Relevant Territory**”), where:
    - (i) residence is determined under the tax laws of the Relevant Territory,
    - (ii) that Relevant Territory imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory; and
    - (iii) such company does not receive the interest through or in connection with a branch or agency in Ireland,it should not attract a requirement to withhold or deduct for or on account of Irish tax.

It is possible, however, that guarantee payments would be treated as being “*sui generis*” (i.e. having their own nature) and not as taking their nature from the payment which they replace, an obligation to withhold would only arise if such payments were annual payments with an Irish source. In that regard:

- (c) if the guarantee is executed under seal and is physically located outside Ireland, the source of the payment should also be outside Ireland, (*P.V. Murtagh (Inspector of Taxes) v Mr. Samuel Rusk* 2005 IEHC 316);
- (d) a once off guarantee payment should not be viewed as an annual payment as it would lack the recurrent nature required to be so treated; and
- (e) any of a series of guarantee payments would be treated as “annual payments” (resulting in an obligation to make a withholding of 20% from the payment)

unless the recipient receives the payments for the purposes of its trade and in this context, banks are usually regarded as traders in respect of all receipts from their banking business.

#### *Due Diligence and Searches*

4.7 Other than the Searches, we have not conducted any other searches whatsoever. We have conducted no due diligence nor checked the regulatory status or compliance of the Company or any of its affiliates or shareholders, or banks, or any other person. We have not conducted any due diligence on the status of any person (other than to the Company to the extent indicated above), and in particular have not considered any due diligence on the Agent, the Issuing Bank or the Lenders, or enquired or investigated as to whether they hold appropriate licenses or approvals.

#### *Execution of Documents*

4.8 We note the decision in the English case of **R (on the application of Mercury Tax Ltd) v. Revenue and Customs Commissioners [2008] EWHC 2721**. Although this decision will not be binding on the courts of Ireland it will be considered as persuasive authority. One of the decisions in that case would appear to indicate that a previously executed signature page from one document may not be transferred to another document, even where the documents in question are simply updated versions of the same document. Our Opinion is qualified by reference to the above referenced decision.

#### *Guarantees*

4.9 The provision by a company of a guarantee or indemnity or any equivalent covenant to pay the debts of another person could be construed by the courts of Ireland as constituting the carrying on of an assurance business, particularly if the relevant company receives payment in consideration of the provision of that guarantee or indemnity. In addition, it is an offence for a person to carry on an assurance business in Ireland without a licence, although following the repeal of Section 9 of the Insurance Act 1936 (as amended) it seems that a guarantee and/or indemnity given by a person who does not possess a licence would still be enforceable. We are of the view that it is unlikely that the courts of Ireland would consider the giving of the guarantee and indemnity by the Company pursuant to the Transaction Documents as constituting the carrying on of assurance business. We also note that the courts of Ireland have considered the giving of guarantees by group companies in the context of borrowings by another group company and have held that the directors of the guarantor may have regard to the interests of the group as a whole when deciding if it is to the commercial benefit of the guarantor to issue the guarantee. By implication, it would not be unreasonable to assume that the courts of Ireland do not consider the giving of a guarantee and indemnity in respect of another group company's obligations as constituting the carrying on of assurance business. It should be noted that there has been UK case law to the effect that an isolated transaction could amount to carrying on business however, there has been contrasting case law in Ireland whereby it has been held that business "*presupposes some sort of continuation of activity as contrasted with one or two isolated transactions*".

#### *Sanctions*

4.10 If a party to any Transaction Document or to any transfer of, or payment in respect of, the Transaction Documents is controlled by or otherwise connected with a person (or is itself) resident in, incorporated in or constituted under the laws of a country which

is the subject of United Nations, European Union or Irish sanctions or sanctions under the Treaty on the Functioning of the European Union, as amended, or is otherwise the target of any such sanctions, then obligations to that party under the relevant Transaction Documents or in respect of the relevant transfer or payment may be unenforceable or void.

Yours faithfully,

---

ARTHUR COX

## SCHEDULE

### Transaction Documents

1. Credit Agreement dated as of [—] 2013 between, among others, Mallinckrodt International Finance S.A. (as Borrower), from the Effective Date (as defined therein) the Company (as Guarantor), the Lenders party thereto (as Lenders), JPMorgan Chase Bank, National Association (as Administrative Agent), Goldman Sachs Bank USA (as Syndication Agent) and J.P. Morgan Securities LLC and Goldman Sachs Bank USA (as Joint Bookrunners and Joint Lead Arrangers) (the “**Credit Agreement**”);
2. Parent Guarantor Supplement to the Credit Agreement dated as of [—] 2013 between the Company (as Guarantor) and [—] (the “**Guarantor Supplement**”);
3. A certificate of the [**Secretary/Assistant Secretary**] of the Company (the “**Closing Certificate**”) attaching copies of:
  - (a) the Company’s certificate of incorporation;
  - (b) the Company’s memorandum and articles of association;
  - (c) extracts of resolutions of the board of directors of the Company.

The documents listed at 1. and 2. above are collectively referred to as the “**Transaction Documents**”.

\*\*\* CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH "\*\*\*." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.



## Personal & Confidential

February 1, 2012

Mr. Mark Trudeau  
20 Timber Trail  
Boonton, New Jersey 07005

Dear Mark:

As you know, Covidien plc ("Covidien") is considering a potential spin-off of the Pharmaceuticals Segment of Covidien ("Segment") resulting in the Segment becoming an independent, publicly-traded company or, alternatively, a sale of the Segment. Covidien has selected you to be eligible for a special supplemental compensation program in the event of a Sale or Spin, the terms of which are described in this letter agreement ("Agreement"). This Agreement is effective on the Effective Date and, unless Covidien extends this Agreement in writing, terminates on the Expiration Date if a Transaction has not been completed by the Expiration Date. Unless otherwise defined in the text of this Agreement, capitalized terms used in this Agreement are defined in Section 8 below.

**As a condition to receiving any amounts described in this Agreement, you must (i) sign and return both copies of this Agreement to me no later than February 10, 2012, (ii) comply with the confidentiality provisions set forth in Section 6 of this Agreement and the terms of the Covidien Guide to Business Conduct and (iii) meet all other applicable requirements under this Agreement.**

1. Benefits in the Event of a Sale. In the event of a Sale, you will be eligible to receive the benefits described in this Section 1, subject to the provisions of Sections 3 and 4. If you are eligible for benefits pursuant to this Section 1, you shall not be eligible to receive any of the benefits described in Section 2 ("Benefits in the Event of a Spin").

(a) Sale Bonus. The Company (or the Purchaser, if so provided in the purchase and sale agreement in respect of a Sale) shall pay to you a sale bonus ("Sale Bonus") equal to the sum of (i) your base salary in effect on the Sale Date; plus (ii) an annual bonus component which will be calculated as the average of the actual bonuses paid to you pursuant to The Covidien Annual Incentive Plan ("AIP") that are attributable to the three Company fiscal years that immediately precede the Sale Date; provided, however, that if you have not been employed by the Company through such three Company fiscal years, then the annual bonus component shall be calculated as the average of all actual bonuses paid to you pursuant to the AIP; and further provided that if, as of the Sale Date, you have not received any bonus pursuant to the AIP, then the annual bonus component shall be calculated based on the actual bonuses that you would have received under the AIP had you been eligible for a bonus under such plan during the three

Company fiscal years that immediately precede the Sale Date based on your base salary and target bonus opportunity in effect on the Sale Date and the actual performance of the Segment for the applicable fiscal years. Within ten (10) business days after the completion of a Sale, the Company (or the Purchaser, if so provided in the purchase and sale agreement) shall pay to you the Sale Bonus in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any such deductions, withholdings, or other reductions.

(b) Sale Price Bonus. You will be eligible to receive a sale price bonus (“Sale Price Bonus”) from the Company (or the Purchaser, if so provided in the purchase and sale agreement) depending upon the Sale Price, as follows:

(i) If the Sale Price is less than \*\*\*, then the Sale Price Bonus is zero.

(ii) If the Sale Price equals or exceeds \*\*\*, then the Sale Price Bonus is one million dollars (\$1,000,000). The Sale Price Bonus shall not exceed one million dollars (\$1,000,000) under any circumstances.

(iii) If the Sale Price equals at least \*\*\*, but does not equal or exceed \*\*\*, then the Sale Price Bonus is determined by multiplying one million dollars (\$1,000,000) by a fraction, the numerator of which shall equal the excess of the Sale Price over \*\*\* and the denominator of which shall equal \*\*\*. For clarity, where the Sale Price equals at least \*\*\* but does not equal or exceed \*\*\*, the Sale Price Bonus shall be determined by the following formula:

$$\text{Sale Price Bonus} = \frac{SP - ***}{***} \times \$1,000,000$$

“SP” equals the Sale Price.

(iv) If (A) a Sale occurs which would result in a Sale Price Bonus of greater than zero pursuant to Subsections 1(b)(ii) or (iii) above, (B) the Company has not terminated your employment for Cause before the Sale Date, and (C) you have not terminated your employment with the Company before the Sale Date, then the Company (or the Purchaser, if applicable) shall pay the Sale Price Bonus to you irrespective of whether you are actively employed by the Company or Purchaser on the date that the Sale Price Bonus is paid. If a Sale Price Bonus is payable pursuant to this Agreement, the Company (or the Purchaser, if applicable) shall pay the Sale Price Bonus to you as soon as administratively practicable after the Sale Price Determination Date, but in no event after the later of (I) two and one-half months following the end of the calendar year in which the Sale Date occurs or (II) two and one-half months following the end of the Company’s fiscal year in which the Sale Date occurs (the “Latest Payment Date”). If the Latest Payment Date occurs prior to the Sale Price Determination Date, then the Company shall make a good faith estimate of the expected final Sale Price, which good faith estimate shall be considered the Sale Price for purposes of this Subsection 1(b) so that payment of any Sale Price Bonus may be made no later than the Latest Payment Date. If a Sale Price Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any

applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any such deductions, withholdings, or other reductions.

(c) **Enhanced Severance Benefit.** If, in connection with a Sale, (A) you become eligible for severance benefits under the Covidien Severance Plan for U.S. Officers and Executives (“Executive Severance Plan”) because the Company involuntarily terminates your employment (other than for “Cause,” as such term is defined in the Executive Severance Plan) before the Sale Date; (B) you are not offered a position with the Purchaser and do not become employed by the Purchaser immediately on the Sale Date; or (C) you commence employment with the Purchaser immediately on the Sale Date but terminate your employment with the Purchaser for Good Reason no later than twelve (12) months after the Sale Date, then you shall be eligible to receive an enhanced severance benefit. This enhanced severance benefit shall be calculated by doubling the Salary Continuation Benefits (as such term is defined in Section 2.26 of the Executive Severance Plan and, for this purpose, the annual bonus component shall be calculated as described in Section 1(a) above) which would be paid under the Executive Severance Plan if your termination entitled you to benefits thereunder, with such benefits being payable ratably during the severance period applicable under the Executive Severance Plan (currently eighteen (18) months) and being subject to the other terms and conditions of the Executive Severance Plan as if your termination entitled you to benefits thereunder. Notwithstanding the foregoing, you shall not be eligible for the enhanced severance benefit described in this Section 1(c) and shall be required to repay any severance benefits previously paid to the entity which made such payment if you accept employment with Purchaser at any time during the thirty-six (36) month period that occurs immediately following the Sale Date. The enhanced severance benefit described in this Section 1(c) shall be in lieu of any cash severance benefit to which you otherwise may become entitled under the Executive Severance Plan.

2. **Benefits in the Event of a Spin.** In the event of a Spin, and subject to the sole discretion and approval of the Board of Directors of SpinCo (or committee thereof which has the authority to determine compensation for executive officers of SpinCo) (“SpinCo Board”), SpinCo shall issue to you, at or shortly following the Spin Date, a Founders’ Grant award with a value, as determined by the SpinCo Board, equal to at least two times your then-current annualized equity grant value for positions comparable to yours in comparable companies. The Founders’ Grant award shall be issued in the form, and shall be subject to the applicable terms and conditions, all as shall be established by the SpinCo Board.

3. **General Conditions.** Other than as specifically stated herein, in order to be eligible to receive benefits under this Agreement, you must be actively employed by the Company and providing services to the Segment on the Transaction Date and you must satisfy all other conditions set forth in this Agreement. You will not be eligible to receive benefits under this Agreement under any of the following circumstances: (a) other than as specifically stated herein, your employment with the Company terminates for any reason before the Transaction Date (including a voluntary termination and a termination due to death or Permanent Disability); (b) the Transaction Date does not occur before the Expiration Date; or (c) the Company determines that you violated either the confidentiality provisions set forth in Section 7 of this Agreement or any provision of the Covidien Guide to Business Conduct at any time.



4. Termination for Cause; Breach of Obligations. Notwithstanding any other provision of this Agreement to the contrary, if the Company, Purchaser or SpinCo, as applicable, terminates your employment for Cause, or if you breach any of the obligations or covenants set forth in this Agreement, any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. Further, by signing this Agreement, you acknowledge that, in the event of a breach by you of this Agreement, the Company, Purchaser, or SpinCo, as applicable, may seek any and all appropriate relief for any such breach, including equitable relief and/or money damages, attorney's fees and costs. If it is discovered at any time that you engaged in behavior during employment with the Company, Purchaser or SpinCo that would have justified termination for Cause, then any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. The Company, Purchaser or SpinCo, as applicable, may withhold paying any further consideration under this Agreement pending resolution of an inquiry that could lead to a finding that you engaged in such behavior.

5. Outstanding Equity Awards. The Sale shall be considered a "Divestiture" under the award certificate applicable to equity awards over Covidien ordinary shares that are outstanding on the Sale Date. Any rights that you may have at the time of a Transaction with respect to any equity award (including stock options, restricted units and performance units) granted to you by Covidien (or over Covidien ordinary shares) will be governed by the terms of the plan document under which such award was issued, the accompanying award certificate and any operative agreement pursuant to which a Transaction is effectuated. By signing this Agreement, you hereby acknowledge and understand that nothing in this Agreement provides for accelerated vesting or other preferential treatment of any equity award over Covidien ordinary shares and that any rights to vesting or exercisability are governed in all respects by the terms of the applicable plan, award certificate and operative agreement pursuant to which a Transaction is effectuated.

6. Confidentiality.

(a) Except as required by any court or governmental entity, by signing this Agreement, you agree not to disclose or discuss with any person, except for your spouse (or domestic partner), legal counsel and financial advisors, for a period commencing on the date hereof and until the one year anniversary of the Transaction Date the terms or conditions of the Transaction or the status of any Transaction discussions or negotiations; provided, however, that (i) you are free to consult with designated officers and other representatives of Covidien and/or the Segment business or with Covidien legal counsel (both in-house and outside counsel), accountants, financial and other advisors representing Covidien in connection with the Transaction; and (ii) as expressly permitted by Covidien's Senior Vice President and General Counsel in writing or where the disclosure of such information is necessary and appropriate under the circumstances and does not violate any Company rule or policy, you may disclose such matters to, and discuss such matters with, prospective buyers.

(b) By signing this Agreement, you also agree that you will not provide (and have not provided) any Confidential Information to any prospective buyer or any third party (including any investment bank) or other persons in connection with any proposed Transaction without the express prior written consent or approval of Covidien's Senior Vice President and General Counsel, except where the disclosure of such information is necessary and appropriate under the circumstances and does not violate any Company rule or policy. This provision should be considered in addition to any other obligation you have to protect Confidential Information, including without limitation, disclosure of any proprietary or confidential information to any third party, competitor or potential competitor, or use of such information for any purpose other than the benefit of the Company.

7. Cooperation in Transaction Efforts. An investment banking firm may be hired as an agent to help the Company effectuate the Transaction. As part of the process, an investment banking firm may be working with you and requiring your assistance in order to complete a successful Transaction. You agree to use your best efforts to cooperate with such investment banking firm and Covidien's senior management as they negotiate the Transaction and, notwithstanding the confidentiality provisions of this Agreement, you are hereby permitted to so cooperate with representatives of such investment banking firm, as specifically designated by Covidien's Senior Vice President and General Counsel. You also agree not to take any action which would favor or give any advantage to any one or more potential buyers, other than as specifically instructed by Covidien's Senior Vice President and General Counsel, and agree to promote a Transaction and answer inquiries regarding a Transaction truthfully, to the best of your ability and consistent with your duty to act in the best interests of the Company. In addition, you agree to review the documents regarding the proposed Transaction before they are executed, particularly all representations and warranties made by the Company or their designees about the Segment's business, and, if requested by Covidien's Senior Vice President and General Counsel, to certify in writing that there are no material misstatements or omissions with respect to matters to which you have personal knowledge, if indeed that is the case. Your failure to comply with the terms of this Agreement and/or other Company policies including, but not limited to, the Covidien Guide to Business Conduct, may lead to discipline up to and including termination of employment.

8. Definitions. For purposes of this Agreement, the following terms shall have the meanings ascribed to them.

(a) "Cause" means (i) the substantial failure or refusal to perform duties and responsibilities of your job as required by the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (ii) a violation of any fiduciary duty owed to the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (iii) the conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) any violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) rules or policy, or (vii) any other egregious conduct, that has or could have a serious and detrimental impact on the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) and its employees. Prior to a Transaction, and on or following a Transaction in circumstances which could affect obligations of the Company, Covidien's Senior Vice President, Human Resources, in his sole and absolute discretion, shall determine whether Cause exists.

(b) "Company" means Covidien and all of its subsidiaries and affiliates.

(c) "Confidential Information" means all information (whether or not specifically labeled or identified as confidential), in any form or medium (including digital media) that is disclosed to, or developed or learned by you in the performance of your duties for the Company and that relates to the business, operation, finances, products, services, and research and development of the Segment and/or the Company or its respective suppliers, customers or clients, including, without limitation: (i) information relating to strategic and staffing plans and practices, business, marketing, promotional or sales plans, practices and programs, costs, pricing structures, and accounting practices; (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such suppliers, clients and customers and their confidential information; (iii) compilations of data and analyses, processes, formulae, methods, techniques, systems, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) computer software (including, without limitation, operating systems and applications), documentations, data and data bases; (v) inventions, designs, developments, devices, methods and processes (whether or not patentable or reduced to practice), and (vi) any other information covered by any Company policy or agreement regarding confidential, trade secret or proprietary information. On and following a Sale, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "Purchaser" each time it appears in this paragraph. On and following a Spin, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "SpinCo" each time it appears in this paragraph.

(d) "Effective Date" means February 1, 2012.

(e) "Expiration Date" means the second anniversary of the Effective Date.

(f) "Good Reason" means, without your written consent, (i) any material reduction in your compensation and benefits in effect as of the date of this Agreement, when taken as a whole, (ii) the assignment to you of duties which are inconsistent in any material respect with your authority, duties or responsibilities as in effect on the date of this Agreement, (iii) a material diminution in the budget over which you retain authority as of the date of this Agreement, (iv) a material change in the geographic location at which you must perform services to a location which is more than fifty (50) miles from your principal place of business as of the date of this Agreement, or (v) a material diminution in the authority, duties or responsibilities of the Covidien President and Chief Executive Officer (or, following a Sale, the applicable officer of Purchaser), to whom you are required to report; provided, however, that the actions in each of (i), (ii), (iii), (iv) and (v) above will not be considered Good Reason unless (A) you describe the basis for the events, circumstances, or conditions alleged by you to constitute grounds for Good Reason in reasonable detail in a written notice provided to the Company (or, following a Sale, to Purchaser) within ninety (90) days after the occurrence of such events, circumstances, or

conditions alleged to constitute Good Reason, (B) the Company (or, following a Sale, Purchaser;) has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such written notice and (C) you terminate your employment not later than sixty (60) days following the expiration of the period described in clause (B).

(g) "Permanent Disability" means that you have a permanent and total incapacity from engaging in any employment for the Company, Purchaser, or SpinCo, as applicable, for physical or mental reasons. A "Permanent Disability" shall be deemed to exist if you meet the requirements for disability benefits under the Company's, Purchaser's or SpinCo's, as applicable, long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if you are designated with an inactive employment status at the end of a disability or medical leave.

(h) "Purchaser" means an entity which does not control, and is not controlled by or under common control with, Covidien, and which is the purchaser in the Sale, including for this purpose more than one such entity acting in concert to engage in the Sale.

(i) "Sale" means the sale of all or substantially all (measured as at least eighty percent (80%) of market value) of the assets of the Segment to a Purchaser.

(j) "Sale Date" means the closing date of the Sale.

(k) "Sale Price" means the (i) value of the consideration paid by Purchaser to the Company at closing of the Sale for the Segment, including any amounts paid by Purchaser into an escrow to serve as recourse for indemnification or other obligations of the Company following the Sale Date, plus or minus, as the case may be, (ii) the amount of any post-closing purchase price adjustment pursuant to the definitive purchase and sale agreement with regard to the Sale.

(l) "Sale Price Determination Date" shall be the date of the final determination of the post-closing adjustments in accordance with the terms of the definitive purchase and sale agreement with regard to the Sale or, in the event that there is no provision for a post-closing adjustment, the Sale Date.

(m) "Spin" means a separation of the Segment from the Company through a pro-rata distribution of the equity of SpinCo to Covidien's shareholders, or a similar transaction which is determined in writing by Covidien's Senior Vice President, Human Resources, to be a Spin.

(n) "SpinCo" means the business entity which directly and/or indirectly holds the assets constituting the Segment immediately prior to the Spin, the equity of which is distributed to Covidien's shareholders in the Spin.

(o) "Spin Date" means the closing date of the Spin.

(p) "Transaction" means a Sale or Spin, as applicable.

(q) “Transaction Date” means the Sale Date or Spin Date, as applicable.

9. Interpretation of the Agreement. Covidien’s Senior Vice President, Human Resources has the authority to interpret the terms of this Agreement and resolve any disputes that may arise hereunder including, but not limited to, whether behavior by you constitutes Cause, the amount of the Sale Price, and the amount of any payments due to you under this Agreement. Any determinations made by Covidien’s Senior Vice President, Human Resources hereunder shall be final and binding on all parties.

10. Legal Remedy. You acknowledge that a remedy at law for any breach or threatened breach of this Agreement would be inadequate and, therefore, you agree that the Company, Purchaser and SpinCo as applicable, shall be entitled to injunctive relief, both preliminary and permanent, in addition to any other available rights and remedies in case of any such breach or threatened breach. In the event of any action arising from or relating to this Agreement, the party substantially prevailing shall recover its costs, including reasonable attorneys’ fees.

11. Choice of Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without reference to rules in respect of conflicts of laws.

12. Assignment; Successor. Neither this Agreement nor any rights or obligations created herein may be assigned or delegated by you. Tyco Healthcare Group LP is entering into this agreement on behalf of the Company and it may assign any rights and obligations it has under this Agreement to any Covidien subsidiary or affiliate without your consent, but shall remain liable for any payments provided hereunder that are not timely made by any such assignee. This Agreement shall be binding on any successor of the Company, and Covidien may cause this Agreement to be binding on Purchaser (in the case of a Sale) or SpinCo (in the case of a Spin) if, and to the extent necessary, to ensure that the benefits promised hereunder are paid or provided as described herein.

13. Severability. If any provision of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, all of the remaining provisions of this Agreement shall continue in full force and effect.

14. Complete Agreement. Except as otherwise provided herein, this Agreement is the complete agreement between you and the Company with respect to the subject matter contained in the Agreement and will supersede or replace all prior retention agreements or understandings between the parties.

15. Compliance with Internal Revenue Code Section 409A. The Company (but, without your written consent, not Purchaser or SpinCo) shall have the right to modify the timing and/or the method of payment of any amounts payable under this Agreement if such modification is necessary in order to avoid the imposition of the penalty tax under Internal Revenue Code Section 409A (“Section 409A”), but only to the minimum extent necessary to avoid such penalty tax. Notwithstanding the above, in the event that you are a “specified employee” (within the meaning of Section 409A and with such classification to be determined in accordance with the methodology established by the applicable employer), amounts and benefits that are deferred

compensation (within the meaning of Section 409A) that would otherwise be payable or provided under this Agreement during the six (6) month period immediately following your employment termination date shall instead be paid, without interest, on the first business day after the date that is six (6) months following such termination date; provided, however, that if you die following the such termination date and prior to the payment of the any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of your estate within thirty (30) calendar days after the date of your death. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall a termination of employment occur for purposes of this Agreement until you experience a "separation from service" within the meaning of Section 409A, to the extent necessary to avoid the imposition of the penalty tax under Section 409A.

16. No Commitment. Nothing in this Agreement shall, or shall be construed to, subject the Company to any legal obligation of any kind whatsoever, under any theory of contract, detrimental reliance, fraud or otherwise, to cause a Transaction.

17. Amendments. No modification or amendment hereof shall be valid or binding on either party unless made in writing and signed by both parties or by their duly authorized officers or representatives.

Please review this Agreement carefully. As the President of the Segment, we certainly appreciate your efforts and the vital role that you will play in assuring that the Transaction is a success.

Sincerely,

/s/ Michael P. Dunford

Michael P. Dunford  
Senior Vice President, Human Resources

If you are in agreement with the above and foregoing, please signify your acceptance by signing and dating both copies of this Agreement in the spaces below and returning both to me no later than February 10, 2012.

Signature: /s/ Mark Trudeau

Date: 2/9/12

Printed Name: Mark Trudeau

\*\*\* CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH "\*\*\*." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.



## Personal & Confidential

August 1, 2011

Matthew K. Harbaugh  
14507 Wellington Estates Manor  
Chesterfield, MO 63017

Dear Matt:

As you know, Covidien plc ("Covidien") is considering a spin-off of the Pharmaceuticals Segment of Covidien ("Segment") resulting in the Segment becoming an independent, publicly-traded company or, alternatively, a sale of the Segment. Acknowledging your importance to any Spin or Sale process and the ongoing operation of the Segment's business, Covidien has selected you to be eligible for a special supplemental compensation program, the terms of which are described in this letter agreement ("Agreement"). This Agreement is effective on the Effective Date and, unless Covidien extends this Agreement in writing, terminates on the Expiration Date if a Transaction has not been completed by the Expiration Date. Unless otherwise defined in the text of this Agreement, capitalized terms used in this Agreement are defined in Section 9 below.

**As a condition to receiving any amounts described in this Agreement, you must (i) sign and return both copies of this Agreement to me no later than August 12, 2011, (ii) comply with the confidentiality provisions set forth in Section 6 of this Agreement and the terms of the Covidien Guide to Business Conduct and (iii) meet all other applicable requirements under this Agreement.**

1. Benefits in the Event of a Spin. In the event of a Spin, you will be eligible to receive the benefits described in this Section 1, subject to the provisions of Section 3. If you are eligible for benefits pursuant to this Section 1, you shall not be eligible to receive any of the benefits described in Section 2 ("Benefits in the Event of a Sale").

(a) Spin Bonus. If the Company consummates a Spin and you remain in the continuous employment of SpinCo from the Spin Date through the six (6) month anniversary of the Spin Date, the Company (or SpinCo, if so provided in the applicable separation or related agreement) shall pay to you a spin bonus equal to one hundred thirty nine thousand seven hundred fifty five dollars (\$139,755) (USD) ("Spin Bonus"). If you are eligible to receive a Spin Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you as soon as administratively practicable after the six (6) month anniversary of the Spin Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Spin Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Spin Bonus payment. If your employment with SpinCo terminates for any reason before the date the Spin Bonus is paid, you will not be eligible to receive the Spin Bonus.

(b) Termination Bonus. If the Company consummates a Spin, you are employed with SpinCo immediately following the Spin, and your employment with SpinCo terminates under one of the circumstances described below before the date the Spin Bonus is paid, the Company (or SpinCo, if applicable) shall pay to you a termination bonus equal to seven hundred fifty thousand dollars (\$750,000) (USD) (“Termination Bonus”); provided, however, that your termination of employment is due to one of the following circumstances: (i) you resigned from employment with SpinCo for Good Reason before the date the Spin Bonus is paid; (ii) your employment with SpinCo was involuntarily terminated by SpinCo without Cause before the date the Spin Bonus is paid; or (iii) your employment with SpinCo is terminated before the date the Spin Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply and you are eligible to receive a Termination Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after your employment termination date, but in no event later than thirty (30) days after your employment termination date. If a Termination Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Termination Bonus payment.

2. Benefits in the Event of a Sale. In the event of a Sale, you will be eligible to receive the benefits described in this Section 2. If you are eligible for benefits pursuant to this Section 2, you shall not be eligible to receive any of the benefits described in Section 1 (“Benefits in the Event of a Spin”).

(a) Retention Bonus.

(i) Subject to Subsection 2(a)(ii) below, the Company (or the Purchaser, if so provided in the purchase and sale agreement) shall pay to you a retention bonus equal to seven hundred fifty thousand dollars (\$750,000) (USD) (“Retention Bonus”) as soon as administratively practicable after the six (6) month anniversary of the Sale Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Retention Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Retention Bonus payment.

(ii) In order to receive the Retention Bonus, you must be actively employed by the Purchaser on the date the Retention Bonus is paid; provided, however, that if you are not actively employed by the Purchaser on the date that the Retention Bonus is paid and one of the following circumstances applies then the Company (or the Purchaser, if applicable) shall pay to you the Retention Bonus: (A) the Company involuntarily terminated your employment without Cause after the signing of an agreement, the consummation of which would constitute the Sale,



and before the Sale Date; (B) you remained employed with the Company through immediately prior to the Sale but did not become an employee of the Purchaser immediately upon the consummation of the Sale and you did not receive an Offer of Comparable Employment from the Purchaser; (C) you became an employee of the Purchaser immediately upon the Sale Date, but you resigned from employment with the Purchaser for Good Reason or were involuntarily terminated by the Purchaser without Cause before the date the Retention Bonus is paid; or (D) you became an employee of the Purchaser immediately upon the Sale Date, but your employment with the Purchaser is terminated before the date the Retention Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply, then the Company (or the Purchaser, if applicable) shall pay the Retention Bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after the Sale Date (in the case of (A) or (B) above) or your employment termination date (in the case of (C) or (D) above), but in no event later than thirty (30) days after the Sale Date or your employment termination date, as applicable.

(b) **Sales Price Bonus.** Upon the completion of a Sale, you will be eligible to receive a sales price bonus (“Sales Price Bonus”) from the Company (or the Purchaser, if so provided in the purchase and sale agreement) depending upon the Sales Price, as follows:

(i) If the Sales Price is less than \*\*\*, then the Sales Price Bonus is zero.

(ii) If the Sales Price equals or exceeds \*\*\*, then the Sales Price Bonus is five hundred thousand dollars (\$500,000) (USD). The Sales Price Bonus shall not exceed five hundred thousand dollars (\$500,000) (USD) under any circumstances.

(iii) If the Sales Price equals at least \*\*\*, but does not equal or exceed \*\*\*, then the Sales Price Bonus is determined by multiplying five hundred thousand dollars (\$500,000) (USD) by a fraction, the numerator of which shall equal the excess of the Sales Price over \*\*\* and the denominator of which shall equal \*\*\*. For clarity, where the Sales Price equals at least \*\*\* but does not equal or exceed \*\*\*, the Sales Price Bonus shall be determined by the following formula:

$$\text{Sales Price Bonus} = \frac{SP - ***}{***} \times \$500,000$$

“SP” equals the Sales Price.

(iv) If (A) a Sales Price Bonus is determined pursuant to the provisions of Subsections 2(b)(ii) or 2(b)(iii) above, (B) you remain employed with the Company through the Sale Date, (C) you are not terminated by Purchaser for Cause after the Sale Date but before the date the Sales Price Bonus is paid, and (D) you otherwise meet the general conditions for payments under Section 3 of this Agreement, then the Company (or the Purchaser, if applicable) shall pay the Sales Price Bonus to you irrespective of whether you are actively employed by the Company or Purchaser on the date the Sales Price Bonus is paid. If a Sales Price Bonus is payable pursuant to this Agreement, the Company (or the Purchaser, if applicable) shall pay the Sales Price Bonus to you as soon as administratively practicable after the Sales Price

Determination Date, but in no event after the later of (I) two and one-half months following the end of the calendar year in which the Sale occurs or (II) two and one-half months following the end of the Company's fiscal year in which the Sale occurs (the "Latest Payment Date"). If the Latest Payment Date occurs prior to the Sales Price Determination Date, then the Company shall make a good faith estimate of the expected final Sales Price, which good faith estimate shall be considered the Sales Price for purposes of this Subsection 2(b) so that payment of any Sales Price Bonus may be made no later than the Latest Payment Date. If a Sales Price Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Sales Price Bonus payment.

(c) Severance Benefits. If, on or after the Sale Date, but before the one year anniversary of the Sale Date, your employment with Purchaser is involuntarily terminated under circumstances that, had the Company terminated your employment while you were in employment with the Company, would have entitled you to severance benefits under the Covidien Severance Plan for U.S. Officers and Executives as in effect on the Sale Date ("Covidien Severance Plan"), and the severance benefits, if any, provided by the Purchaser are not at least equal to the severance benefits which you would have received under the Covidien Severance Plan had it applied, then the Company shall provide to you the difference between the severance benefits payable by Purchaser and the severance benefits provided for under the Covidien Severance Plan. The Company shall provide these benefits to you in a single lump sum payment as soon as administratively practicable following your employment termination date, but in any event not later than March 15<sup>th</sup> of the year following the year in which your employment termination date occurs. If the Purchaser provides severance benefits which equal or exceed the severance benefits provided for under the Covidien Severance Plan, then the Company shall have no obligation whatsoever with respect to such benefits.

3. General Conditions. In order to be eligible to receive any benefits under this Agreement, you must be actively employed by the Company and providing services to the Segment on the Transaction Date and you must satisfy any other condition set forth in this Agreement. You will not be eligible to receive any benefits under this Agreement under any of the following circumstances: (a) your employment with the Company terminates for any reason before the Transaction Date (including a voluntary termination and a termination due to death or Permanent Disability) other than, only to the extent described below, an involuntary termination without Cause; (b) you cease providing services to the Segment before the Transaction Date either as a result of a transfer of your employment within the Company or the reassignment of your duties to a segment of the Company other than the Segment; (c) the Transaction Date does not occur before the Expiration Date; or (d) the Company determines that you violated either the confidentiality provisions set forth in Section 6 of this Agreement or any provision of the Covidien Guide to Business Conduct at any time.

4. Termination for Cause; Breach of Obligations. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to receive any payments under this Agreement (including, but not limited to, the Retention Bonus, the Sales Price Bonus, the Spin Bonus and the Termination Bonus) if the Company, Purchaser or SpinCo, as applicable, terminates your employment for Cause. You agree and recognize that should you breach any of the obligations or covenants set forth in this Agreement, the Company, Purchaser or SpinCo, as applicable, will have no further obligation to provide you with the benefits provided for herein, and will have the right to seek repayment of all consideration paid pursuant to this Agreement up to the time of any such breach. Further, by signing this Agreement, you acknowledge that, in the event of a breach by you of this Agreement, the Company, Purchaser, or SpinCo, as applicable, may seek any and all appropriate relief for any such breach, including equitable relief and/or money damages, attorney's fees and costs. If it is discovered at any time that you engaged in behavior during employment with the Company, Purchaser or SpinCo that would have justified termination for Cause, then, at the Company's election, any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. The Company, Purchaser or SpinCo, as applicable, may withhold paying any further consideration pending resolution of an inquiry that could lead to a finding that you engaged in such behavior.

5. Outstanding Equity Awards. The Sale shall be considered a "Divestiture" under the award certificate applicable to equity awards over Covidien ordinary shares that are outstanding on the Sale Date. Any rights that you may have at the time of a Transaction with respect to any equity award (including stock options, restricted units and performance units) granted to you by Covidien (or over Covidien ordinary shares) will be governed by the terms of the plan document under which such award was issued, the accompanying award certificate and any operative agreement pursuant to which a Transaction is effectuated. By signing this Agreement, you hereby acknowledge and understand that nothing in this Agreement provides for accelerated vesting or other preferential treatment of any equity award over Covidien ordinary shares and that any rights to vesting or exercisability are governed in all respects by the terms of the applicable plan, award certificate and operative agreement pursuant to which a Transaction is effectuated.

6. Confidentiality.

(a) Except as required by any court or governmental entity, by signing this Agreement, you agree not to disclose or discuss with any person, except for your spouse (or domestic partner) and legal counsel, for a period commencing on the date hereof and until the one year anniversary of the Transaction Date (regardless of the termination of this Agreement) the existence or terms of this Agreement, the fact that the Transaction is being considered, the terms or conditions of the Transaction or the status of any Transaction discussions or negotiations; provided, however, that (i) you are free to consult with designated officers and other representatives of Covidien and/or the Segment business or with Covidien legal counsel (both in-house and outside counsel), accountants, financial and other advisors representing Covidien in connection with the Transaction; and (ii) as expressly permitted by Covidien's Senior Vice President and General Counsel in writing, you may disclose such matters to, and discuss such matters with, prospective buyers.

(b) By signing this Agreement, you also agree that you will not provide (and have not provided) any Confidential Information to any prospective buyer or any third party (including any investment bank) or other persons in connection with any proposed Transaction without the express prior written consent or approval of Covidien's Senior Vice President and General Counsel. This provision should be considered in addition to any other obligation you have to protect Confidential Information, including without limitation, disclosure of any proprietary or confidential information to any third party, competitor or potential competitor, or use of such information for any purpose other than the benefit of the Company.

7. Cooperation in Transaction Efforts. An investment banking firm may be hired as an agent to help the Company effectuate the Transaction. As part of the process, an investment banking firm may be working with you and requiring your assistance in order to complete a successful Transaction. You agree to use your best efforts to cooperate with such investment banking firm and Covidien's senior management as they negotiate the Transaction and, notwithstanding the confidentiality provisions of this Agreement, you are hereby permitted to so cooperate with representatives of such investment banking firm, as specifically designated by Covidien's Senior Vice President and General Counsel. You also agree not to take any action which would favor or give any advantage to any one or more potential buyers, other than as specifically instructed by Covidien's Senior Vice President and General Counsel, and agree to promote a Transaction and answer inquiries regarding a Transaction truthfully, to the best of your ability and consistent with your duty to act in the best interests of the Company. In addition, you agree to review the documents regarding the proposed Transaction before they are executed, particularly all representations and warranties made by the Company or their designees about the Segment's business, and, if requested by Covidien's Senior Vice President and General Counsel, to certify in writing that there are no material misstatements or omissions with respect to matters to which you have personal knowledge, if indeed that is the case. Your failure to comply with the terms of this Agreement and/or other Company policies including, but not limited to, the Covidien Guide to Business Conduct, may lead to discipline up to and including termination of employment.

8. Effect on Benefit Plans. No amounts payable pursuant to this Agreement shall constitute wages or compensation for purposes of determining the amount of any benefits (including, without limitation, severance benefits) you are or may be entitled to receive at any time from or under any employee benefit plan, program or arrangement maintained or contributed to by the Company.

9. Definitions. For purposes of this Agreement, the following terms shall have the meanings ascribed to them.

(a) "Cause" means (i) the substantial failure or refusal to perform duties and responsibilities of your job as required by the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (ii) a violation of any fiduciary duty owed to the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (iii) the conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) any violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) rules or policy, or (vii) any other egregious conduct,

that has or could have a serious and detrimental impact on the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) and its employees. Prior to a Transaction, and on or following a Transaction in circumstances which could affect obligations of the Company, Covidien's Senior Vice President, Human Resources, in his sole and absolute discretion, shall determine whether Cause exists. Examples of "Cause" may include, but are not limited to, excessive absenteeism, misconduct, insubordination, violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) policy, dishonesty, and deliberate unsatisfactory performance (e.g., employee refuses to improve deficient performance).

(b) "Company" means Covidien and all of its subsidiaries and affiliates.

(c) "Confidential Information" means all information (whether or not specifically labeled or identified as confidential), in any form or medium (including digital media) that is disclosed to, or developed or learned by you in the performance of your duties for the Company and that relates to the business, operation, finances, products, services, and research and development of the Segment and/or the Company or its respective suppliers, customers or clients, including, without limitation: (i) information relating to strategic and staffing plans and practices, business, marketing, promotional or sales plans, practices and programs, costs, pricing structures, and accounting practices; (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such suppliers, clients and customers and their confidential information; (iii) compilations of data and analyses, processes, formulae, methods, techniques, systems, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) computer software (including, without limitation, operating systems and applications), documentations, data and data bases; (v) inventions, designs, developments, devices, methods and processes (whether or not patentable or reduced to practice), and (vi) any other information covered by any Company policy or agreement regarding confidential, trade secret or proprietary information. On and following a Sale, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "Purchaser" each time it appears in this paragraph. On and following a Spin, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "SpinCo" each time it appears in this paragraph.

(d) "Effective Date" means August 1, 2011.

(e) "Expiration Date" means the second anniversary of the Effective Date.

(f) "Good Reason" means (i) any material reduction in your base salary or target bonus opportunity as in effect immediately before the Transaction Date, (ii) the assignment to you of duties which are materially inconsistent with the duties you performed immediately before the Transaction Date or the changing of your position (including changes in reporting relationships and level) which are materially adverse in comparison to your position immediately before the Transaction Date, (iii) a material reduction in the aggregate value of your long-term incentive opportunity and employee benefits as in effect immediately before the Transaction Date provided, however, that the actions in each of (i), (ii), and (iii) above will not be considered

Good Reason unless (A) you describe the basis for the events, circumstances, or conditions alleged by you to constitute grounds for Good Reason in reasonable detail in a written notice provided to Purchaser or SpinCo, as applicable, within thirty (30) calendar days of your knowledge of such events, circumstances, or conditions alleged to constitute Good Reason, (B) Purchaser or SpinCo, as applicable, has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such written notice and (C) you terminate your employment not later than ten (10) days following the expiration of the period described in clause (B).

(g) "Offer of Comparable Employment" means an offer of employment, or a confirmation of continued employment, that provides you with (i) the same or higher base salary and target bonus opportunity that were in effect immediately before the Sale Date; and (ii) a work location that is no more than fifty (50) miles from your work location immediately before the Sale Date.

(h) "Permanent Disability" means that you have a permanent and total incapacity from engaging in any employment for the Company, Purchaser, or SpinCo, as applicable, for physical or mental reasons. A "Permanent Disability" shall be deemed to exist if you meet the requirements for disability benefits under the Company's, Purchaser's or SpinCo's, as applicable, long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if you are designated with an inactive employment status at the end of a disability or medical leave.

(i) "Purchaser" means an entity which does not control, and is not controlled by or under common control with, Covidien, and which is the purchaser in the Sale, including for this purpose more than one such entity acting in concert to engage in the Sale.

(j) "Sale" means the sale of all or substantially all (measured as at least eighty percent (80%) of market value) of the assets of the Segment to a Purchaser.

(k) "Sale Date" means the closing date of the Sale.

(l) "Sales Price" means the (i) value of the consideration paid by Purchaser to the Company at closing for the Segment, including any amounts paid by Purchaser into an escrow to serve as recourse for indemnification or other obligations of the Company following the Sale Date, plus or minus, as the case may be, (ii) the amount of any post-closing purchase price adjustment pursuant to the definitive purchase and sale agreement with regard to the Sale.

(m) "Sales Price Determination Date" shall be the date of the final determination of the post-closing adjustments in accordance with the terms of the definitive purchase and sale agreement with regard to the Sale or, in the event that there is no post-closing adjustment, the Sale Date.

(n) "Spin" means a separation of the Segment from the Company through a pro-rata distribution of the equity of SpinCo to Covidien's shareholders, or a similar transaction which is determined in writing by Covidien's Senior Vice President, Human Resources, to be a Spin.

(o) "SpinCo" means the business entity which directly and/or indirectly holds the assets constituting the Segment immediately prior to the Spin, the equity of which is distributed to Covidien's shareholders in the Spin.

(p) "Spin Date" means the closing date of the Spin.

(q) "Transaction" means a Sale or Spin, as applicable.

(r) "Transaction Date" means the Sale Date or Spin Date, as applicable.

10. Interpretation of the Agreement. Covidien's Senior Vice President, Human Resources has the discretionary authority to interpret the terms of this Agreement and resolve any disputes that may arise hereunder including, but not limited to, whether behavior by you constitutes Cause, the amount of the Sales Price, and the amount of any payments due to you under this Agreement. Any determinations made by Covidien's Senior Vice President, Human Resources hereunder shall be final and binding on all parties.

11. Legal Remedy. You acknowledge that a remedy at law for any breach or threatened breach of this Agreement would be inadequate and, therefore, you agree that the Company, Purchaser and SpinCo as applicable, shall be entitled to injunctive relief, both preliminary and permanent, in addition to any other available rights and remedies in case of any such breach or threatened breach. In the event of any action arising from or relating to this Agreement, the party substantially prevailing shall recover its costs, including reasonable attorneys' fees.

12. Choice of Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without reference to rules in respect of conflicts of laws.

13. Assignment; Successor. Neither this Agreement nor any rights or obligations created herein may be assigned or delegated by you. Tyco Healthcare Group LP is entering into this agreement on behalf of the Company and it may assign any rights and obligations it has under this Agreement to any Covidien subsidiary or affiliate without your consent, but shall remain liable for any payments provided hereunder that are not timely made by any such assignee. This Agreement shall be binding on any successor of the Company, and Covidien may and shall cause this Agreement to be binding on Purchaser (in the case of a Sale) or SpinCo (in the case of a Spin) if, and to the extent, necessary to ensure that the benefits promised hereunder are paid or provided as described herein.

14. Severability. If any provision of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, all of the remaining provisions of this Agreement shall continue in full force and effect.

15. Complete Agreement. Except as otherwise provided herein, this Agreement is the complete agreement between you and the Company with respect to the subject matter contained in the Agreement and will supersede or replace all prior retention agreements or understandings between the parties, including the letter agreements dated December 6, 2010 and February 17, 2011, by and between you and the Company.

16. Compliance with Internal Revenue Code Section 409A. The Company (but, without your written consent, not Purchaser or SpinCo) shall have the right to modify the timing and/or the method of payment of any amounts payable under this Agreement if such modification is necessary in order to avoid the imposition of the penalty tax under Internal Revenue Code Section 409A (“Section 409A”), but only to the minimum extent necessary to avoid such penalty tax. Notwithstanding the above, in the event that you are a “specified employee” (within the meaning of Section 409A and with such classification to be determined in accordance with the methodology established by the applicable employer), amounts and benefits that are deferred compensation (within the meaning of Section 409A) that would otherwise be payable or provided under this Agreement during the six (6) month period immediately following your employment termination date shall instead be paid, without interest, on the first business day after the date that is six (6) months following such termination date; provided, however, that if you die following the such termination date and prior to the payment of the any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of your estate within thirty (30) calendar days after the date of your death. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall a termination of employment occur for purposes of this Agreement until you experience a “separation from service” within the meaning of Section 409A, to the extent necessary to avoid the imposition of the penalty tax under Section 409A.

17. No Commitment. Nothing in this Agreement shall, or shall be construed to, subject the Company to any legal obligation of any kind whatsoever, under any theory of contract, detrimental reliance, fraud or otherwise, to cause a Transaction.

18. Amendments. No modification or amendment hereof shall be valid or binding on either party unless made in writing and signed by both parties or by their duly authorized officers or representatives.

\*\*\*\*\*

*[Remainder of page intentionally left blank]*



Please review this Agreement carefully. As a key management employee of the Segment, we certainly appreciate your efforts and the important role that you play in assuring that the Transaction is a success.

Sincerely,

/s/ Michael P. Dunford

Michael P. Dunford  
Senior Vice President, Human Resources

If you are in agreement with the above and foregoing, please signify your acceptance by signing and dating both copies of this Agreement in the spaces below and returning both to me no later than August 12, 2011.

Signature: Matthew K. Harbaugh

Date: 8/15/11

Printed Name: Matthew K. Harbaugh

\*\*\* CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH "\*\*\*." AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.



## Personal & Confidential

August 1, 2011

David E. Silver  
18 Ramsgate Drive  
Olivette, MO 63132

Dear David:

As you know, Covidien plc ("Covidien") is considering a spin-off of the Pharmaceuticals Segment of Covidien ("Segment") resulting in the Segment becoming an independent, publicly-traded company or, alternatively, a sale of the Segment. Acknowledging your importance to any Spin or Sale process and the ongoing operation of the Segment's business, Covidien has selected you to be eligible for a special supplemental compensation program, the terms of which are described in this letter agreement ("Agreement"). This Agreement is effective on the Effective Date and, unless Covidien extends this Agreement in writing, terminates on the Expiration Date if a Transaction has not been completed by the Expiration Date. Unless otherwise defined in the text of this Agreement, capitalized terms used in this Agreement are defined in Section 9 below.

**As a condition to receiving any amounts described in this Agreement, you must (i) sign and return both copies of this Agreement to me no later than August 12, 2011, (ii) comply with the confidentiality provisions set forth in Section 6 of this Agreement and the terms of the Covidien Guide to Business Conduct and (iii) meet all other applicable requirements under this Agreement.**

1. Benefits in the Event of a Spin. In the event of a Spin, you will be eligible to receive the benefits described in this Section 1, subject to the provisions of Section 3. If you are eligible for benefits pursuant to this Section 1, you shall not be eligible to receive any of the benefits described in Section 2 ("Benefits in the Event of a Sale").

(a) Spin Bonus. If the Company consummates a Spin and you remain in the continuous employment of SpinCo from the Spin Date through the six (6) month anniversary of the Spin Date, the Company (or SpinCo, if so provided in the applicable separation or related agreement) shall pay to you a spin bonus equal to one hundred forty five thousand two hundred fifty six dollars (\$145,256) (USD) ("Spin Bonus"). If you are eligible to receive a Spin Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you as soon as administratively practicable after the six (6) month anniversary of the Spin Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Spin Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Spin Bonus payment. If your employment with SpinCo terminates for any reason before the date the Spin Bonus is paid, you will not be eligible to receive the Spin Bonus.

(b) **Termination Bonus.** If the Company consummates a Spin, you are employed with SpinCo immediately following the Spin, and your employment with SpinCo terminates under one of the circumstances described below before the date the Spin Bonus is paid, the Company (or SpinCo, if applicable) shall pay to you a termination bonus equal to one million dollars (\$1,000,000) (USD) (“Termination Bonus”); provided, however, that your termination of employment is due to one of the following circumstances: (i) you resigned from employment with SpinCo for Good Reason before the date the Spin Bonus is paid; (ii) your employment with SpinCo was involuntarily terminated by SpinCo without Cause before the date the Spin Bonus is paid; or (iii) your employment with SpinCo is terminated before the date the Spin Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply and you are eligible to receive a Termination Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after your employment termination date, but in no event later than thirty (30) days after your employment termination date. If a Termination Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Termination Bonus payment.

2. **Benefits in the Event of a Sale.** In the event of a Sale, you will be eligible to receive the benefits described in this Section 2. If you are eligible for benefits pursuant to this Section 2, you shall not be eligible to receive any of the benefits described in Section 1 (“Benefits in the Event of a Spin”).

(a) **Retention Bonus.**

(i) Subject to Subsection 2(a)(ii) below, the Company (or the Purchaser, if so provided in the purchase and sale agreement) shall pay to you a retention bonus equal to one million dollars (\$1,000,000) (USD) (“Retention Bonus”) as soon as administratively practicable after the six (6) month anniversary of the Sale Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Retention Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Retention Bonus payment.

(ii) In order to receive the Retention Bonus, you must be actively employed by the Purchaser on the date the Retention Bonus is paid; provided, however, that if you are not actively employed by the Purchaser on the date that the Retention Bonus is paid and one of the following circumstances applies then the Company (or the Purchaser, if applicable) shall pay to you the Retention Bonus: (A) the Company involuntarily terminated your employment without Cause after the signing of an agreement, the consummation of which would constitute the Sale, and before the Sale Date; (B) you remained employed with the Company through immediately

prior to the Sale but did not become an employee of the Purchaser immediately upon the consummation of the Sale and you did not receive an Offer of Comparable Employment from the Purchaser; (C) you became an employee of the Purchaser immediately upon the Sale Date, but you resigned from employment with the Purchaser for Good Reason or were involuntarily terminated by the Purchaser without Cause before the date the Retention Bonus is paid; or (D) you became an employee of the Purchaser immediately upon the Sale Date, but your employment with the Purchaser is terminated before the date the Retention Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply, then the Company (or the Purchaser, if applicable) shall pay the Retention Bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after the Sale Date (in the case of (A) or (B) above) or your employment termination date (in the case of (C) or (D) above), but in no event later than thirty (30) days after the Sale Date or your employment termination date, as applicable.

(b) Sales Price Bonus. Upon the completion of a Sale, you will be eligible to receive a sales price bonus (“Sales Price Bonus”) from the Company (or the Purchaser, if so provided in the purchase and sale agreement) depending upon the Sales Price, as follows:

(i) If the Sales Price is less than \*\*\*, then the Sales Price Bonus is zero.

(ii) If the Sales Price equals or exceeds \*\*\*, then the Sales Price Bonus is five hundred thousand dollars (\$500,000) (USD). The Sales Price Bonus shall not exceed five hundred thousand dollars (\$500,000) (USD) under any circumstances.

(iii) If the Sales Price equals at least \*\*\*, but does not equal or exceed \*\*\*, then the Sales Price Bonus is determined by multiplying five hundred thousand dollars (\$500,000) (USD) by a fraction, the numerator of which shall equal the excess of the Sales Price over \*\*\* and the denominator of which shall equal \*\*\*. For clarity, where the Sales Price equals at least \*\*\* but does not equal or exceed \*\*\*, the Sales Price Bonus shall be determined by the following formula:

$$\text{Sales Price Bonus} = \frac{SP - ***}{***} \times \$500,000$$

“SP” equals the Sales Price.

(iv) If (A) a Sales Price Bonus is determined pursuant to the provisions of Subsections 2(b)(ii) or 2(b)(iii) above, (B) you remain employed with the Company through the Sale Date, (C) you are not terminated by Purchaser for Cause after the Sale Date but before the date the Sales Price Bonus is paid, and (D) you otherwise meet the general conditions for payments under Section 3 of this Agreement, then the Company (or the Purchaser, if applicable) shall pay the Sales Price Bonus to you irrespective of whether you are actively employed by the Company or Purchaser on the date the Sales Price Bonus is paid. If a Sales Price Bonus is payable pursuant to this Agreement, the Company (or the Purchaser, if applicable) shall pay the Sales Price Bonus to you as soon as administratively practicable after the Sales Price Determination Date, but in no event after the later of (I) two and one-half months following the

end of the calendar year in which the Sale occurs or (II) two and one-half months following the end of the Company's fiscal year in which the Sale occurs (the "Latest Payment Date"). If the Latest Payment Date occurs prior to the Sales Price Determination Date, then the Company shall make a good faith estimate of the expected final Sales Price, which good faith estimate shall be considered the Sales Price for purposes of this Subsection 2(b) so that payment of any Sales Price Bonus may be made no later than the Latest Payment Date. If a Sales Price Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Sales Price Bonus payment.

(c) **Severance Benefits.** If, on or after the Sale Date, but before the one year anniversary of the Sale Date, your employment with Purchaser is involuntarily terminated under circumstances that, had the Company terminated your employment while you were in employment with the Company, would have entitled you to severance benefits under the Covidien Severance Plan for U.S. Officers and Executives as in effect on the Sale Date ("Covidien Severance Plan"), and the severance benefits, if any, provided by the Purchaser are not at least equal to the severance benefits which you would have received under the Covidien Severance Plan had it applied, then the Company shall provide to you the difference between the severance benefits payable by Purchaser and the severance benefits provided for under the Covidien Severance Plan. The Company shall provide these benefits to you in a single lump sum payment as soon as administratively practicable following your employment termination date, but in any event not later than March 15<sup>th</sup> of the year following the year in which your employment termination date occurs. If the Purchaser provides severance benefits which equal or exceed the severance benefits provided for under the Covidien Severance Plan, then the Company shall have no obligation whatsoever with respect to such benefits.

3. **General Conditions.** In order to be eligible to receive any benefits under this Agreement, you must be actively employed by the Company and providing services to the Segment on the Transaction Date and you must satisfy any other condition set forth in this Agreement. You will not be eligible to receive any benefits under this Agreement under any of the following circumstances: (a) your employment with the Company terminates for any reason before the Transaction Date (including a voluntary termination and a termination due to death or Permanent Disability) other than, only to the extent described below, an involuntary termination without Cause; (b) you cease providing services to the Segment before the Transaction Date either as a result of a transfer of your employment within the Company or the reassignment of your duties to a segment of the Company other than the Segment; (c) the Transaction Date does not occur before the Expiration Date; or (d) the Company determines that you violated either the confidentiality provisions set forth in Section 6 of this Agreement or any provision of the Covidien Guide to Business Conduct at any time.

4. Termination for Cause; Breach of Obligations. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to receive any payments under this Agreement (including, but not limited to, the Retention Bonus, the Sales Price Bonus, the Spin Bonus and the Termination Bonus) if the Company, Purchaser or SpinCo, as applicable, terminates your employment for Cause. You agree and recognize that should you breach any of the obligations or covenants set forth in this Agreement, the Company, Purchaser or SpinCo, as applicable, will have no further obligation to provide you with the benefits provided for herein, and will have the right to seek repayment of all consideration paid pursuant to this Agreement up to the time of any such breach. Further, by signing this Agreement, you acknowledge that, in the event of a breach by you of this Agreement, the Company, Purchaser, or SpinCo, as applicable, may seek any and all appropriate relief for any such breach, including equitable relief and/or money damages, attorney's fees and costs. If it is discovered at any time that you engaged in behavior during employment with the Company, Purchaser or SpinCo that would have justified termination for Cause, then, at the Company's election, any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. The Company, Purchaser or SpinCo, as applicable, may withhold paying any further consideration pending resolution of an inquiry that could lead to a finding that you engaged in such behavior.

5. Outstanding Equity Awards. The Sale shall be considered a "Divestiture" under the award certificate applicable to equity awards over Covidien ordinary shares that are outstanding on the Sale Date. Any rights that you may have at the time of a Transaction with respect to any equity award (including stock options, restricted units and performance units) granted to you by Covidien (or over Covidien ordinary shares) will be governed by the terms of the plan document under which such award was issued, the accompanying award certificate and any operative agreement pursuant to which a Transaction is effectuated. By signing this Agreement, you hereby acknowledge and understand that nothing in this Agreement provides for accelerated vesting or other preferential treatment of any equity award over Covidien ordinary shares and that any rights to vesting or exercisability are governed in all respects by the terms of the applicable plan, award certificate and operative agreement pursuant to which a Transaction is effectuated.

6. Confidentiality.

(a) Except as required by any court or governmental entity, by signing this Agreement, you agree not to disclose or discuss with any person, except for your spouse (or domestic partner) and legal counsel, for a period commencing on the date hereof and until the one year anniversary of the Transaction Date (regardless of the termination of this Agreement) the existence or terms of this Agreement, the fact that the Transaction is being considered, the terms or conditions of the Transaction or the status of any Transaction discussions or negotiations; provided, however, that (i) you are free to consult with designated officers and other representatives of Covidien and/or the Segment business or with Covidien legal counsel (both in-house and outside counsel), accountants, financial and other advisors representing Covidien in connection with the Transaction; and (ii) as expressly permitted by Covidien's Senior Vice President and General Counsel in writing, you may disclose such matters to, and discuss such matters with, prospective buyers.

(b) By signing this Agreement, you also agree that you will not provide (and have not provided) any Confidential Information to any prospective buyer or any third party (including any investment bank) or other persons in connection with any proposed Transaction without the express prior written consent or approval of Covidien's Senior Vice President and General Counsel. This provision should be considered in addition to any other obligation you have to protect Confidential Information, including without limitation, disclosure of any proprietary or confidential information to any third party, competitor or potential competitor, or use of such information for any purpose other than the benefit of the Company.

7. Cooperation in Transaction Efforts. An investment banking firm may be hired as an agent to help the Company effectuate the Transaction. As part of the process, an investment banking firm may be working with you and requiring your assistance in order to complete a successful Transaction. You agree to use your best efforts to cooperate with such investment banking firm and Covidien's senior management as they negotiate the Transaction and, notwithstanding the confidentiality provisions of this Agreement, you are hereby permitted to so cooperate with representatives of such investment banking firm, as specifically designated by Covidien's Senior Vice President and General Counsel. You also agree not to take any action which would favor or give any advantage to any one or more potential buyers, other than as specifically instructed by Covidien's Senior Vice President and General Counsel, and agree to promote a Transaction and answer inquiries regarding a Transaction truthfully, to the best of your ability and consistent with your duty to act in the best interests of the Company. In addition, you agree to review the documents regarding the proposed Transaction before they are executed, particularly all representations and warranties made by the Company or their designees about the Segment's business, and, if requested by Covidien's Senior Vice President and General Counsel, to certify in writing that there are no material misstatements or omissions with respect to matters to which you have personal knowledge, if indeed that is the case. Your failure to comply with the terms of this Agreement and/or other Company policies including, but not limited to, the Covidien Guide to Business Conduct, may lead to discipline up to and including termination of employment.

8. Effect on Benefit Plans. No amounts payable pursuant to this Agreement shall constitute wages or compensation for purposes of determining the amount of any benefits (including, without limitation, severance benefits) you are or may be entitled to receive at any time from or under any employee benefit plan, program or arrangement maintained or contributed to by the Company.

9. Definitions. For purposes of this Agreement, the following terms shall have the meanings ascribed to them.

(a) "Cause" means (i) the substantial failure or refusal to perform duties and responsibilities of your job as required by the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (ii) a violation of any fiduciary duty owed to the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (iii) the conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) any violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) rules or policy, or (vii) any other egregious conduct,

that has or could have a serious and detrimental impact on the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) and its employees. Prior to a Transaction, and on or following a Transaction in circumstances which could affect obligations of the Company, Covidien's Senior Vice President, Human Resources, in his sole and absolute discretion, shall determine whether Cause exists. Examples of "Cause" may include, but are not limited to, excessive absenteeism, misconduct, insubordination, violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) policy, dishonesty, and deliberate unsatisfactory performance (e.g., employee refuses to improve deficient performance).

(b) "Company" means Covidien and all of its subsidiaries and affiliates.

(c) "Confidential Information" means all information (whether or not specifically labeled or identified as confidential), in any form or medium (including digital media) that is disclosed to, or developed or learned by you in the performance of your duties for the Company and that relates to the business, operation, finances, products, services, and research and development of the Segment and/or the Company or its respective suppliers, customers or clients, including, without limitation: (i) information relating to strategic and staffing plans and practices, business, marketing, promotional or sales plans, practices and programs, costs, pricing structures, and accounting practices; (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such suppliers, clients and customers and their confidential information; (iii) compilations of data and analyses, processes, formulae, methods, techniques, systems, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) computer software (including, without limitation, operating systems and applications), documentations, data and data bases; (v) inventions, designs, developments, devices, methods and processes (whether or not patentable or reduced to practice), and (vi) any other information covered by any Company policy or agreement regarding confidential, trade secret or proprietary information. On and following a Sale, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "Purchaser" each time it appears in this paragraph. On and following a Spin, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "SpinCo" each time it appears in this paragraph.

(d) "Effective Date" means August 1, 2011.

(e) "Expiration Date" means the second anniversary of the Effective Date.

(f) "Good Reason" means (i) any material reduction in your base salary or target bonus opportunity as in effect immediately before the Transaction Date, (ii) the assignment to you of duties which are materially inconsistent with the duties you performed immediately before the Transaction Date or the changing of your position (including changes in reporting relationships and level) which are materially adverse in comparison to your position immediately before the Transaction Date, (iii) a material reduction in the aggregate value of your long-term incentive opportunity and employee benefits as in effect immediately before the Transaction Date provided, however, that the actions in each of (i), (ii), and (iii) above will not be considered



Good Reason unless (A) you describe the basis for the events, circumstances, or conditions alleged by you to constitute grounds for Good Reason in reasonable detail in a written notice provided to Purchaser or SpinCo, as applicable, within thirty (30) calendar days of your knowledge of such events, circumstances, or conditions alleged to constitute Good Reason, (B) Purchaser or SpinCo, as applicable, has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such written notice and (C) you terminate your employment not later than ten (10) days following the expiration of the period described in clause (B).

(g) "Offer of Comparable Employment" means an offer of employment, or a confirmation of continued employment, that provides you with (i) the same or higher base salary and target bonus opportunity that were in effect immediately before the Sale Date; and (ii) a work location that is no more than fifty (50) miles from your work location immediately before the Sale Date.

(h) "Permanent Disability" means that you have a permanent and total incapacity from engaging in any employment for the Company, Purchaser, or SpinCo, as applicable, for physical or mental reasons. A "Permanent Disability" shall be deemed to exist if you meet the requirements for disability benefits under the Company's, Purchaser's or SpinCo's, as applicable, long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if you are designated with an inactive employment status at the end of a disability or medical leave.

(i) "Purchaser" means an entity which does not control, and is not controlled by or under common control with, Covidien, and which is the purchaser in the Sale, including for this purpose more than one such entity acting in concert to engage in the Sale.

(j) "Sale" means the sale of all or substantially all (measured as at least eighty percent (80%) of market value) of the assets of the Segment to a Purchaser.

(k) "Sale Date" means the closing date of the Sale.

(l) "Sales Price" means the (i) value of the consideration paid by Purchaser to the Company at closing for the Segment, including any amounts paid by Purchaser into an escrow to serve as recourse for indemnification or other obligations of the Company following the Sale Date, plus or minus, as the case may be, (ii) the amount of any post-closing purchase price adjustment pursuant to the definitive purchase and sale agreement with regard to the Sale.

(m) "Sales Price Determination Date" shall be the date of the final determination of the post-closing adjustments in accordance with the terms of the definitive purchase and sale agreement with regard to the Sale or, in the event that there is no post-closing adjustment, the Sale Date.

(n) "Spin" means a separation of the Segment from the Company through a pro-rata distribution of the equity of SpinCo to Covidien's shareholders, or a similar transaction which is determined in writing by Covidien's Senior Vice President, Human Resources, to be a Spin.

(o) "SpinCo" means the business entity which directly and/or indirectly holds the assets constituting the Segment immediately prior to the Spin, the equity of which is distributed to Covidien's shareholders in the Spin.

(p) "Spin Date" means the closing date of the Spin.

(q) "Transaction" means a Sale or Spin, as applicable.

(r) "Transaction Date" means the Sale Date or Spin Date, as applicable.

10. Interpretation of the Agreement. Covidien's Senior Vice President, Human Resources has the discretionary authority to interpret the terms of this Agreement and resolve any disputes that may arise hereunder including, but not limited to, whether behavior by you constitutes Cause, the amount of the Sales Price, and the amount of any payments due to you under this Agreement. Any determinations made by Covidien's Senior Vice President, Human Resources hereunder shall be final and binding on all parties.

11. Legal Remedy. You acknowledge that a remedy at law for any breach or threatened breach of this Agreement would be inadequate and, therefore, you agree that the Company, Purchaser and SpinCo as applicable, shall be entitled to injunctive relief, both preliminary and permanent, in addition to any other available rights and remedies in case of any such breach or threatened breach. In the event of any action arising from or relating to this Agreement, the party substantially prevailing shall recover its costs, including reasonable attorneys' fees.

12. Choice of Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without reference to rules in respect of conflicts of laws.

13. Assignment; Successor. Neither this Agreement nor any rights or obligations created herein may be assigned or delegated by you. Tyco Healthcare Group LP is entering into this agreement on behalf of the Company and it may assign any rights and obligations it has under this Agreement to any Covidien subsidiary or affiliate without your consent, but shall remain liable for any payments provided hereunder that are not timely made by any such assignee. This Agreement shall be binding on any successor of the Company, and Covidien may and shall cause this Agreement to be binding on Purchaser (in the case of a Sale) or SpinCo (in the case of a Spin) if, and to the extent, necessary to ensure that the benefits promised hereunder are paid or provided as described herein.

14. Severability. If any provision of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, all of the remaining provisions of this Agreement shall continue in full force and effect.

15. Complete Agreement. Except as otherwise provided herein, this Agreement is the complete agreement between you and the Company with respect to the subject matter contained in the Agreement and will supersede or replace all prior retention agreements or understandings between the parties, including the letter agreements dated December 6, 2010 and February 17, 2011, by and between you and the Company.

16. Compliance with Internal Revenue Code Section 409A. The Company (but, without your written consent, not Purchaser or SpinCo) shall have the right to modify the timing and/or the method of payment of any amounts payable under this Agreement if such modification is necessary in order to avoid the imposition of the penalty tax under Internal Revenue Code Section 409A (“Section 409A”), but only to the minimum extent necessary to avoid such penalty tax. Notwithstanding the above, in the event that you are a “specified employee” (within the meaning of Section 409A and with such classification to be determined in accordance with the methodology established by the applicable employer), amounts and benefits that are deferred compensation (within the meaning of Section 409A) that would otherwise be payable or provided under this Agreement during the six (6) month period immediately following your employment termination date shall instead be paid, without interest, on the first business day after the date that is six (6) months following such termination date; provided, however, that if you die following the such termination date and prior to the payment of the any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of your estate within thirty (30) calendar days after the date of your death. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall a termination of employment occur for purposes of this Agreement until you experience a “separation from service” within the meaning of Section 409A, to the extent necessary to avoid the imposition of the penalty tax under Section 409A.

17. No Commitment. Nothing in this Agreement shall, or shall be construed to, subject the Company to any legal obligation of any kind whatsoever, under any theory of contract, detrimental reliance, fraud or otherwise, to cause a Transaction.

18. Amendments. No modification or amendment hereof shall be valid or binding on either party unless made in writing and signed by both parties or by their duly authorized officers or representatives.

\*\*\*\*\*

*[Remainder of page intentionally left blank]*

Please review this Agreement carefully. As a key management employee of the Segment, we certainly appreciate your efforts and the important role that you play in assuring that the Transaction is a success.

Sincerely,

/s/ Michael P. Dunford

Michael P. Dunford  
Senior Vice President, Human Resources

If you are in agreement with the above and foregoing, please signify your acceptance by signing and dating both copies of this Agreement in the spaces below and returning both to me no later than August 12, 2011.

Signature: /s/ David Silver

Date: 8/5/11

Printed Name: David Silver

**Personal & Confidential**

August 1, 2011

Thomas E. Berry  
221 Hutchings Farm Boulevard South  
O'Fallon, MO 63368

Dear Tom:

As you know, Covidien plc ("Covidien") is considering a spin-off of the Pharmaceuticals Segment of Covidien ("Segment") resulting in the Segment becoming an independent, publicly-traded company or, alternatively, a sale of the Segment. Acknowledging your importance to any Spin or Sale process and the ongoing operation of the Segment's business, Covidien has selected you to be eligible for a special supplemental compensation program, the terms of which are described in this letter agreement ("Agreement"). This Agreement is effective on the Effective Date and, unless Covidien extends this Agreement in writing, terminates on the Expiration Date if a Transaction has not been completed by the Expiration Date. Unless otherwise defined in the text of this Agreement, capitalized terms used in this Agreement are defined in Section 10 below.

**As a condition to receiving any amounts described in this Agreement, you must (i) sign and return both copies of this Agreement to me no later than August 12, 2011, (ii) comply with the confidentiality provisions set forth in Section 7 of this Agreement and the terms of the Covidien Guide to Business Conduct and (iii) meet all other applicable requirements under this Agreement.**

1. Retention Bonus Payments.

(a) First Retention Bonus Payment. Subject to Subsections 1(c) and (d) and Section 4 below, if a Transaction Date does not occur on or before the twelve (12) month anniversary of the Effective Date, the Company shall pay to you a retention bonus equal to seventy six thousand nine hundred forty seven dollars (\$76,947) (USD) ("First Retention Bonus") as soon as administratively practicable after the twelve (12) month anniversary of the Effective Date, but in no event later than ten (10) calendar days following such twelve (12) month anniversary date. If a First Retention Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company to make any necessary deductions, withholdings, or other reductions from the First Retention Bonus payment.

(b) Second Retention Bonus Payment. Subject to Subsections 1(c) and (d) and Section 4 below, if a Transaction Date does not occur on or before the eighteen (18) month anniversary of the Effective Date, the Company shall pay to you a retention bonus equal to seventy six thousand nine hundred forty seven dollars (\$76,947) as soon as administratively practicable after the eighteen (18) month anniversary of the Effective Date, but in no event later than ten (10) calendar days following such eighteen (18) month anniversary date. If a Second Retention Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company to make any necessary deductions, withholdings, or other reductions from the Second Retention Bonus payment.

(c) Repayment of Retention Bonus Payments. You shall be required to repay to the Company any Retention Bonus Payments paid to you pursuant to Subsections 1(a) or (b) if any of the following circumstances occur: (i) your employment with the Company or Subsidiary terminates before a Transaction Date because of your voluntary resignation and, as of your employment termination date, the Company continues to pursue either a Spin or Sale; (ii) at any time, the Company determines that you violated either the confidentiality provisions set forth in Section 7 of this Agreement, the cooperation provisions set forth in Section 8 of this Agreement, or any provision of the Covidien Guide to Business Conduct; or (iii) if, at any time before the second anniversary of your employment termination date, the Company determines in its sole discretion that while you were a Company or Subsidiary employee you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause. By signing this Agreement, you hereby agree and promise to deliver to the Company immediately upon your employment termination date or within thirty (30) days after the date of the Company determination described in (iii) above, the net value of all Retention Bonus Payments previously paid to you, after application of withholdings for applicable taxes as applied by the Company or Subsidiary on the distribution date. The Company reserves the right to make deductions from any amounts the Company would otherwise pay to you up to the full amount you owe to the Company pursuant to this Subsection 1(c) and, by signing this Agreement, you expressly authorize such deductions.

(d) Non-Payment of Retention Bonus Payments. Notwithstanding the provisions of Subsections 1(a) and (b), if the Company determines, in its sole discretion, to not pursue either a Spin or Sale and has communicated such determination to you, then the Company shall not pay to you, and shall not be obligated to pay to you, (i) the Retention Bonus Payments, if the Company's decision occurs before the twelve (12) month anniversary of the Effective Date or (ii) the Second Retention Bonus, if the Company's decision occurs after the twelve (12) month anniversary of the Effective Date, but before the eighteen (18) month anniversary of the Effective Date.

2. Benefits in the Event of a Spin. In the event of a Spin, you will be eligible to receive the benefits described in this Section 2, subject to the provisions of Section 4. If you are eligible for benefits pursuant to this Section 2, you shall not be eligible to receive any of the benefits described in Section 3 ("Benefits in the Event of a Sale").

(a) Spin Bonus. If the Company consummates a Spin and you remain in the continuous employment of SpinCo from the Spin Date through the six (6) month anniversary of the Spin Date, the Company (or SpinCo, if so provided in the applicable separation or related agreement) shall pay to you a spin bonus equal to (i) one hundred fifty three thousand eight hundred ninety four dollars (\$153,894) (USD) minus (ii) the aggregate amount of any Retention Bonus Payments paid to you pursuant to Section 1 (“Spin Bonus”). If you are eligible to receive a Spin Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you as soon as administratively practicable after the six (6) month anniversary of the Spin Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Spin Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Spin Bonus payment. If your employment with SpinCo terminates for any reason before the date the Spin Bonus is paid, you will not be eligible to receive the Spin Bonus.

(b) Termination Bonus. If the Company consummates a Spin, you are employed with SpinCo immediately following the Spin and your employment with SpinCo terminates under one of the circumstances described below before the date the Spin Bonus is paid, the Company (or SpinCo, if applicable) shall pay to you a termination bonus equal to (A) three hundred seven thousand seven hundred eighty eight dollars (\$307,788) (USD) minus (B) the aggregate amount of any Retention Bonus Payments paid to you pursuant to Section 1 (“Termination Bonus”); provided, however, that your termination of employment is due to one of the following circumstances: (i) you resigned from employment with SpinCo for Good Reason before the date the Spin Bonus is paid; (ii) your employment with SpinCo was involuntarily terminated by SpinCo without Cause before the date the Spin Bonus is paid; or (iii) your employment with SpinCo is terminated before the date the Spin Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply and you are eligible to receive a Termination Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after your employment termination date, but in no event later than thirty (30) days after your employment termination date. If a Termination Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Termination Bonus payment.

3. Benefits in the Event of a Sale. In the event of a Sale, you will be eligible to receive the benefits described in this Section 3, subject to the provisions of Section 4. If you are eligible for benefits pursuant to this Section 3, you shall not be eligible to receive any of the benefits described in Section 2 (“Benefits in the Event of a Spin”).

(a) Sale Bonus.

(i) Subject to Subsection 3(a)(ii), the Company (or the Purchaser, if so provided in the purchase and sale agreement) shall pay to you a sale bonus equal to (i) three hundred seven thousand seven hundred eighty eight dollars (\$307,788) (USD) minus (ii) the aggregate amount of any Retention Bonus Payments paid to you pursuant to Section 1 ("Sale Bonus"), as soon as administratively practicable after the six (6) month anniversary of the Sale Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Sale Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Sale Bonus payment.

(ii) In order to receive the Sale Bonus, you must be actively employed by the Purchaser on the date the Sale Bonus is paid; provided, however, that if you are not actively employed by the Purchaser on the date that the Sale Bonus is paid and one of the following circumstances applies then the Company (or the Purchaser, if applicable) shall pay to you the Sale Bonus: (A) the Company involuntarily terminated your employment without Cause after the signing of an agreement, the consummation of which would constitute the Sale, and before the Sale Date; (B) you remained employed with the Company through immediately prior to the Sale but did not become an employee of the Purchaser immediately upon the consummation of the Sale and you did not receive an Offer of Comparable Employment from the Purchaser; (C) you became an employee of the Purchaser immediately upon the Sale Date, but you resigned from employment with the Purchaser for Good Reason or were involuntarily terminated by the Purchaser without Cause before the date the Retention Bonus is paid; or (D) you became an employee of the Purchaser immediately upon the Sale Date, but your employment with the Purchaser is terminated before the date the Sale Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply, then the Company (or the Purchaser, if applicable) shall pay the Sale Bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after the Sale Date (in the case of (A) or (B) above) or your employment termination date (in the case of (C) or (D) above), but in no event later than thirty (30) days after the Sale Date or your employment termination date, as applicable.

(b) Severance Benefits. If, on or after the Sale Date, but before the one year anniversary of the Sale Date, your employment with Purchaser is involuntarily terminated under circumstances that, had the Company terminated your employment while you were in employment with the Company, would have entitled you to severance benefits under an applicable Company severance plan as in effect on the Sale Date ("Covidien Severance Plan"), and the severance benefits, if any, provided by the Purchaser are not at least equal to the severance benefits which you would have received under the Covidien Severance Plan had it applied, then the Company shall provide to you the difference between the severance benefits payable by Purchaser and the severance benefits provided for under the Covidien Severance Plan. The Company shall provide these benefits to you in a single lump sum payment as soon as administratively practicable following your employment termination date, but in any event not later than March 15<sup>th</sup> of the year following the year in which your employment termination date



occurs. If the Purchaser provides severance benefits which equal or exceed the severance benefits provided for under the Covidien Severance Plan, then the Company shall have no obligation whatsoever with respect to such benefits.

4. General Conditions. In order to be eligible to receive any benefits under this Agreement, you must be actively employed by the Company and providing services to the Segment on the Applicable Payment Date and you must satisfy any other condition set forth in this Agreement. You will not be eligible to receive any benefits under this Agreement under any of the following circumstances: (a) your employment with the Company terminates for any reason before the Applicable Payment Date (including a voluntary termination and a termination due to death or Permanent Disability) other than, and only to the extent described in Subsections 2(b) and 3(a)(ii), an involuntary termination without Cause; (b) you cease providing services to the Segment before the Applicable Payment Date either as a result of a transfer of your employment within the Company or the reassignment of your duties to a segment of the Company other than the Segment; (c) with respect to payments made pursuant to Sections 2 and 3, the Transaction Date does not occur before the Expiration Date; or (d) the Company determines that you violated either the confidentiality provisions set forth in Section 7 of this Agreement or any provision of the Covidien Guide to Business Conduct at any time.

5. Termination for Cause; Breach of Obligations. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to receive any payments under this Agreement (including, but not limited to, the Retention Bonus Payments, the Spin Bonus, the Sale Bonus and the Termination Bonus) if the Company, Purchaser or SpinCo, as applicable, terminates your employment for Cause. You agree and recognize that should you breach any of the obligations or covenants set forth in this Agreement, the Company, Purchaser or SpinCo, as applicable, will have no further obligation to provide you with any of the benefits provided for herein, and will have the right to seek repayment of all consideration paid pursuant to this Agreement up to the time of any such breach. Further, by signing this Agreement, you acknowledge that, in the event of a breach by you of this Agreement, the Company, Purchaser, or SpinCo, as applicable, may seek any and all appropriate relief for any such breach, including equitable relief and/or money damages, attorney's fees and costs. If it is discovered at any time that you engaged in behavior during employment with the Company, Purchaser or SpinCo that would have justified termination for Cause, then, at the Company's election, any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. The Company, Purchaser or SpinCo, as applicable, may withhold paying any further consideration pending resolution of an inquiry that could lead to a finding that you engaged in such behavior.

6. Outstanding Equity Awards. The Sale shall be considered a "Divestiture" under the award certificate applicable to equity awards over Covidien ordinary shares that are outstanding on the Sale Date. Any rights that you may have at the time of a Transaction with respect to any equity award (including stock options, restricted units and performance units) granted to you by Covidien (or over Covidien ordinary shares) will be governed by the terms of the plan document under which such award was issued, the accompanying award certificate and any operative agreement pursuant to which a Transaction is effectuated. By signing this Agreement, you hereby acknowledge and understand that nothing in this Agreement provides for accelerated

vesting or other preferential treatment of any equity award over Covidien ordinary shares and that any rights to vesting or exercisability are governed in all respects by the terms of the applicable plan, award certificate and operative agreement pursuant to which a Transaction is effectuated.

7. Confidentiality.

(a) Except as required by any court or governmental entity, by signing this Agreement, you agree not to disclose or discuss with any person, except for your spouse (or domestic partner) and legal counsel, for a period commencing on the date hereof and until the one year anniversary of the Transaction Date (regardless of the termination of this Agreement) the existence or terms of this Agreement, the fact that the Transaction is being considered, the terms or conditions of the Transaction or the status of any Transaction discussions or negotiations; provided, however, that (i) you are free to consult with designated officers and other representatives of Covidien and/or the Segment business or with Covidien legal counsel (both in-house and outside counsel), accountants, financial and other advisors representing Covidien in connection with the Transaction; and (ii) as expressly permitted by Covidien's Senior Vice President and General Counsel in writing, you may disclose such matters to, and discuss such matters with, prospective buyers.

(b) By signing this Agreement, you also agree that you will not provide (and have not provided) any Confidential Information to any prospective buyer or any third party (including any investment bank) or other persons in connection with any proposed Transaction without the express prior written consent or approval of Covidien's Senior Vice President and General Counsel. This provision should be considered in addition to any other obligation you have to protect Confidential Information, including without limitation, disclosure of any proprietary or confidential information to any third party, competitor or potential competitor, or use of such information for any purpose other than the benefit of the Company.

8. Cooperation in Transaction Efforts. An investment banking firm may be hired as an agent to help the Company effectuate the Transaction. As part of the process, an investment banking firm may be working with you and requiring your assistance in order to complete a successful Transaction. You agree to use your best efforts to cooperate with such investment banking firm and Covidien's senior management as they negotiate the Transaction and, notwithstanding the confidentiality provisions of this Agreement, you are hereby permitted to so cooperate with representatives of such investment banking firm, as specifically designated by Covidien's Senior Vice President and General Counsel. You also agree not to take any action which would favor or give any advantage to any one or more potential buyers, other than as specifically instructed by Covidien's Senior Vice President and General Counsel, and agree to promote a Transaction and answer inquiries regarding a Transaction truthfully, to the best of your ability and consistent with your duty to act in the best interests of the Company. In addition, you agree to review the documents regarding the proposed Transaction before they are executed, particularly all representations and warranties made by the Company or their designees about the Segment's business, and, if requested by Covidien's Senior Vice President and General Counsel, to certify in writing that there are no material misstatements or omissions with respect to matters to which you have personal knowledge, if indeed that is the case. Your failure to

comply with the terms of this Agreement and/or other Company policies including, but not limited to, the Covidien Guide to Business Conduct, may lead to discipline up to and including termination of employment.

9. Effect on Benefit Plans. No amounts payable pursuant to this Agreement shall constitute wages or compensation for purposes of determining the amount of any benefits (including, without limitation, severance benefits) you are or may be entitled to receive at any time from or under any employee benefit plan, program or arrangement maintained or contributed to by the Company.

10. Definitions. For purposes of this Agreement, the following terms shall have the meanings ascribed to them.

(a) "Applicable Payment Date" means the Transaction Date or the dates that the Retention Bonus Payments are distributed in accordance with the provisions of Subsections 1(a) and (b), as applicable.

(b) "Cause" means (i) the substantial failure or refusal to perform duties and responsibilities of your job as required by the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (ii) a violation of any fiduciary duty owed to the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (iii) the conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) any violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) rules or policy, or (vii) any other egregious conduct, that has or could have a serious and detrimental impact on the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) and its employees. Prior to a Transaction, and on or following a Transaction in circumstances which could affect obligations of the Company, Covidien's Senior Vice President, Human Resources, in his sole and absolute discretion, shall determine whether Cause exists. Examples of "Cause" may include, but are not limited to, excessive absenteeism, misconduct, insubordination, violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) policy, dishonesty, and deliberate unsatisfactory performance (e.g., employee refuses to improve deficient performance).

(c) "Company" means Covidien and all of its subsidiaries and affiliates.

(d) "Confidential Information" means all information (whether or not specifically labeled or identified as confidential), in any form or medium (including digital media) that is disclosed to, or developed or learned by you in the performance of your duties for the Company and that relates to the business, operation, finances, products, services, and research and development of the Segment and/or the Company or its respective suppliers, customers or clients, including, without limitation: (i) information relating to strategic and staffing plans and practices, business, marketing, promotional or sales plans, practices and programs, costs, pricing structures, and accounting practices; (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such suppliers, clients and customers and their confidential information; (iii) compilations of data and analyses, processes, formulae, methods, techniques, systems, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) computer software (including, without limitation, operating

systems and applications), documentations, data and data bases; (v) inventions, designs, developments, devices, methods and processes (whether or not patentable or reduced to practice), and (vi) any other information covered by any Company policy or agreement regarding confidential, trade secret or proprietary information. On and following a Sale, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if “the Company” were replaced by “Purchaser” each time it appears in this paragraph. On and following a Spin, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if “the Company” were replaced by “SpinCo” each time it appears in this paragraph.

(e) “Effective Date” means August 1, 2011.

(f) “Expiration Date” means the second anniversary of the Effective Date.

(g) “Good Reason” means (i) any material reduction in your base salary or target bonus opportunity as in effect immediately before the Transaction Date, (ii) the assignment to you of duties which are materially inconsistent with the duties you performed immediately before the Transaction Date or the changing of your position (including changes in reporting relationships and level) which are materially adverse in comparison to your position immediately before the Transaction Date, (iii) a material reduction in the aggregate value of your long-term incentive opportunity and employee benefits as in effect immediately before the Transaction Date provided, however, that the actions in each of (i), (ii), and (iii) above will not be considered Good Reason unless (A) you describe the basis for the events, circumstances, or conditions alleged by you to constitute grounds for Good Reason in reasonable detail in a written notice provided to Purchaser or SpinCo, as applicable, within thirty (30) calendar days of your knowledge of such events, circumstances, or conditions alleged to constitute Good Reason, (B) Purchaser or SpinCo, as applicable, has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such written notice and (C) you terminate your employment not later than ten (10) days following the expiration of the period described in clause (B).

(h) “Offer of Comparable Employment” means an offer of employment, or a confirmation of continued employment, that provides you with (i) the same or higher base salary and target bonus opportunity that were in effect immediately before the Sale Date; and (ii) a work location that is no more than fifty (50) miles from your work location immediately before the Sale Date.

(i) “Permanent Disability” means that you have a permanent and total incapacity from engaging in any employment for the Company, Purchaser, or SpinCo, as applicable, for physical or mental reasons. A “Permanent Disability” shall be deemed to exist if you meet the requirements for disability benefits under the Company’s, Purchaser’s or SpinCo’s, as applicable, long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if you are designated with an inactive employment status at the end of a disability or medical leave.

(j) "Purchaser" means an entity which does not control, and is not controlled by or under common control with, Covidien, and which is the purchaser in the Sale, including for this purpose more than one such entity acting in concert to engage in the Sale.

(k) "Retention Bonus Payments" means both the First Retention Bonus and the Second Retention Bonus, as such terms are defined in Subsections 1(a) and (b), respectively.

(l) "Sale" means the sale of all or substantially all (measured as at least eighty percent (80%) of market value) of the assets of the Segment to a Purchaser.

(m) "Sale Date" means the closing date of the Sale.

(n) "Spin" means a separation of the Segment from the Company through a pro-rata distribution of the equity of SpinCo to Covidien's shareholders, or a similar transaction which is determined in writing by Covidien's Senior Vice President, Human Resources, to be a Spin.

(o) "SpinCo" means the business entity which directly and/or indirectly holds the assets constituting the Segment immediately prior to the Spin, the equity of which is distributed to Covidien's shareholders in the Spin.

(p) "Spin Date" means the closing date of the Spin.

(q) "Transaction" means a Sale or Spin, as applicable.

(r) "Transaction Date" means the Sale Date or Spin Date, as applicable.

11. Interpretation of the Agreement. Covidien's Senior Vice President, Human Resources has the discretionary authority to interpret the terms of this Agreement and resolve any disputes that may arise hereunder including, but not limited to, whether behavior by you constitutes Cause and the amount of any payments due to you under this Agreement. Any determinations made by Covidien's Senior Vice President, Human Resources hereunder shall be final and binding on all parties.

12. Legal Remedy. You acknowledge that a remedy at law for any breach or threatened breach of this Agreement would be inadequate and, therefore, you agree that the Company, Purchaser and SpinCo as applicable, shall be entitled to injunctive relief, both preliminary and permanent, in addition to any other available rights and remedies in case of any such breach or threatened breach. In the event of any action arising from or relating to this Agreement, the party substantially prevailing shall recover its costs, including reasonable attorneys' fees.

13. Choice of Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without reference to rules in respect of conflicts of laws.

14. Assignment; Successor. Neither this Agreement nor any rights or obligations created herein may be assigned or delegated by you. Tyco Healthcare Group LP is entering into this agreement on behalf of the Company and it may assign any rights and obligations it has under

this Agreement to any Covidien subsidiary or affiliate without your consent, but shall remain liable for any payments provided hereunder that are not timely made by any such assignee. This Agreement shall be binding on any successor of the Company, and Covidien may and shall cause this Agreement to be binding on Purchaser (in the case of a Sale) or SpinCo (in the case of a Spin) if, and to the extent, necessary to ensure that the benefits promised hereunder are paid or provided as described herein.

15. Severability. If any provision of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, all of the remaining provisions of this Agreement shall continue in full force and effect.

16. Complete Agreement. Except as otherwise provided herein, this Agreement is the complete agreement between you and the Company with respect to the subject matter contained in the Agreement and will supersede or replace all prior retention agreements or understandings between the parties, including the letter agreements dated December 8, 2010 and February 25, 2011, by and between you and the Company.

17. Compliance with Internal Revenue Code Section 409A. The Company (but, without your written consent, not Purchaser or SpinCo) shall have the right to modify the timing and/or the method of payment of any amounts payable under this Agreement if such modification is necessary in order to avoid the imposition of the penalty tax under Internal Revenue Code Section 409A ("Section 409A"), but only to the minimum extent necessary to avoid such penalty tax. Notwithstanding the above, in the event that you are a "specified employee" (within the meaning of Section 409A and with such classification to be determined in accordance with the methodology established by the applicable employer), amounts and benefits that are deferred compensation (within the meaning of Section 409A) that would otherwise be payable or provided under this Agreement during the six (6) month period immediately following your employment termination date shall instead be paid, without interest, on the first business day after the date that is six (6) months following such termination date; provided, however, that if you die following the such termination date and prior to the payment of the any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of your estate within thirty (30) calendar days after the date of your death. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall a termination of employment occur for purposes of this Agreement until you experience a "separation from service" within the meaning of Section 409A, to the extent necessary to avoid the imposition of the penalty tax under Section 409A.

18. No Commitment. Nothing in this Agreement shall, or shall be construed to, subject the Company to any legal obligation of any kind whatsoever, under any theory of contract, detrimental reliance, fraud or otherwise, to cause a Transaction.

19. Amendments. No modification or amendment hereof shall be valid or binding on either party unless made in writing and signed by both parties or by their duly authorized officers or representatives.

Please review this Agreement carefully. As a key management employee of the Segment, we certainly appreciate your efforts and the important role that you play in assuring that the Transaction is a success.

Sincerely,

/s/ David J. Cano

David J. Cano  
Interim Vice President, Human Resources  
Pharmaceuticals

If you are in agreement with the above and foregoing, please signify your acceptance by signing and dating both copies of this Agreement in the spaces below and returning both to me no later than August 12, 2011.

Signature: /s/ Thomas E. Berry

Date: 8/12/11

Printed Name: Thomas E. Berry

**Personal & Confidential**

August 1, 2011

Peter G. Edwards  
16656 Anna's Way  
Chesterfield, MO 63005

Dear Peter:

As you know, Covidien plc ("Covidien") is considering a spin-off of the Pharmaceuticals Segment of Covidien ("Segment") resulting in the Segment becoming an independent, publicly-traded company or, alternatively, a sale of the Segment. Acknowledging your importance to any Spin or Sale process and the ongoing operation of the Segment's business, Covidien has selected you to be eligible for a special supplemental compensation program, the terms of which are described in this letter agreement ("Agreement"). This Agreement is effective on the Effective Date and, unless Covidien extends this Agreement in writing, terminates on the Expiration Date if a Transaction has not been completed by the Expiration Date. Unless otherwise defined in the text of this Agreement, capitalized terms used in this Agreement are defined in Section 9 below.

**As a condition to receiving any amounts described in this Agreement, you must (i) sign and return both copies of this Agreement to me no later than August 12, 2011, (ii) comply with the confidentiality provisions set forth in Section 6 of this Agreement and the terms of the Covidien Guide to Business Conduct and (iii) meet all other applicable requirements under this Agreement.**

1. Benefits in the Event of a Spin. In the event of a Spin, you will be eligible to receive the benefits described in this Section 1, subject to the provisions of Section 3. If you are eligible for benefits pursuant to this Section 1, you shall not be eligible to receive any of the benefits described in Section 2 ("Benefits in the Event of a Sale").

(a) Spin Bonus. If the Company consummates a Spin and you remain in the continuous employment of SpinCo from the Spin Date through the six (6) month anniversary of the Spin Date, the Company (or SpinCo, if so provided in the applicable separation or related agreement) shall pay to you a spin bonus equal to one hundred fifty seven thousand nine hundred fifty one dollars (\$157,951) (USD) ("Spin Bonus"). If you are eligible to receive a Spin Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you as soon as administratively practicable after the six (6) month anniversary of the Spin Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Spin Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any



necessary deductions, withholdings, or other reductions from the Spin Bonus payment. If your employment with SpinCo terminates for any reason before the date the Spin Bonus is paid, you will not be eligible to receive the Spin Bonus.

(b) Termination Bonus. If the Company consummates a Spin, you are employed with SpinCo immediately following the Spin and your employment with SpinCo terminates under one of the circumstances described below before the date the Spin Bonus is paid, the Company (or SpinCo, if applicable) shall pay to you a termination bonus equal to five hundred thousand dollars (\$500,000) (USD) (“Termination Bonus”); provided, however, that your termination of employment is due to one of the following circumstances: (i) you resigned from employment with SpinCo for Good Reason before the date the Spin Bonus is paid; (ii) your employment with SpinCo was involuntarily terminated by SpinCo without Cause before the date the Spin Bonus is paid; or (iii) your employment with SpinCo is terminated before the date the Spin Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply and you are eligible to receive a Termination Bonus, the Company (or SpinCo, if applicable) shall pay such bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after your employment termination date, but in no event later than thirty (30) days after your employment termination date. If a Termination Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or SpinCo, if applicable) to make any necessary deductions, withholdings, or other reductions from the Termination Bonus payment.

2. Benefits in the Event of a Sale. In the event of a Sale, you will be eligible to receive the benefits described in this Section 2, subject to the provisions of Section 3. If you are eligible for benefits pursuant to this Section 2, you shall not be eligible to receive any of the benefits described in Section 1 (“Benefits in the Event of a Spin”).

(a) Sale Bonus.

(i) Subject to Subsection 2(a)(ii), the Company (or the Purchaser, if so provided in the purchase and sale agreement) shall pay to you a sale bonus equal to five hundred thousand dollars (\$500,000) (USD) (“Sale Bonus”) as soon as administratively practicable after the six (6) month anniversary of the Sale Date, but in no event later than ten (10) calendar days following such six (6) month anniversary date. If a Sale Bonus is payable pursuant to this Agreement, it shall be paid in a single lump sum payment, minus any applicable deductions or withholdings or other reductions required by applicable law. By signing this Agreement, you expressly authorize the Company (or the Purchaser, if applicable) to make any necessary deductions, withholdings, or other reductions from the Sale Bonus payment.

(ii) In order to receive the Sale Bonus, you must be actively employed by the Purchaser on the date the Sale Bonus is paid; provided, however, that if you are not actively employed by the Purchaser on the date that the Sale Bonus is paid and one of the following circumstances applies then the Company (or the Purchaser, if applicable) shall pay to you the Sale Bonus: (A) the Company involuntarily terminated your employment without Cause after the signing of an agreement, the consummation of which would constitute the Sale, and before the

Sale Date; (B) you remained employed with the Company through immediately prior to the Sale but did not become an employee of the Purchaser immediately upon the consummation of the Sale and you did not receive an Offer of Comparable Employment from the Purchaser; (C) you became an employee of the Purchaser immediately upon the Sale Date, but you resigned from employment with the Purchaser for Good Reason or were involuntarily terminated by the Purchaser without Cause before the date the Retention Bonus is paid; or (D) you became an employee of the Purchaser immediately upon the Sale Date, but your employment with the Purchaser is terminated before the date the Sale Bonus is paid due to your death or Permanent Disability. If any of these circumstances apply, then the Company (or the Purchaser, if applicable) shall pay the Sale Bonus to you (or, in the case of your death, to your estate) as soon as administratively practicable after the Sale Date (in the case of (A) or (B) above) or your employment termination date (in the case of (C) or (D) above), but in no event later than thirty (30) days after the Sale Date or your employment termination date, as applicable.

(b) Severance Benefits. If, on or after the Sale Date, but before the one year anniversary of the Sale Date, your employment with Purchaser is involuntarily terminated under circumstances that, had the Company terminated your employment while you were in employment with the Company, would have entitled you to severance benefits under an applicable Company severance plan as in effect on the Sale Date (“Covidien Severance Plan”), and the severance benefits, if any, provided by the Purchaser are not at least equal to the severance benefits which you would have received under the Covidien Severance Plan had it applied, then the Company shall provide to you the difference between the severance benefits payable by Purchaser and the severance benefits provided for under the Covidien Severance Plan. The Company shall provide these benefits to you in a single lump sum payment as soon as administratively practicable following your employment termination date, but in any event not later than March 15<sup>th</sup> of the year following the year in which your employment termination date occurs. If the Purchaser provides severance benefits which equal or exceed the severance benefits provided for under the Covidien Severance Plan, then the Company shall have no obligation whatsoever with respect to such benefits.

3. General Conditions. In order to be eligible to receive any benefits under this Agreement, you must be actively employed by the Company and providing services to the Segment on the Transaction Date and you must satisfy any other condition set forth in this Agreement. You will not be eligible to receive any benefits under this Agreement under any of the following circumstances: (a) your employment with the Company terminates for any reason before the Transaction Date (including a voluntary termination and a termination due to death or Permanent Disability) other than, only to the extent described herein, an involuntary termination without Cause; (b) you cease providing services to the Segment before the Transaction Date either as a result of a transfer of your employment within the Company or the reassignment of your duties to a segment of the Company other than the Segment; (c) the Transaction Date does not occur before the Expiration Date; or (d) the Company determines that you violated either the confidentiality provisions set forth in Section 6 of this Agreement or any provision of the Covidien Guide to Business Conduct at any time.

4. Termination for Cause; Breach of Obligations. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to receive any payments under this

Agreement (including, but not limited to, the Retention Bonus Payments, the Spin Bonus, the Sale Bonus and the Termination Bonus) if the Company, Purchaser or SpinCo, as applicable, terminates your employment for Cause. You agree and recognize that should you breach any of the obligations or covenants set forth in this Agreement, the Company, Purchaser or SpinCo, as applicable, will have no further obligation to provide you with any of the benefits provided for herein, and will have the right to seek repayment of all consideration paid pursuant to this Agreement up to the time of any such breach. Further, by signing this Agreement, you acknowledge that, in the event of a breach by you of this Agreement, the Company, Purchaser, or SpinCo, as applicable, may seek any and all appropriate relief for any such breach, including equitable relief and/or money damages, attorney's fees and costs. If it is discovered at any time that you engaged in behavior during employment with the Company, Purchaser or SpinCo that would have justified termination for Cause, then, at the Company's election, any consideration payable to you under this Agreement shall immediately cease and you shall be required to return any consideration paid under this Agreement to the entity which paid it to you. The Company, Purchaser or SpinCo, as applicable, may withhold paying any further consideration pending resolution of an inquiry that could lead to a finding that you engaged in such behavior.

5. Outstanding Equity Awards. The Sale shall be considered a "Divestiture" under the award certificate applicable to equity awards over Covidien ordinary shares that are outstanding on the Sale Date. Any rights that you may have at the time of a Transaction with respect to any equity award (including stock options, restricted units and performance units) granted to you by Covidien (or over Covidien ordinary shares) will be governed by the terms of the plan document under which such award was issued, the accompanying award certificate and any operative agreement pursuant to which a Transaction is effectuated. By signing this Agreement, you hereby acknowledge and understand that nothing in this Agreement provides for accelerated vesting or other preferential treatment of any equity award over Covidien ordinary shares and that any rights to vesting or exercisability are governed in all respects by the terms of the applicable plan, award certificate and operative agreement pursuant to which a Transaction is effectuated.

6. Confidentiality.

(a) Except as required by any court or governmental entity, by signing this Agreement, you agree not to disclose or discuss with any person, except for your spouse (or domestic partner) and legal counsel, for a period commencing on the date hereof and until the one year anniversary of the Transaction Date (regardless of the termination of this Agreement) the existence or terms of this Agreement, the fact that the Transaction is being considered, the terms or conditions of the Transaction or the status of any Transaction discussions or negotiations; provided, however, that (i) you are free to consult with designated officers and other representatives of Covidien and/or the Segment business or with Covidien legal counsel (both in-house and outside counsel), accountants, financial and other advisors representing Covidien in connection with the Transaction; and (ii) as expressly permitted by Covidien's Senior Vice President and General Counsel in writing, you may disclose such matters to, and discuss such matters with, prospective buyers.

(b) By signing this Agreement, you also agree that you will not provide (and have not provided) any Confidential Information to any prospective buyer or any third party (including any investment bank) or other persons in connection with any proposed Transaction without the express prior written consent or approval of Covidien's Senior Vice President and General Counsel. This provision should be considered in addition to any other obligation you have to protect Confidential Information, including without limitation, disclosure of any proprietary or confidential information to any third party, competitor or potential competitor, or use of such information for any purpose other than the benefit of the Company.

7. Cooperation in Transaction Efforts. An investment banking firm may be hired as an agent to help the Company effectuate the Transaction. As part of the process, an investment banking firm may be working with you and requiring your assistance in order to complete a successful Transaction. You agree to use your best efforts to cooperate with such investment banking firm and Covidien's senior management as they negotiate the Transaction and, notwithstanding the confidentiality provisions of this Agreement, you are hereby permitted to so cooperate with representatives of such investment banking firm, as specifically designated by Covidien's Senior Vice President and General Counsel. You also agree not to take any action which would favor or give any advantage to any one or more potential buyers, other than as specifically instructed by Covidien's Senior Vice President and General Counsel, and agree to promote a Transaction and answer inquiries regarding a Transaction truthfully, to the best of your ability and consistent with your duty to act in the best interests of the Company. In addition, you agree to review the documents regarding the proposed Transaction before they are executed, particularly all representations and warranties made by the Company or their designees about the Segment's business, and, if requested by Covidien's Senior Vice President and General Counsel, to certify in writing that there are no material misstatements or omissions with respect to matters to which you have personal knowledge, if indeed that is the case. Your failure to comply with the terms of this Agreement and/or other Company policies including, but not limited to, the Covidien Guide to Business Conduct, may lead to discipline up to and including termination of employment.

8. Effect on Benefit Plans. No amounts payable pursuant to this Agreement shall constitute wages or compensation for purposes of determining the amount of any benefits (including, without limitation, severance benefits) you are or may be entitled to receive at any time from or under any employee benefit plan, program or arrangement maintained or contributed to by the Company.

9. Definitions. For purposes of this Agreement, the following terms shall have the meanings ascribed to them.

(a) "Cause" means (i) the substantial failure or refusal to perform duties and responsibilities of your job as required by the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (ii) a violation of any fiduciary duty owed to the Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo), (iii) the conviction of a felony or misdemeanor, (iv) dishonesty, (v) theft, (vi) any violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) rules or policy, or (vii) any other egregious conduct, that has or could have a serious and detrimental impact on the Company (or, following a Sale,

Purchaser; or, following a Spin, SpinCo) and its employees. Prior to a Transaction, and on or following a Transaction in circumstances which could affect obligations of the Company, Covidien's Senior Vice President, Human Resources, in his sole and absolute discretion, shall determine whether Cause exists. Examples of "Cause" may include, but are not limited to, excessive absenteeism, misconduct, insubordination, violation of Company (or, following a Sale, Purchaser; or, following a Spin, SpinCo) policy, dishonesty, and deliberate unsatisfactory performance (e.g., employee refuses to improve deficient performance).

(b) "Company" means Covidien and all of its subsidiaries and affiliates.

(c) "Confidential Information" means all information (whether or not specifically labeled or identified as confidential), in any form or medium (including digital media) that is disclosed to, or developed or learned by you in the performance of your duties for the Company and that relates to the business, operation, finances, products, services, and research and development of the Segment and/or the Company or its respective suppliers, customers or clients, including, without limitation: (i) information relating to strategic and staffing plans and practices, business, marketing, promotional or sales plans, practices and programs, costs, pricing structures, and accounting practices; (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, such suppliers, clients and customers and their confidential information; (iii) compilations of data and analyses, processes, formulae, methods, techniques, systems, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) computer software (including, without limitation, operating systems and applications), documentations, data and data bases; (v) inventions, designs, developments, devices, methods and processes (whether or not patentable or reduced to practice), and (vi) any other information covered by any Company policy or agreement regarding confidential, trade secret or proprietary information. On and following a Sale, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "Purchaser" each time it appears in this paragraph. On and following a Spin, Confidential Information shall mean, in addition to the information described in this paragraph, the information which would be described in this paragraph if "the Company" were replaced by "SpinCo" each time it appears in this paragraph.

(d) "Effective Date" means August 1, 2011.

(e) "Expiration Date" means the second anniversary of the Effective Date.

(f) "Good Reason" means (i) any material reduction in your base salary or target bonus opportunity as in effect immediately before the Transaction Date, (ii) the assignment to you of duties which are materially inconsistent with the duties you performed immediately before the Transaction Date or the changing of your position (including changes in reporting relationships and level) which are materially adverse in comparison to your position immediately before the Transaction Date, (iii) a material reduction in the aggregate value of your long-term incentive opportunity and employee benefits as in effect immediately before the Transaction Date provided, however, that the actions in each of (i), (ii), and (iii) above will not be considered Good Reason unless (A) you describe the basis for the events, circumstances, or conditions

alleged by you to constitute grounds for Good Reason in reasonable detail in a written notice provided to Purchaser or SpinCo, as applicable, within thirty (30) calendar days of your knowledge of such events, circumstances, or conditions alleged to constitute Good Reason, (B) Purchaser or SpinCo, as applicable, has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such written notice and (C) you terminate your employment not later than ten (10) days following the expiration of the period described in clause (B).

(g) "Offer of Comparable Employment" means an offer of employment, or a confirmation of continued employment, that provides you with (i) the same or higher base salary and target bonus opportunity that were in effect immediately before the Sale Date; and (ii) a work location that is no more than fifty (50) miles from your work location immediately before the Sale Date.

(h) "Permanent Disability" means that you have a permanent and total incapacity from engaging in any employment for the Company, Purchaser, or SpinCo, as applicable, for physical or mental reasons. A "Permanent Disability" shall be deemed to exist if you meet the requirements for disability benefits under the Company's, Purchaser's or SpinCo's, as applicable, long-term disability plan or under the requirements for disability benefits under the Social Security law then in effect, or if you are designated with an inactive employment status at the end of a disability or medical leave.

(i) "Purchaser" means an entity which does not control, and is not controlled by or under common control with, Covidien, and which is the purchaser in the Sale, including for this purpose more than one such entity acting in concert to engage in the Sale.

(j) "Sale" means the sale of all or substantially all (measured as at least eighty percent (80%) of market value) of the assets of the Segment to a Purchaser.

(k) "Sale Date" means the closing date of the Sale.

(l) "Spin" means a separation of the Segment from the Company through a pro-rata distribution of the equity of SpinCo to Covidien's shareholders, or a similar transaction which is determined in writing by Covidien's Senior Vice President, Human Resources, to be a Spin.

(m) "SpinCo" means the business entity which directly and/or indirectly holds the assets constituting the Segment immediately prior to the Spin, the equity of which is distributed to Covidien's shareholders in the Spin.

(n) "Spin Date" means the closing date of the Spin.

(o) "Transaction" means a Sale or Spin, as applicable.

(p) "Transaction Date" means the Sale Date or Spin Date, as applicable.

10. Interpretation of the Agreement. Covidien's Senior Vice President, Human Resources has the discretionary authority to interpret the terms of this Agreement and resolve any disputes that may arise hereunder including, but not limited to, whether behavior by you constitutes Cause and the amount of any payments due to you under this Agreement. Any determinations made by Covidien's Senior Vice President, Human Resources hereunder shall be final and binding on all parties.

11. Legal Remedy. You acknowledge that a remedy at law for any breach or threatened breach of this Agreement would be inadequate and, therefore, you agree that the Company, Purchaser and SpinCo as applicable, shall be entitled to injunctive relief, both preliminary and permanent, in addition to any other available rights and remedies in case of any such breach or threatened breach. In the event of any action arising from or relating to this Agreement, the party substantially prevailing shall recover its costs, including reasonable attorneys' fees.

12. Choice of Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without reference to rules in respect of conflicts of laws.

13. Assignment; Successor. Neither this Agreement nor any rights or obligations created herein may be assigned or delegated by you. Tyco Healthcare Group LP is entering into this agreement on behalf of the Company and it may assign any rights and obligations it has under this Agreement to any Covidien subsidiary or affiliate without your consent, but shall remain liable for any payments provided hereunder that are not timely made by any such assignee. This Agreement shall be binding on any successor of the Company, and Covidien may and shall cause this Agreement to be binding on Purchaser (in the case of a Sale) or SpinCo (in the case of a Spin) if, and to the extent, necessary to ensure that the benefits promised hereunder are paid or provided as described herein.

14. Severability. If any provision of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, all of the remaining provisions of this Agreement shall continue in full force and effect.

15. Complete Agreement. Except as otherwise provided herein, this Agreement is the complete agreement between you and the Company with respect to the subject matter contained in the Agreement and will supersede or replace all prior retention agreements or understandings between the parties, including the letter agreements dated December 8, 2010 and February 25, 2011, by and between you and the Company.

16. Compliance with Internal Revenue Code Section 409A. The Company (but, without your written consent, not Purchaser or SpinCo) shall have the right to modify the timing and/or the method of payment of any amounts payable under this Agreement if such modification is necessary in order to avoid the imposition of the penalty tax under Internal Revenue Code Section 409A ("Section 409A"), but only to the minimum extent necessary to avoid such penalty tax. Notwithstanding the above, in the event that you are a "specified employee" (within the meaning of Section 409A and with such classification to be determined in accordance with the methodology established by the applicable employer), amounts and benefits that are deferred compensation (within the meaning of Section 409A) that would otherwise be payable or

provided under this Agreement during the six (6) month period immediately following your employment termination date shall instead be paid, without interest, on the first business day after the date that is six (6) months following such termination date; provided, however, that if you die following the such termination date and prior to the payment of the any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of your estate within thirty (30) calendar days after the date of your death. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event shall a termination of employment occur for purposes of this Agreement until you experience a "separation from service" within the meaning of Section 409A, to the extent necessary to avoid the imposition of the penalty tax under Section 409A.

17. No Commitment. Nothing in this Agreement shall, or shall be construed to, subject the Company to any legal obligation of any kind whatsoever, under any theory of contract, detrimental reliance, fraud or otherwise, to cause a Transaction.

18. Amendments. No modification or amendment hereof shall be valid or binding on either party unless made in writing and signed by both parties or by their duly authorized officers or representatives.

Please review this Agreement carefully. As a key management employee of the Segment, we certainly appreciate your efforts and the important role that you play in assuring that the Transaction is a success.

Sincerely,

/s/ Michael P. Dunford

Michael P. Dunford  
Senior Vice President, Human Resources

If you are in agreement with the above and foregoing, please signify your acceptance by signing and dating both copies of this Agreement in the spaces below and returning both to me no later than August 12, 2011.

Signature: /s/ Peter Edwards

Date: 8/11/11

Printed Name: Peter Edwards



**DEED OF INDEMNIFICATION**

THIS DEED OF INDEMNIFICATION (this “Agreement”), dated as of \_\_\_\_\_, is made by and between Mallinckrodt plc, an Irish public limited company, and (“Indemnitee”).

WHEREAS, it is essential to Mallinckrodt plc to retain and attract as directors and secretary the most capable persons available;

WHEREAS, Indemnitee is a director or secretary of Mallinckrodt plc;

WHEREAS, each of Mallinckrodt plc and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of companies;

WHEREAS, in recognition of Indemnitee’s need for (i) substantial protection against personal liability, (ii) specific contractual assurance that such protection will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of Mallinckrodt plc’s Articles of Association or any change in the composition of Mallinckrodt plc’s Board of Directors or acquisition transaction relating to Mallinckrodt plc), Mallinckrodt plc wishes to provide in this Agreement for the indemnification by Mallinckrodt plc of Indemnitee as set forth in this Agreement, and, to the extent insurance is maintained, to provide for the continued coverage of Indemnitee under Mallinckrodt plc’s directors’ and officers’ liability insurance policies as set forth in this Agreement;

NOW, THEREFORE, in consideration of the above premises and of Indemnitee continuing to serve Mallinckrodt plc directly or, at its request, with another Enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions.

(a) Affiliate: any corporation or other person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

(b) Board: the Board of Directors of Mallinckrodt plc.

(c) Change in Control: shall be deemed to have occurred if:

(i) any “person,” as such term is used in Sections 3(a)(9) and 13(d) of the Exchange Act, becomes a “beneficial owner,” as such term is used in Rule 13d-3 promulgated under the Exchange Act, of 50% or more of the Voting Shares (as defined below) of Mallinckrodt plc;

(ii) the majority of the Board consists of individuals other than Incumbent Directors, which term means the members of the Board as of the execution hereof, provided that any person becoming a director subsequent to such time whose election or nomination for election was supported by three-quarters of the directors who immediately prior to such election or nomination for election comprised the Incumbent Directors shall be considered to be an Incumbent Director;

(iii) Mallinckrodt plc adopts any plan of liquidation providing for the distribution of all or substantially all of its assets;

(iv) all or substantially all of the assets or business of Mallinckrodt plc is disposed of pursuant to a merger, consolidation or other transaction (unless the shareholders of Mallinckrodt plc immediately prior to such a merger, consolidation or other transaction beneficially own, directly or indirectly, in substantially the same proportion as they owned the Voting Shares of Mallinckrodt plc, all of the Voting Shares or other ownership interests of the entity or entities, if any, that succeed to the business of Mallinckrodt plc); or

(v) Mallinckrodt plc combines with another company and is the surviving entity but, immediately after the combination, the shareholders of Mallinckrodt plc immediately prior to the combination hold, directly or indirectly, 50% or less of the Voting Shares of the combined company (there being excluded from the number of shares held by such shareholders, but not from the Voting Shares of the combined company, any shares received by Affiliates of such other company in exchange for shares of such other company), provided, however, that any occurrence that would, in the absence of this proviso, otherwise constitute a Change in Control pursuant to any of clause (i), (iii), (iv) or (v) above, shall not constitute a Change in Control if such occurrence is approved by a majority of the directors on the Board who were directors immediately prior to such occurrence.

(d) Enterprise: Mallinckrodt plc and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of Mallinckrodt plc as a director, officer, secretary, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent.

(e) Exchange Act: the U.S. Securities Exchange Act of 1934, as amended.

(f) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, and all other costs and obligations, paid or incurred in connection with investigating, defending, prosecuting (subject to Section 2(b)), being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(g) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director, officer, secretary or employee of Mallinckrodt plc, or while a director or secretary of Mallinckrodt plc is or was serving at the request of Mallinckrodt plc as a director, officer, secretary, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, limited liability company, joint venture, employee benefit plan, trust, or other Enterprise, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, secretary, employee, trustee, agent, or fiduciary or in any other capacity while serving as a director, officer, secretary, employee, trustee, agent, or fiduciary.

(h) Independent Counsel: the meaning specified in Section 3.

(i) Proceeding: any threatened, pending, or completed action, suit, or proceeding or any alternative dispute resolution mechanism (including an action by or in the right of Mallinckrodt plc), or any inquiry, hearing, or investigation, whether conducted by Mallinckrodt plc or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(j) Reviewing Party: the meaning specified in Section 3.

(k) Voting Shares: shares of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors (or similar function) of an Enterprise.

## 2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, Mallinckrodt plc shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits Mallinckrodt plc to provide broader indemnification rights than were permitted prior thereto). For the purposes of this Agreement, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to: (i) to the fullest extent permitted by the provisions of Irish law and/or the Articles of Association of Mallinckrodt plc that authorize, permit or contemplate indemnification by agreement, court action or corresponding provisions of any amendment to or replacement of such provisions; and (ii) to the fullest extent authorized or permitted by any amendments to or replacements of Irish law and/or the Articles of Association of Mallinckrodt plc adopted after the date of this Agreement that increase the extent to which a company may indemnify its directors or secretary.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against Mallinckrodt plc or any of its subsidiaries or any director, officer or employee of Mallinckrodt plc or any of its subsidiaries unless (i) Mallinckrodt plc has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 4; or (iii) the Proceeding is instituted after a Change in Control and Independent Counsel has approved its initiation.

(c) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified by Mallinckrodt plc hereunder against all Expenses incurred in connection therewith.

(d) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by Mallinckrodt plc for some or a portion of Expenses, but not, however, for the total amount thereof, Mallinckrodt plc shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(e) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by Mallinckrodt plc:

(i) on account of any Proceeding in which a final and non-appealable judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of Mallinckrodt plc pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state, or local laws;

(ii) if a court of competent jurisdiction by a final and non-appealable judgment, shall determine that such indemnification is not permitted under applicable law;

(iii) on account of any Proceeding relating to an Indemnifiable Event as to which the Indemnitee has been convicted of a crime constituting a felony under the laws of the jurisdiction where the criminal action had been brought (or, where a jurisdiction does not classify any crime as a felony, a crime for which Indemnitee is sentenced to death or imprisonment for a term exceeding one year); or

(iv) on account of any Proceeding brought by Mallinckrodt plc or any of its subsidiaries against Indemnitee.

### 3. Reviewing Party; Exhaustion of Remedies.

(a) Prior to any Change in Control, the reviewing party (the "Reviewing Party") shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Independent Counsel referred to below shall become the Reviewing Party. With respect to all matters arising after a Change in Control concerning the rights of Indemnitee to indemnity payments and Expense advances under this Agreement, the Indemnification Agreement, dated as of the date hereof, between Mallinckrodt Brand Pharmaceuticals, Inc., a Delaware corporation ("Brand Pharma"), and Indemnitee (the "Brand Pharma Indemnification Agreement") or any other agreement to which Mallinckrodt plc or any of its Affiliates is a party or under applicable law, Mallinckrodt plc's Articles of Association or the certificate of incorporation or bylaws of Brand Pharma (the "Brand Pharma Organizational Documents") now or hereafter in effect relating to indemnification for Indemnifiable Events, Mallinckrodt plc and Brand Pharma shall seek legal advice only from independent counsel ("Independent Counsel") selected by Indemnitee and approved by Mallinckrodt plc (which approval shall not be unreasonably withheld), and who has not otherwise performed services for Mallinckrodt plc, Brand Pharma or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing Mallinckrodt plc, Brand Pharma or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other

things, shall render its written opinion to Mallinckrodt plc, Brand Pharma and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. In doing so, the Independent Counsel may consult with (and rely upon) counsel in any appropriate jurisdiction who would qualify as Independent Counsel ("Local Counsel"). To the fullest extent permitted by law, Mallinckrodt plc agrees to pay the reasonable fees of the Independent Counsel and the Local Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel or the Local Counsel pursuant hereto.

(b) The Brand Pharma Indemnification Agreement provides that, prior to making written demand on Brand Pharma for indemnification pursuant to Section 4(a) of the Brand Pharma Indemnification Agreement or making a request for Expense Advance (as defined in the Brand Pharma Indemnification Agreement) pursuant to Section 2(c) of the Brand Pharma Indemnification Agreement, Indemnitee shall (i) seek such indemnification or Expense Advance, as applicable, under any applicable insurance policy and (ii) request that Mallinckrodt plc consider in its discretion whether to make such indemnification or Expense Advance, as applicable. Upon any such request by Indemnitee of Mallinckrodt plc, Mallinckrodt plc shall consider whether to make such indemnification or Expense Advance, as applicable, based on the facts and circumstances related to the request. Mallinckrodt plc may require, as a condition to making any indemnification or Expense Advance, as applicable, that Indemnitee enter into an agreement providing for such indemnification or Expense Advance, as applicable, to be made subject to substantially the same terms and conditions applicable to an indemnification or Expense Advance, as applicable, by Brand Pharma under the Brand Pharma Indemnification Agreement (including, without limitation, conditioning any Expense Advance upon delivery to Mallinckrodt plc of an undertaking of the type described in clause (i) of the proviso to Section 2(c) of the Brand Pharma Indemnification Agreement).

#### 4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from Mallinckrodt plc in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on Mallinckrodt plc for indemnification, unless the Reviewing Party has given a written opinion to Mallinckrodt plc that Indemnitee is not entitled to indemnification under applicable law.

(b) Adjudication or Arbitration. (i) Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification to which Indemnitee is entitled hereunder within thirty days after making a demand or request in accordance with Section 4(a) (a "Nonpayment"), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court located in the country of Ireland (an "Irish Court") having subject matter jurisdiction thereof seeking an initial determination by the court or by challenging any determination by the Reviewing Party or any aspect thereof. Any determination by the Reviewing Party not challenged by Indemnitee in any such litigation shall be binding on Mallinckrodt plc, Brand Pharma and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee at law or in equity. Mallinckrodt plc, Brand Pharma and Indemnitee hereby irrevocably and unconditionally (A) consent to submit to

the non-exclusive jurisdiction of the Irish Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (B) waive any objection to the laying of venue of any such action or proceeding in the Irish Court, and (C) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Irish Court has been brought in an improper or inconvenient forum. For the avoidance of doubt, nothing in this Agreement shall limit any right Indemnitee may have under applicable law to bring any action or proceeding in any other court.

(ii) Alternatively, in the case of a Nonpayment, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

(iii) In the event that a determination shall have been made pursuant to Section 4(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 4(b) shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4(b) Mallinckrodt plc shall have the burden of proving Indemnitee is not entitled to indemnification.

(iv) In the event that Indemnitee, pursuant to this Section 4(b), seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Agreement, and it is determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive all of the indemnification sought, Indemnitee shall be entitled to recover from Mallinckrodt plc, and shall be indemnified by Mallinckrodt plc against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification sought, the Indemnitee shall be entitled to recover from Mallinckrodt plc, and shall be indemnified by Mallinckrodt plc against, any and all Expenses reasonably incurred by Indemnitee in connection with such judicial adjudication or arbitration.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. (i) It shall be a defense to any action brought by Indemnitee against Mallinckrodt plc to enforce this Agreement that it is not permissible under applicable law for Mallinckrodt plc to indemnify Indemnitee for the amount claimed.

(ii) In connection with any action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on Mallinckrodt plc.

(iii) Neither the failure of the Reviewing Party to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the Indemnitee is proper under the circumstances because Indemnitee has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party that the Indemnitee had not met such applicable standard of conduct, shall, of itself, be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct.

(iv) For purposes of this Agreement, to the fullest extent permitted by law, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

(v) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the management of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 4(c)(v) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in applicable law.

(vi) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

(vii) Mallinckrodt plc shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Agreement that the procedures or presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any court or before any arbitrator that Mallinckrodt plc is bound by all the provisions of this Agreement.

5. Indemnification for Expenses Incurred in Enforcing Rights. In addition to Indemnitee's rights under Section 4(b)(iv), Mallinckrodt plc shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee:

(a) for indemnification or advance payment of Expenses under any agreement to which Mallinckrodt plc or any of its Affiliates is a party (other than this Agreement) or under applicable law, Mallinckrodt plc's Articles of Association or the Brand Pharma Organizational Documents now or hereafter in effect relating to indemnification or advance payment of Expenses for Indemnifiable Events (it being specified, for the avoidance of doubt, that this clause (a) shall not be deemed to provide Indemnitee with a right to the indemnification or advance payment of Expenses being sought in such action), and/or

(b) for recovery under directors' and officers' liability insurance policies maintained by Mallinckrodt plc,

but, in either case, only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or expense advance or insurance recovery, as the case may be.

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee shall, if a claim in respect thereof is to be made against Mallinckrodt plc under this Agreement, notify Mallinckrodt plc and Brand Pharma of the commencement thereof; but the omission so to notify Mallinckrodt plc and Brand Pharma will not relieve Mallinckrodt plc from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies Mallinckrodt plc and Brand Pharma of the commencement thereof, Mallinckrodt plc will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent Mallinckrodt plc so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from Mallinckrodt plc to Indemnitee of its election to assume the defense of any Proceeding, Mallinckrodt plc shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from Mallinckrodt plc of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of legal counsel by Indemnitee has been authorized by Mallinckrodt plc, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and Mallinckrodt plc in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) Mallinckrodt plc shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases all Expenses of the Proceeding shall be borne by Mallinckrodt plc. Mallinckrodt plc shall not be entitled to assume the defense of any Proceeding (x) brought by or on behalf of Brand Pharma or Mallinckrodt plc, (y) as to which Indemnitee shall have made the determination provided for in (ii) above or (z) after a Change in Control (it being specified, for the avoidance of doubt, that Mallinckrodt plc may assume defense of any such proceeding described in this sentence with Indemnitee's consent, provided that any such consent shall not affect the rights of Indemnitee under the foregoing provisions of this Section 6(b)).

(c) Settlement of Claims. Mallinckrodt plc shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without Mallinckrodt plc's written consent, such consent not to be unreasonably withheld; provided, however, that if a Change in Control has occurred, Mallinckrodt plc shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Mallinckrodt plc shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Mallinckrodt plc shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if Mallinckrodt plc was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; Mallinckrodt plc's liability hereunder shall not be excused if assumption of the defense of the Proceeding by Mallinckrodt plc was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control Mallinckrodt plc shall, upon written request by Indemnitee, create a trust for the benefit of the Indemnitee (the "Trust") and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request (a) to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event and (b) to be indemnifiable pursuant to this



Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of the Indemnitee, (ii) the Trust shall continue to be funded by Mallinckrodt plc in accordance with the funding obligation set forth above, (iii) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement, and (iv) all unexpended funds in the Trust shall revert to Mallinckrodt plc upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The trustee of the Trust (the "Trustee") shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve Mallinckrodt plc of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by Mallinckrodt plc for federal, state, local, and foreign tax purposes. Mallinckrodt plc shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorney's fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under Mallinckrodt plc's Articles of Association, the Brand Pharma Organizational Documents, the Brand Pharma Indemnification Agreement, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under Mallinckrodt plc's Articles of Association, the Brand Pharma Organizational Documents, the Brand Pharma Indemnification Agreement, applicable law or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. For so long as Indemnitee has indemnification rights hereunder or under the Brand Pharma Indemnification Agreement, Mallinckrodt plc shall maintain an insurance policy or policies providing general and/or directors' and officers' liability insurance covering Indemnitee, in accordance with the terms of such policy or policies, to the maximum extent of the coverage available for any director, officer, secretary or employee, as applicable, of Mallinckrodt plc, provided and to the extent that such insurance is available on a commercially reasonable basis.

10. Exclusions. In addition to and notwithstanding any other provision of this Agreement to the contrary, Mallinckrodt plc shall not be obligated under this Agreement to make any payment pursuant to this Agreement for which payment is expressly prohibited by law (including, with respect to any director or secretary of Mallinckrodt plc, in respect of any liability expressly prohibited from being indemnified pursuant to section 200 of the Irish Companies Act 1963 (as amended) (including any successor provisions, "Section 200"), but (i) in no way limiting any rights under section 391 of the Irish Companies Act 1963 (as amended), and (ii) to the extent any such limitations or prescriptions are amended or determined by a court of a competent jurisdiction to be void or inapplicable, or relief to the contrary is granted, then the Indemnitee shall receive the greatest rights then available under law.

11. Continuation of Contractual Indemnity or Period of Limitations. All agreements and obligations of Mallinckrodt plc contained herein shall continue for so long as Indemnitee shall be subject to, or involved in, any proceeding for which indemnification is provided pursuant to this Agreement. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of Mallinckrodt plc or any Affiliate of Mallinckrodt plc against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by the laws of Ireland under the circumstances. Any claim or cause of action of Mallinckrodt plc or its Affiliate shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern.

12. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

13. Subrogation. In the event of payment under this Agreement, Mallinckrodt plc shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable Mallinckrodt plc effectively to bring suit to enforce such rights.

14. No Duplication of Payments. Mallinckrodt plc shall not be liable under this Agreement to make any payment in connection with any claim made by Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Mallinckrodt plc's Articles of Association, the Brand Pharma Organizational Documents, the Brand Pharma Indemnification Agreement or otherwise) of the amounts otherwise indemnifiable hereunder.

15. Obligations of Mallinckrodt plc. In the event a Proceeding results in a judgment in Indemnitee's favor or otherwise is disposed of in a manner that allows Mallinckrodt plc to indemnify Indemnitee in connection with such Proceeding under the Articles of Association of Mallinckrodt plc as then in effect, Mallinckrodt plc will provide such indemnification to Indemnitee and will reimburse Brand Pharma for any indemnification or Expense Advance previously made by Brand Pharma in connection with such Proceeding.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of Mallinckrodt plc), assigns, spouses, heirs, and personal and legal representatives; provided, however, that Brand Pharma shall be a beneficiary of, and have the right to enforce, Section 15 hereof. Mallinckrodt plc shall require and cause any successor thereof (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of Mallinckrodt plc, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Mallinckrodt plc would be required to

perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding or is deceased and shall inure to the benefit of the heirs, executors, administrators, legatees and assigns of such a person.

17. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void or unenforceable.

18. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of Ireland applicable to contracts made and to be performed in such State without giving effects to its principles of conflicts of laws.

19. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and address to Mallinckrodt plc at:

Mallinckrodt plc  
Mulhuddart  
Damastown  
Dublin 15  
Ireland  
Attn: General Counsel  
Facsimile: +352-266-379-92

and

Mallinckrodt  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: General Counsel  
Facsimile: 314-654-5366

And to Indemnitee at:

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Deed of Indemnification as a deed with the intention that it be delivered on the date first written above.

**GIVEN** under the common seal of  
**MALLINCKRODT PUBLIC LIMITED COMPANY**  
and **DELIVERED** as a **DEED**

\_\_\_\_\_  
Duly Authorised Signatory

\_\_\_\_\_  
Duly Authorised Signatory

**SIGNED AND DELIVERED** as a deed  
by *[INSERT NAME OF INDEMNITEE]*  
in the presence of:

\_\_\_\_\_  
Indemnitee

\_\_\_\_\_  
Witness

Name of Witness:

Address of Witness:

Occupation of Witness:

**INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT (this "Agreement"), dated as of \_\_\_\_\_, is made by and between Mallinckrodt Brand Pharmaceuticals, Inc., a Delaware corporation ("Brand Pharma"), and \_\_\_\_\_ ("Indemnitee").

WHEREAS, Brand Pharma is a wholly owned subsidiary of Mallinckrodt plc;

WHEREAS, it is essential to Brand Pharma and Mallinckrodt plc that Mallinckrodt plc retain and attract as directors and secretary the most capable persons available;

WHEREAS, Brand Pharma has requested that the Indemnitee serve as a director, officer, secretary or employee of Mallinckrodt plc, and, if requested to do so by Brand Pharma, as a director, officer, secretary, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, limited liability company, joint venture, employee benefit plan, trust, or other Enterprise; and

WHEREAS, each of Mallinckrodt plc, Brand Pharma and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of companies;

WHEREAS, due to restrictions imposed by Irish law, the Articles of Association of Mallinckrodt plc do not confer indemnification and advancement rights on its directors and secretary as broad as the indemnification and advancement rights that are customarily provided to the directors and secretary of a company organized under the laws of a U.S. state;

WHEREAS, in recognition of Indemnitee's need for (i) substantial protection against personal liability, (ii) specific contractual assurance that such protection will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of Mallinckrodt plc's Articles of Association, the certificate of incorporation or bylaws of Brand Pharma (the "Brand Pharma Organizational Documents") or any change in the composition of Mallinckrodt plc's Board of Directors or acquisition transaction relating to Mallinckrodt plc), Brand Pharma wishes to provide in this Agreement for the indemnification by Brand Pharma of and the advancing by Brand Pharma of expenses to Indemnitee as set forth in this Agreement;

NOW, THEREFORE, in consideration of the above premises and of Indemnitee continuing to serve Mallinckrodt plc directly or, at Brand Pharma's request, with another Enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions.

- (a) Affiliate: any corporation or other person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.
- (b) Board: the Board of Directors of Mallinckrodt plc.

(c) Change in Control: shall be deemed to have occurred if:

(i) any “person,” as such term is used in Sections 3(a)(9) and 13(d) of the Exchange Act, becomes a “beneficial owner,” as such term is used in Rule 13d-3 promulgated under the Exchange Act, of 50% or more of the Voting Shares (as defined below) of Mallinckrodt plc;

(ii) the majority of the Board consists of individuals other than Incumbent Directors, which term means the members of the Board as of the execution hereof, provided that any person becoming a director subsequent to such time whose election or nomination for election was supported by three-quarters of the directors who immediately prior to such election or nomination for election comprised the Incumbent Directors shall be considered to be an Incumbent Director;

(iii) Mallinckrodt plc adopts any plan of liquidation providing for the distribution of all or substantially all of its assets;

(iv) all or substantially all of the assets or business of Mallinckrodt plc is disposed of pursuant to a merger, consolidation or other transaction (unless the shareholders of Mallinckrodt plc immediately prior to such a merger, consolidation or other transaction beneficially own, directly or indirectly, in substantially the same proportion as they owned the Voting Shares of Mallinckrodt plc, all of the Voting Shares or other ownership interests of the entity or entities, if any, that succeed to the business of Mallinckrodt plc); or

(v) Mallinckrodt plc combines with another company and is the surviving entity but, immediately after the combination, the shareholders of Mallinckrodt plc immediately prior to the combination hold, directly or indirectly, 50% or less of the Voting Shares of the combined company (there being excluded from the number of shares held by such shareholders, but not from the Voting Shares of the combined company, any shares received by Affiliates of such other company in exchange for shares of such other company), provided, however, that any occurrence that would, in the absence of this proviso, otherwise constitute a Change in Control pursuant to any of clause (i), (iii), (iv) or (v) above, shall not constitute a Change in Control if such occurrence is approved by a majority of the directors on the Board who were directors immediately prior to such occurrence.

(d) Enterprise: Mallinckrodt plc and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of Brand Pharma as a director, officer, secretary, trustee, general partner, managing member, fiduciary, board of directors’ committee member, employee or agent.

(e) Exchange Act: the U.S. Securities Exchange Act of 1934, as amended.

(f) Expenses: any expense, liability, or loss, including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, and all other costs and obligations, paid or incurred in connection with investigating, defending, prosecuting (subject to Section 2(b)), being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(g) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director, officer, secretary or employee of Mallinckrodt plc, or while a director or secretary of Mallinckrodt plc is or was serving at the request of Brand Pharma as a director, officer, secretary, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, limited liability company, joint venture, employee benefit plan, trust, or other Enterprise, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, secretary, employee, trustee, agent, or fiduciary or in any other capacity while serving as a director, officer, secretary, employee, trustee, agent, or fiduciary.

(h) Independent Counsel: the meaning specified in Section 3.

(i) Proceeding: any threatened, pending, or completed action, suit, or proceeding or any alternative dispute resolution mechanism (including an action by or in the right of Mallinckrodt plc), or any inquiry, hearing, or investigation, whether conducted by Mallinckrodt plc or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(j) Reviewing Party: the meaning specified in Section 3.

(k) Voting Shares: shares of any class or classes having general voting power under ordinary circumstances, in the absence of contingencies, to elect the directors (or similar function) of an Enterprise.

## 2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, Brand Pharma shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits Brand Pharma to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute or provided by Mallinckrodt plc's Articles of Association, the separate deed of indemnification which Indemnitee has with Mallinckrodt plc, the Brand Pharma Organizational Documents or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against Mallinckrodt plc or any of its subsidiaries or any director, officer or employee of Mallinckrodt plc or any of its subsidiaries unless (i) Mallinckrodt plc has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 4; or (iii) the Proceeding is instituted after a Change in Control and Independent Counsel has approved its initiation.



(c) Expense Advances. If so requested by Indemnitee, Brand Pharma shall advance (within five business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, (i) such Expense Advance shall be made only upon delivery to Brand Pharma of an undertaking by or on behalf of the Indemnitee to repay the amount thereof if it is ultimately determined that Indemnitee is not entitled to be indemnified by Brand Pharma, (ii) Brand Pharma shall not (unless a court of competent jurisdiction shall determine otherwise) be required to make an Expense Advance if and to the extent that the Reviewing Party has determined that Indemnitee is not permitted to be indemnified under applicable law, and (iii) if and to the extent that the Reviewing Party determines after payment of one or more Expense Advances that Indemnitee would not be permitted to be so indemnified under applicable law, Brand Pharma shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse Brand Pharma) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction or commences arbitration to secure a determination that Indemnitee is entitled to indemnification or Expense Advance, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding, and Indemnitee shall not be required to reimburse Brand Pharma for any Expense Advance until a final determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse Brand Pharma for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified by Brand Pharma hereunder against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by Brand Pharma for some or a portion of Expenses, but not, however, for the total amount thereof, Brand Pharma shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by Brand Pharma:

(i) on account of any Proceeding in which a final and non-appealable judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of Mallinckrodt plc pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state, or local laws;

(ii) if a court of competent jurisdiction by a final and non-appealable judgment, shall determine that such indemnification is not permitted under applicable law;

(iii) on account of any Proceeding relating to an Indemnifiable Event as to which the Indemnitee has been convicted of a crime constituting a felony under the laws of the jurisdiction where the criminal action had been brought (or, where a jurisdiction does not classify any crime as a felony, a crime for which Indemnitee is sentenced to death or imprisonment for a term exceeding one year); or

(iv) on account of any Proceeding brought by Mallinckrodt plc or any of its subsidiaries against Indemnitee.

### 3. Reviewing Party; Exhaustion of Remedies.

(a) Prior to any Change in Control, the reviewing party (the "Reviewing Party") shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Independent Counsel referred to below shall become the Reviewing Party. With respect to all matters arising after a Change in Control concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement, the separate deed of indemnification which Indemnitee has with Mallinckrodt plc or any other agreement to which Mallinckrodt plc or any of its Affiliates is a party or under applicable law, Mallinckrodt plc's Articles of Association or the Brand Pharma Organizational Documents now or hereafter in effect relating to indemnification for Indemnifiable Events, Mallinckrodt plc and Brand Pharma shall seek legal advice only from independent counsel ("Independent Counsel") selected by Indemnitee and approved by Mallinckrodt plc (which approval shall not be unreasonably withheld), and who has not otherwise performed services for Mallinckrodt plc, Brand Pharma or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing Mallinckrodt plc, Brand Pharma or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to Mallinckrodt plc, Brand Pharma and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. In doing so, the Independent Counsel may consult with (and rely upon) counsel in any appropriate jurisdiction who would qualify as Independent Counsel ("Local Counsel"). Brand Pharma agrees to pay the reasonable fees of the Independent Counsel and the Local Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel or the Local Counsel pursuant hereto.

(b) Prior to making written demand on Brand Pharma for indemnification pursuant to Section 4(a) or making a request for Expense Advance pursuant to Section 2(c), Indemnitee shall (i) seek such indemnification or Expense Advance, as applicable, under any applicable insurance policy and (ii) request that Mallinckrodt plc consider in its discretion whether to make such indemnification or Expense Advance, as applicable. Upon any such request by Indemnitee of Mallinckrodt plc, Mallinckrodt plc shall consider whether to make such indemnification or Expense Advance, as applicable, based on the facts and circumstances related to the request. Mallinckrodt plc may require, as a condition to making any indemnification or Expense Advance, as applicable, that Indemnitee enter into an agreement providing for such indemnification or Expense

Advance, as applicable, to be made subject to substantially the same terms and conditions applicable to an indemnification or Expense Advance, as applicable, by Brand Pharma hereunder (including, without limitation, conditioning any Expense Advance upon delivery to Mallinckrodt plc of an undertaking of the type described in clause (i) of the proviso to Section 2(c)). In the event indemnification or Expense Advance, as applicable, is not received pursuant to an insurance policy, or from Mallinckrodt plc, within 5 business days of the later of Indemnatee's request of the insurer and Indemnatee's request of Mallinckrodt plc as provided in the first sentence of this Section 3(b), Indemnatee may make written demand on Brand Pharma for indemnification pursuant to Section 4(a) or make a request for Expense Advance pursuant to Section 2(c), as applicable.

#### 4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnatee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from Brand Pharma in accordance with this Agreement as soon as practicable after Indemnatee has made written demand on Brand Pharma for indemnification, unless the Reviewing Party has given a written opinion to Brand Pharma that Indemnatee is not entitled to indemnification under applicable law.

(b) Adjudication or Arbitration. (i) Regardless of any action by the Reviewing Party, if Indemnatee has not received full indemnification or Expense Advance to which Indemnatee is entitled hereunder within thirty days after making a demand or request in accordance with Section 4(a) or Section 2(c), as applicable (a "Nonpayment"), Indemnatee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any federal or state court located in the State of Delaware (a "Delaware Court") having subject matter jurisdiction thereof seeking an initial determination by the court or by challenging any determination by the Reviewing Party or any aspect thereof. Any determination by the Reviewing Party not challenged by Indemnatee in any such litigation shall be binding on Mallinckrodt plc, Brand Pharma and Indemnatee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnatee at law or in equity. Mallinckrodt plc, Brand Pharma and Indemnatee hereby irrevocably and unconditionally (A) consent to submit to the non-exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (B) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (C) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. For the avoidance of doubt, nothing in this Agreement shall limit any right Indemnatee may have under applicable law to bring any action or proceeding in any other court.

(ii) Alternatively, in the case of a Nonpayment, Indemnatee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

(iii) In the event that a determination shall have been made pursuant to Section 4(a) or 2(c) of this Agreement that Indemnatee is not entitled to indemnification or Expense Advance, any judicial proceeding or arbitration commenced pursuant to this Section 4(b) shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced

pursuant to this Section 4(b) Brand Pharma shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be. If Indemnatee commences a judicial proceeding or arbitration pursuant to this Section 4(b), Indemnatee shall not be required to reimburse Brand Pharma for any advances pursuant to Section 2(c) until a final determination is made with respect to Indemnatee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(iv) In the event that Indemnatee, pursuant to this Section 4(b), seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Agreement, and it is determined in said judicial adjudication or arbitration that Indemnatee is entitled to receive all of the indemnification or advancement of Expenses sought, Indemnatee shall be entitled to recover from Brand Pharma, and shall be indemnified by Brand Pharma against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that Indemnatee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnatee shall be entitled to recover from Brand Pharma, and shall be indemnified by Brand Pharma against, any and all Expenses reasonably incurred by Indemnatee in connection with such judicial adjudication or arbitration.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. (i) It shall be a defense to any action brought by Indemnatee against Brand Pharma to enforce this Agreement that it is not permissible under applicable law for Brand Pharma to indemnify Indemnatee for the amount claimed.

(ii) In connection with any action or any determination by the Reviewing Party or otherwise as to whether Indemnatee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on Brand Pharma.

(iii) Neither the failure of the Reviewing Party to have made a determination prior to the commencement of such action by Indemnatee that indemnification of the Indemnatee is proper under the circumstances because Indemnatee has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party that the Indemnatee had not met such applicable standard of conduct, shall, of itself, be a defense to the action or create a presumption that the Indemnatee has not met the applicable standard of conduct.

(iv) For purposes of this Agreement, to the fullest extent permitted by law, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that Indemnatee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

(v) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnatee by the management of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an

independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 4(c)(v) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in applicable law.

(vi) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

(vii) Brand Pharma shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Agreement that the procedures or presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any court or before any arbitrator that Brand Pharma is bound by all the provisions of this Agreement.

5. Indemnification for Expenses Incurred in Enforcing Rights. In addition to Indemnitee's rights under Section 4(b)(iv), Brand Pharma shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee:

(a) for indemnification or advance payment of Expenses under any agreement to which Brand Pharma or any of its Affiliates is a party (other than this Agreement) or under applicable law, Mallinckrodt plc's Articles of Association or the Brand Pharma Organizational Documents now or hereafter in effect relating to indemnification or advance payment of Expenses for Indemnifiable Events (it being specified, for the avoidance of doubt, that this clause (a) shall not be deemed to provide Indemnitee with a right to the indemnification or advance payment of Expenses being sought in such action), and/or

(b) for recovery under directors' and officers' liability insurance policies maintained by Mallinckrodt plc,

but, in either case, only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or expense advance or insurance recovery, as the case may be. In addition, Brand Pharma shall, if so requested by Indemnitee, advance the foregoing Expenses and any Expenses incurred in any action brought pursuant to Section 4 to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee shall, if a claim in respect thereof is to be made against Brand Pharma under this Agreement, notify Mallinckrodt plc and Brand Pharma of the commencement thereof; but the omission so to notify Mallinckrodt plc and Brand Pharma will not relieve Brand Pharma from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies Mallinckrodt plc and Brand Pharma of the commencement thereof, Brand Pharma will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent Brand Pharma so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from Brand Pharma to Indemnitee of its election to assume the defense of

any Proceeding, Brand Pharma shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from Brand Pharma of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of legal counsel by Indemnitee has been authorized by Brand Pharma, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and Brand Pharma in the defense of the Proceeding, (iii) after a Change in Control, the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) Brand Pharma shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases all Expenses of the Proceeding shall be borne by Brand Pharma. Brand Pharma shall not be entitled to assume the defense of any Proceeding (x) brought by or on behalf of Mallinckrodt plc or Brand Pharma, (y) as to which Indemnitee shall have made the determination provided for in (ii) above or (z) after a Change in Control (it being specified, for the avoidance of doubt, that Brand Pharma may assume defense of any such proceeding described in this sentence with Indemnitee's consent, provided that any such consent shall not affect the rights of Indemnitee under the foregoing provisions of this Section 6(b)).

(c) Settlement of Claims. Brand Pharma shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without Brand Pharma's written consent, such consent not to be unreasonably withheld; provided, however, that if a Change in Control has occurred, Brand Pharma shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. Brand Pharma shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Brand Pharma shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if Brand Pharma was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; Brand Pharma's liability hereunder shall not be excused if assumption of the defense of the Proceeding by Brand Pharma was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control Brand Pharma shall, upon written request by Indemnitee, create a trust for the benefit of the Indemnitee (the "Trust") and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request (a) to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event and (b) to be indemnifiable pursuant to this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of the Indemnitee, (ii) the Trustee (as defined below) shall advance, within five business days of a request by the Indemnitee, any and all Expenses to the Indemnitee on the same terms and conditions as provided in Section 2(c) (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse Brand Pharma under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by Brand Pharma in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement, and (v) all unexpended funds in the Trust shall revert to

Brand Pharma upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The trustee of the Trust (the "Trustee") shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve Brand Pharma of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by Brand Pharma for federal, state, local, and foreign tax purposes. Brand Pharma shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorney's fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under Mallinckrodt plc's Articles of Association, the separate deed of indemnification which Indemnitee has with Mallinckrodt plc, the Brand Pharma Organizational Documents, applicable law or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under Mallinckrodt plc's Articles of Association, the separate deed of indemnification which Indemnitee has with Mallinckrodt plc, the Brand Pharma Organizational Documents, applicable law or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Continuation of Contractual Indemnity or Period of Limitations. All agreements and obligations of Brand Pharma contained herein shall continue for so long as Indemnitee shall be subject to, or involved in, any proceeding for which indemnification is provided pursuant to this Agreement. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of Brand Pharma or any Affiliate of Brand Pharma against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by the laws of Delaware under the circumstances. Any claim or cause of action of Brand Pharma or its Affiliate shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern.

10. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever (other than pursuant to the terms hereof), Brand Pharma, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by Mallinckrodt plc and Brand Pharma, on one hand, and Indemnitee, on the other hand, as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of Mallinckrodt plc and Brand Pharma (and their respective directors, officers, employees and agents), on one hand, and Indemnitee, on the other hand, in connection with such event(s) and/or transaction(s).

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, Brand Pharma shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable Brand Pharma effectively to bring suit to enforce such rights.

13. No Duplication of Payments. Brand Pharma shall not be liable under this Agreement to make any payment in connection with any claim made by Indemnatee to the extent Indemnatee has otherwise received payment (under any insurance policy, Mallinckrodt plc's Articles of Association, the separate deed of indemnification which Indemnatee has with Mallinckrodt plc, the Brand Pharma Organizational Documents or otherwise) of the amounts otherwise indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Brand Pharma), assigns, spouses, heirs, and personal and legal representatives. Brand Pharma shall require and cause any successor thereof (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Brand Pharma, by written agreement in form and substance satisfactory to Indemnatee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Brand Pharma would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnatee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding or is deceased and shall inure to the benefit of the heirs, executors, administrators, legatees and assigns of such a person.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of Delaware applicable to contracts made and to be performed in such State without giving effects to its principles of conflicts of laws.



17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and address to Brand Pharma at:

Mallinckrodt Brand Pharmaceuticals, Inc.  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: Secretary  
Facsimile: 314-654-5366

If to Mallinckrodt plc, to:

Mallinckrodt plc  
Damastown  
Mulhuddart  
Dublin 15  
Ireland  
Attn: General Counsel  
Facsimile: +352-266-379-92

and

Mallinckrodt  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: General Counsel  
Facsimile: 314-654-5366

And to Indemnitee at:

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as the day specified above.

MALLINCKRODT BRAND PHARMACEUTICALS, INC.

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By:  
Its:

INDEMNITEE

---

Typed Name:



, 2013

Dear Covidien Shareholder:

Previously, we announced plans to spin off our Pharmaceuticals business into a separate, publicly traded company, which we have named Mallinckrodt plc. As two distinct businesses, Covidien and Mallinckrodt will be better positioned to capitalize on significant growth opportunities and provide greater focus on their respective businesses and strategic priorities.

Both of these companies have businesses with industry-leading products and services. Following the separation, Covidien will continue to be a global medical devices and supplies company with products and services designed to enhance the quality of life for patients and improve outcomes for our customers, and Mallinckrodt will be a leading developer, manufacturer and distributor of specialty pharmaceutical products. As independent, publicly owned companies, Covidien and Mallinckrodt each will be able to pursue and focus on its own strategic and operational plans, including setting an optimal level of investment in research and development projects and in the operation and expansion of its businesses and creating a business-appropriate capital structure.

The separation will provide current Covidien shareholders with ownership interests in both Covidien and Mallinckrodt. The distribution is subject to certain conditions, including the continued validity of the private letter ruling received from the United States Internal Revenue Service and the receipt of an opinion of tax counsel confirming that the distribution and certain transactions entered into in connection with the distribution generally will be tax-free to Covidien and its shareholders for U.S. federal income tax purposes, except for cash received in lieu of fractional shares.

As a result of the separation, each Covidien shareholder will receive one ordinary share of Mallinckrodt for every [—] Covidien ordinary shares held on [—], 2013, the record date for the distribution, with cash being paid in lieu of fractional shares. You do not need to take any action to receive ordinary shares of Mallinckrodt to which you are entitled as a Covidien shareholder. You do not need to pay any consideration or surrender or exchange your Covidien ordinary shares.

I encourage you to read the attached information statement, which is being provided to all Covidien shareholders who hold ordinary shares on [—], 2013. The information statement describes the separation in detail and contains important business and financial information about Mallinckrodt.

I believe the separation is a positive progression for our businesses and our shareholders. We remain committed to working on your behalf to continue to build long-term shareholder value.

Sincerely,

José E. Almeida  
Chairman of the Board, President and Chief Executive Officer  
Covidien plc

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, 2013

Dear Future Mallinckrodt Shareholder:

On behalf of the entire Mallinckrodt plc team, I welcome you as a future shareholder.

We are a global company that develops, manufactures, markets and distributes both branded and generic specialty pharmaceuticals, active pharmaceutical ingredients and diagnostic imaging agents. Our specialty pharmaceuticals products are sold to major wholesalers and retail drug store chains. We use our active pharmaceutical ingredients products in the manufacture of our generic pharmaceuticals and also sell them to other pharmaceutical companies. We market our global medical imaging products primarily to physicians, technologists and purchasing administrators at hospitals, imaging centers, cardiology clinics and radiopharmacies.

As an independent company, we will be able to pursue our own strategic and operational plans, including setting an optimal level of investment in research and development projects and in the operation and expansion of our businesses and creating a business-appropriate capital structure. We anticipate that this will improve our ability to invest in our business and continue to develop innovative new products, pursue strategic transactions, enhance our market recognition with investors and increase our ability to attract and retain employees by providing compensation more directly tied to our business results. Our focused management team is highly motivated to make a difference in healthcare, as we enhance value for our customers and shareholders.

I encourage you to learn more about us and our strategic initiatives by reading the attached information statement. We intend to apply for authorization to list our ordinary shares on the New York Stock Exchange under the symbol "MNK."

We look forward to serving our customers and patients, as well as rewarding our shareholders, as we begin a new and exciting chapter for our company.

Sincerely,

Mark Trudeau  
President and Chief Executive Officer  
Mallinckrodt plc

**Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the United States Securities and Exchange Commission under the United States Securities Exchange Act of 1934, as amended.**

**Preliminary and Subject to Completion, dated May 8, 2013**

## **INFORMATION STATEMENT**

# **Mallinckrodt plc**

This information statement is being furnished in connection with the distribution of ordinary shares of Mallinckrodt plc (“Mallinckrodt”), which will hold the Pharmaceuticals business of Covidien plc (“Covidien”), to Covidien’s shareholders.

For every [—] ordinary shares of Covidien held of record by you as of the close of business on [—], 2013, the record date for the distribution (the “record date”), you will receive one ordinary share of Mallinckrodt. You will receive cash in lieu of any fractional ordinary shares of Mallinckrodt which you would have received after application of the above ratio. We expect our ordinary shares to be distributed to you on [—], 2013. We refer to the date of the distribution of our ordinary shares as the “distribution date.” As discussed under “The Separation—Trading Between the Record Date and Distribution Date,” if you sell your ordinary shares of Covidien in the “regular-way” market after the record date and before the distribution date, you also will be selling your right to receive ordinary shares of Mallinckrodt in connection with the separation.

The distribution is intended to be tax-free to Covidien shareholders for United States federal income tax purposes, except for cash received in lieu of fractional shares. The distribution is subject to certain conditions, including the continued validity of the private letter ruling received from the U.S. Internal Revenue Service (“IRS”) and the receipt of an opinion of tax counsel confirming that the distribution and certain transactions entered into in connection with the distribution generally will be tax-free to Covidien and its shareholders for U.S. federal income tax purposes, except for cash received in lieu of fractional shares.

No further vote of Covidien’s shareholders is required in connection with the separation. Therefore, you are not being asked for a proxy, and you are requested not to send us a proxy, in connection with the separation. You do not need to pay any consideration, exchange or surrender your existing ordinary shares of Covidien or take any other action to receive your ordinary shares of Mallinckrodt.

There is no current trading market for our ordinary shares, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and we expect “regular-way” trading of our ordinary shares to begin on the first trading day following the completion of the separation. We intend to apply for authorization to list our ordinary shares on the New York Stock Exchange (“NYSE”) under the symbol “MNK.”

**In reviewing this information statement, you should carefully consider the matters described under “[Risk Factors](#)” beginning on page 20.**

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

**This document is not a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended) or the Prospectus Directive (2003/71/EC). No offer of shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, as amended) or the Prospectus Directive (2003/71/EC). This document has not been approved or reviewed by or registered with the Central Bank of Ireland. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Capital Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC). Neither Covidien nor Mallinckrodt is an authorized investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.**

The date of this information statement is \_\_\_\_\_, 2013.

This information statement was first mailed to Covidien shareholders on or about \_\_\_\_\_, 2013.

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**Presentation of Information**

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Mallinckrodt assumes the completion of all of the transactions referred to in this information statement in connection with the separation. Unless the context otherwise requires, references in this information statement to “Mallinckrodt plc,” “Mallinckrodt public limited company,” “Mallinckrodt Pharmaceuticals,” “Mallinckrodt,” “we,” “us,” “our,” “our company” and “the company” refer to Mallinckrodt plc, an Irish public limited company, and its combined subsidiaries. Unless the context otherwise requires, references to Mallinckrodt’s historical business and operations refer to the business and operations of Covidien’s Pharmaceuticals business as it was historically managed as part of Covidien and its subsidiaries prior to completion of the separation. Unless the context otherwise requires, references in this information statement to “Covidien” refer to Covidien plc, an Irish public limited company, and its consolidated subsidiaries, including the Pharmaceuticals business prior to completion of the separation. References in this information statement to the “separation” refer to the separation of the Pharmaceuticals business from Covidien’s other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Mallinckrodt, to hold the assets and liabilities associated with the Pharmaceuticals business after the distribution. References in this information statement to the “distribution” refer to the dividend on Covidien ordinary shares outstanding on the record date that will be satisfied by Mallinckrodt’s issuance of its ordinary shares to the persons entitled to receive the dividend. References to “dollars” or “\$” refer to U.S. dollars.

### **Trademarks and Trade Names**

We own or have rights to use the trademarks and trade names that we use in conjunction with the operation of our business. One of the more important trademarks that we own or have rights to use that appears in this information statement is “Mallinckrodt,” which is a registered trademark or the subject of pending trademark applications in the U.S. and other jurisdictions. Solely for convenience, we only use the <sup>™</sup> or <sup>®</sup> symbols the first time any trademark or trade name is mentioned. Such references are not intended to indicate in any way that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks and trade names. Each trademark or trade name of any other company appearing in this information statement is, to our knowledge, owned by such other company.

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### Use of Certain Terms

The following is a list indicating where certain terms that we use in this information statement are defined:

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API	8	Indenture	164
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BPCA	67	IPR&D	107
C.A.R.E.S. Alliance	56	IRB	67
Cardinal Health	22	IRS	Cover
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Compensation Committee	119	McKesson	22
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Covidien Change in Control Plan	138	methylphenidate	9
Covidien Compensation Committee	119	MIFSA	6
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Covidien Severance Plan	138	Mo-99	9
Covidien Supplemental Savings Plan	127	MRI	9
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## QUESTIONS AND ANSWERS ABOUT THE SEPARATION

***What is Mallinckrodt and why is Covidien separating its Pharmaceuticals business and distributing Mallinckrodt's ordinary shares?***

Mallinckrodt was incorporated in Ireland on January 9, 2013 for the purpose of holding Covidien's Pharmaceuticals business following the separation. The separation of Covidien's Pharmaceuticals business from Covidien and the distribution of Mallinckrodt ordinary shares to Covidien shareholders are intended to provide you with equity investments in two separate companies that will be able to focus on each of their respective businesses. We expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in "The Separation—Background" and "The Separation—Reasons for the Separation."

***Why am I receiving this document?***

Covidien is delivering this document to you because you were a holder of ordinary shares of Covidien on the record date of [—], 2013, and are entitled to receive one ordinary share of Mallinckrodt for every [—] ordinary shares of Covidien that you held at the close of business on the record date. We will not issue fractional shares in the distribution; you will receive cash in lieu of any fractional ordinary shares of Mallinckrodt which you would have received after application of the above ratio. This document will help you understand how the separation will affect your investment in Covidien and your investment in Mallinckrodt after the separation.

***How will the separation work?***

Currently, all of Mallinckrodt's issued shares are held beneficially by an Irish corporate services provider. Prior to the transfer by Covidien to us of our business, which will occur prior to the distribution, we will have no business operations. Covidien will transfer its Pharmaceuticals business to us in return for which we will issue shares to Covidien ordinary shareholders, pro rata to their respective holdings. For the purposes of Irish law, this will be treated as Covidien having made a dividend in specie, or a non-cash dividend, to its ordinary shareholders. In connection with these transactions, we will acquire the shares held beneficially by the Irish corporate services provider referred to above for no consideration and cancel these shares. Immediately following the distribution, the persons entitled to receive Mallinckrodt ordinary shares in the distribution will own all of our outstanding ordinary shares.

***Why is the separation of Mallinckrodt structured in this manner?***

Covidien believes that a distribution of Mallinckrodt ordinary shares that is tax-free to Covidien shareholders for U.S. federal income tax purposes is an efficient way to separate the Pharmaceuticals business of Covidien in a manner that will create long-term value for Covidien, Mallinckrodt and their respective shareholders.

***What is the record date for the distribution?***

The record date for the distribution will be [—], 2013.

***When will the distribution occur?***

We expect the distribution of our ordinary shares to occur on [—], 2013, to holders of record of ordinary shares of Covidien at the close of business on the record date.

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***What do shareholders need to do to participate in the distribution?***

**Shareholders of Covidien as of the record date will not be required to take any action to receive Mallinckrodt ordinary shares in the distribution, but you are urged to read this entire information statement carefully.** No shareholder approval of the distribution is required. **You are not being asked for a proxy.** You do not need to pay any consideration, exchange or surrender your existing ordinary shares of Covidien or take any other action to receive your ordinary shares of Mallinckrodt.

***Will I receive physical certificates representing ordinary shares of Mallinckrodt following the separation?***

No. Following the separation, we will not issue physical certificates representing our ordinary shares. If you own ordinary shares of Covidien as of the close of business on the record date, Covidien, with the assistance of Computershare Trust Company N.A. (“Computershare”), the distribution agent, will electronically distribute ordinary shares to you in book-entry form by way of registration in the “direct registration system” (if you hold the shares in your own name as a registered shareholder) or to your bank or brokerage firm on your behalf or through the systems of the Depository Trust Company (“DTC”) (if you hold the shares through a bank or brokerage firm that uses DTC). Computershare will mail you a book-entry account statement that reflects your ordinary shares of Mallinckrodt, or your bank or brokerage firm will credit your account for the Mallinckrodt ordinary shares. See “The Separation—When and How You Will Receive Mallinckrodt Ordinary Shares in the Distribution.”

***How many ordinary shares of Mallinckrodt will I receive in the distribution?***

You will receive one ordinary share of Mallinckrodt for every [—] ordinary shares of Covidien held at the record date. Based on approximately [—] million Covidien ordinary shares outstanding as of [—], 2013, a total of approximately [—] million ordinary shares of Mallinckrodt will be distributed. For additional information on the distribution, see “The Separation.”

***Will Mallinckrodt issue fractional ordinary shares in the distribution?***

No. We will not issue fractional shares in the distribution. Fractional shares that Covidien shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed ratably to those shareholders who would otherwise have been entitled to receive fractional shares.

***What are the conditions to the distribution?***

The distribution is subject to the following conditions, among others:

- the continued validity of the private letter ruling received from the IRS and the receipt of an opinion of tax counsel confirming that the distribution and certain transactions entered into in connection with the distribution generally will be tax-free to Covidien and its shareholders for U.S. federal income tax purposes except for cash received in lieu of fractional shares;
- the receipt of opinions, in form and substance acceptable to Covidien in its sole discretion and from an independent firm acceptable to Covidien in its sole discretion, with respect to the solvency of each of Covidien and Mallinckrodt and the satisfaction of legal capital requirements in connection with the separation;

- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation or any of the related transactions being in effect;
- the approval for listing on the NYSE of our ordinary shares to be delivered in the distribution having been obtained;
- the U.S. Securities and Exchange Commission (“SEC”) declaring effective the registration statement of which this information statement forms a part, with no order suspending the effectiveness of the registration statement in effect and no proceedings for such purposes pending before or threatened by the SEC;
- the mailing of this information statement to the holders of Covidien ordinary shares as of the record date for the distribution; and
- no other event or development existing or having occurred that, in the judgment of Covidien’s board of directors, in its sole discretion, makes it inadvisable to effect the separation and other related transactions.

As of the date of this information statement, the following additional condition has been satisfied:

- the debt financing contemplated to be obtained in connection with the separation, as described in the separation and distribution agreement, has been obtained.

We cannot assure you that any or all of these conditions will be met. For a complete discussion of all of the conditions to the distribution, see “The Separation—Conditions to the Distribution.”

***What is the expected date of completion of the separation?*** The completion and timing of the separation is dependent upon the satisfaction of a number of conditions. We expect our ordinary shares to be distributed after the close of trading on [—], 2013 to the holders of record of ordinary shares of Covidien at the close of business on the record date; however, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.

***Can Covidien decide to cancel the distribution even if all of the conditions have been met?*** Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See “The Separation—Conditions to the Distribution.” Until the distribution has occurred, Covidien has the right to terminate the distribution, even if all of the conditions are satisfied, if at any time the board of directors of Covidien determines that the distribution is not in the best interests of Covidien and its shareholders or that market conditions or other circumstances are such that it is not advisable at that time to separate the Pharmaceuticals business from the remainder of Covidien.

***What if I want to sell my Covidien ordinary shares or my Mallinckrodt ordinary shares?*** You should consult with your financial advisors, such as your broker, bank, other nominee or tax advisor.

If you decide to sell any ordinary shares of Covidien before the distribution date, you should make sure your broker, bank or other

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nominee understands whether you want to sell your ordinary shares of Covidien with or without your entitlement to Mallinckrodt ordinary shares pursuant to the distribution.

### ***What is “regular-way” and “ex-distribution” trading?***

Beginning on or shortly before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in ordinary shares of Covidien: a “regular-way” market and an “ex-distribution” market. Ordinary shares of Covidien that trade in the “regular-way” market will trade with an entitlement to ordinary shares of Mallinckrodt distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to ordinary shares of Mallinckrodt distributed pursuant to the distribution. Covidien cannot predict the trading prices of its ordinary shares before, on or after the distribution date.

### ***Where will I be able to trade ordinary shares of Mallinckrodt?***

We intend to apply for authorization to list our ordinary shares on the NYSE under the symbol “MNK.” We anticipate that trading in our ordinary shares will begin on a “when-issued” basis on or shortly before the record date and will continue up to and through the distribution date and that “regular-way” trading in our ordinary shares will begin on the first trading day following the completion of the separation. If trading begins on a “when-issued” basis, you may purchase or sell our ordinary shares up to and through the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices of our ordinary shares before, on or after the distribution date.

### ***What will happen to the listing of Covidien’s ordinary shares?***

Ordinary shares of Covidien will continue to trade on the NYSE after the distribution.

### ***Will the number of ordinary shares of Covidien that I own change as a result of the distribution?***

No. The number of ordinary shares of Covidien that you own will not change as a result of the distribution.

### ***Will the distribution affect the market price of my Covidien ordinary shares?***

Yes. As a result of the distribution, Covidien expects the trading price of Covidien ordinary shares immediately following the distribution to be lower than the “regular-way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the Pharmaceuticals business held by Mallinckrodt. Covidien believes that over time following the separation, assuming the same market conditions and the realization of the expected benefits of the separation, Covidien ordinary shares and Mallinckrodt ordinary shares should have a higher aggregate market value as compared to what the market value of Covidien ordinary shares would be if the separation did not occur. There can be no assurance, however, that such a higher aggregate market value will be achieved. This means, for example, that the combined trading prices of [—] Covidien ordinary shares and one ordinary share of Mallinckrodt after the distribution may be equal to, greater than or less than the trading price of one Covidien ordinary share before the distribution.

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### ***What are the material U.S. federal income tax consequences of the separation?***

The distribution is conditioned on the continued validity of the private letter ruling received by Covidien from the IRS (the “IRS ruling”) substantially to the effect that, for U.S. federal income tax purposes, (i) certain transactions to be effected in connection with the separation qualify as transactions under Sections 355 and/or 368(a) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and (ii) the distribution qualifies as a transaction under Sections 355 and 368(a)(1)(D) of the Code. This condition requires that the IRS ruling remain in full force and effect and not be modified or amended in any respect adversely affecting the intended tax-free treatment of the distribution and certain related transactions. The distribution is further conditioned on Skadden, Arps, Slate, Meagher & Flom LLP issuing an opinion (the “tax opinion”), in form and substance acceptable to Covidien, which tax opinion will rely on the effectiveness of the IRS ruling, to Covidien, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain transactions entered into in connection with the distribution will qualify as transactions under Sections 355 and/or 368(a) of the Code. See “The Separation—Conditions to the Distribution.” Assuming that the distribution and certain related transactions will qualify as tax-free transactions under Sections 355 and/or 368(a) of the Code, for U.S. federal income tax purposes, except for gain realized on the receipt of cash paid in lieu of fractional shares, no gain or loss generally will be recognized by a Covidien shareholder, and no amount generally will be included in such Covidien shareholder’s taxable income, as a result of the separation. You should, however, consult your own tax advisor as to the particular tax consequences to you. The U.S. federal income tax consequences of the separation are described in more detail under “Material Tax Consequences—Material U.S. Federal Income Tax Consequences.”

### ***How will I determine my tax basis for U.S. federal income tax purposes in the Covidien ordinary shares I continue to hold and the Mallinckrodt ordinary shares I receive in the distribution?***

Assuming that the distribution is tax-free to Covidien shareholders, except for cash received in lieu of fractional shares, your tax basis for U.S. federal income tax purposes in the Covidien ordinary shares held by you immediately prior to the distribution will be allocated between such Covidien ordinary shares and the Mallinckrodt ordinary shares received by you in the distribution in proportion to the relative fair market values of each immediately following the distribution. Covidien will provide its shareholders with information to enable them to compute their tax basis in both the Covidien and Mallinckrodt ordinary shares. This information will be posted on Covidien’s website, [www.covidien.com](http://www.covidien.com).

### ***What are the material Irish tax consequences of the separation?***

Covidien shareholders that are not resident or ordinarily resident in Ireland for Irish tax purposes and do not hold their shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency will not be subject to Irish tax on chargeable gains on the receipt of new Mallinckrodt ordinary shares or cash in lieu of fractional shares pursuant to the transaction. Other Covidien shareholders will not be subject to Irish tax on chargeable gains on the receipt of new Mallinckrodt ordinary shares pursuant to the distribution but will be subject to Irish tax on chargeable gains on

the receipt of any cash in lieu of fractional shares. You should consult your own tax advisor as to the particular tax consequences to you. The Irish tax consequences of the separation are described in more detail under “Material Tax Consequences—Material Irish Tax Consequences.”

***What will Mallinckrodt’s relationship be with Covidien following the separation?***

In connection with the separation, we and Covidien will enter into a separation and distribution agreement and various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements will provide a framework for our relationship with Covidien after the separation and provide for the allocation between us and Covidien of Covidien’s assets, employees, liabilities and obligations (including its property, employee benefits, environmental liabilities and tax liabilities) attributable to periods prior to, at and after our separation from Covidien. For additional information regarding the separation and distribution agreement and other transaction agreements, see “Risk Factors—Risks Related to the Separation” and “Our Relationship with Covidien Following the Distribution.”

***Who will manage Mallinckrodt after the separation?***

Led by Mark Trudeau, who will be our President and Chief Executive Officer after the separation, our management team possesses deep knowledge of, and extensive experience in, our industry. Our management has been involved in strategic decisions with respect to Covidien’s Pharmaceuticals business and in establishing a vision for the future of Mallinckrodt. For more information regarding our management, see “Management.”

***Are there risks associated with owning Mallinckrodt ordinary shares?***

Yes. Our business is subject to both general and specific risks relating to our business, the industry in which we operate, our ongoing contractual relationships with Covidien and our status as a separate, publicly traded company. There also are risks relating to the separation, certain tax matters, our jurisdiction of incorporation and ownership of our ordinary shares. These risks are described in the “Risk Factors” section of this information statement beginning on page 20. You are encouraged to read that section carefully.

***Does Mallinckrodt plan to pay dividends?***

We currently intend to retain any earnings to finance research and development, acquisitions and the operation and expansion of our business, and do not anticipate paying any cash dividends for the foreseeable future. As a result, the return on your investment in our ordinary shares will be initially determined by increases and decreases in the market price of our ordinary shares. See “Dividends.”

***Will Mallinckrodt incur any debt prior to or at the time of the distribution?***

Yes. We anticipate having approximately \$923 million of indebtedness upon completion of the separation. In addition, Mallinckrodt International Finance S.A. (“MIFSA”), a wholly owned subsidiary of Covidien that will become our wholly owned subsidiary upon completion of the separation, has entered into an unsecured senior revolving credit facility allowing borrowings of up to \$250 million in the aggregate; we do not anticipate having any indebtedness outstanding under this facility upon completion of the

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separation. See “Description of Material Indebtedness” and “Risk Factors—Risks Related to Our Business.”

***Who will be the distribution agent, transfer agent, and registrar for the Mallinckrodt ordinary shares?***

Computershare will be the distribution agent, transfer agent, and registrar for our ordinary shares. For questions relating to the transfer or mechanics of the distribution, you should contact:

Computershare  
250 Royall Street  
Canton, MA 02021  
(877) 498-8861

***Where can I find more information about Covidien and Mallinckrodt?***

Before the distribution, if you have any questions relating to Covidien’s business performance, you should contact:

Covidien plc  
Investor Relations  
15 Hampshire Street  
Mansfield, MA 02048  
(508) 452-4650

After the distribution, our shareholders who have any questions relating to our business performance should contact us at:

Mallinckrodt plc  
Investor Relations  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
(314) 654-6650



## INFORMATION STATEMENT SUMMARY

*The following is a summary of material information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and our business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Mallinckrodt assumes the completion of all of the transactions referred to in this information statement in connection with the separation. Unless the context otherwise requires, references in this information statement to “Mallinckrodt plc,” “Mallinckrodt public limited company,” “Mallinckrodt Pharmaceuticals,” “Mallinckrodt,” “we,” “us,” “our,” “our company” and “the company” refer to Mallinckrodt plc, an Irish public limited company, and its combined subsidiaries. Unless the context otherwise requires, references to Mallinckrodt’s historical business and operations refer to the business and operations of Covidien’s Pharmaceuticals business as it was historically managed as part of Covidien and its subsidiaries prior to completion of the separation. Unless the context otherwise requires, references in this information statement to “Covidien” refer to Covidien plc, an Irish public limited company, and its consolidated subsidiaries, including the Pharmaceuticals business prior to completion of the separation. Except as otherwise indicated, references in this information statement to fiscal 2013, fiscal 2012, fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008 are to Mallinckrodt’s fiscal years ending or ended September 27, 2013, September 28, 2012, September 30, 2011, September 24, 2010, September 25, 2009 and September 26, 2008, respectively.*

*References in this information statement to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Pharmaceuticals business of Covidien as the business was conducted as part of Covidien and its subsidiaries prior to completion of the separation.*

### **Our Company**

We are a global company that develops, manufactures, markets and distributes both branded and generic specialty pharmaceuticals, active pharmaceutical ingredients (“API”) and diagnostic imaging agents. We use our API products in the manufacture of our generic pharmaceuticals and also sell them to other pharmaceutical companies. Our products are found in almost every hospital, standalone diagnostic imaging center or pharmacy in the U.S. and we have a sales presence in approximately 50 countries. Our diverse product portfolio and solid market positions reflect our 145-year history of pharmaceutical excellence with many innovations important for the treatment of pain, the development of the modern U.S. pharmaceuticals industry and the evolution of nuclear and diagnostic imaging.

During fiscal 2012, we generated net sales of approximately \$2.1 billion and net income of approximately \$134.6 million. Approximately 66% of our fiscal 2012 net sales were generated in the U.S. and 34% were generated outside of the U.S.

Upon completion of the separation, we will conduct our business under the name Mallinckrodt Pharmaceuticals through two operating segments:

Our *Specialty Pharmaceuticals* segment develops, manufactures and sells, through its Brands business, branded drugs, including EXALGO® (hydromorphone HCl) Extended-Release Tablets, which are indicated for the treatment of moderate to severe pain in opioid-tolerant patients requiring continuous around-the-clock opioid analgesia for an extended amount of time (“Exalgo”), and GABLOFEN® (baclofen injection), which are injections indicated for use in the management of severe spasticity of cerebral or spinal origin in patients age four years and above (“Gablofen”). Our Specialty Pharmaceuticals segment has a pipeline of multiple new pain products. We market our branded products in the U.S. to physicians including, for example, pain specialists, anesthesiologists, orthopedic surgeons, rheumatologists and neurologists, who prescribe them for their patients. We develop, manufacture and sell generic drugs, including a variety of products containing U.S. Drug

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Enforcement Administration (“DEA”) Schedule II and III controlled substances such as oxycodone, which is usually indicated alone for treatment of moderate to severe pain or in combination with acetaminophen for treatment of moderate to moderately severe pain; hydrocodone, which in combination with acetaminophen is most often indicated for the treatment of moderate to moderately severe pain; and methylphenidate, which is indicated for the treatment of attention deficit hyperactivity disorder (“ADHD”). We sell our generic products to wholesalers, large- and medium-sized retail pharmacy chains, food store chains with pharmacies, mail order pharmacies and through multiple other channels of distribution. Nearly all of our generic products are sourced from our own manufactured API, including controlled substances and acetaminophen, a pain reliever and fever reducer used to treat many conditions such as headache, muscle aches, arthritis, backache, toothaches, colds and fevers. We also manufacture and sell API to other pharmaceutical companies around the world.

Our *Global Medical Imaging* segment develops, manufactures and markets contrast media and delivery systems (“CMDS”). Our contrast media offerings include iodine- and gadolinium-containing injectable products for diagnostic imaging applications such as computed tomography (“CT”) and magnetic resonance imaging (“MRI”) under brand names including Optiray™ and Optimark™. These diagnostic imaging agents allow radiologists to improve the diagnostic capability of the CT and MRI scanners for certain types of imaging procedures. We package our contrast media in either pre-filled syringes or vials and bottles. Our pre-filled syringes fit into our power injectors, including the Optivantage™ DH, and allow the radiology staff to have greater throughput while maintaining a high degree of safety for patients. We sell our contrast media to hospitals and hospital groups and have contracts with group purchasing organizations (“GPOs”), primarily in the U.S., that provide access to large groups of hospitals, and to standalone diagnostic imaging centers. We market our contrast media products globally. Our Global Medical Imaging segment also develops, manufactures and markets nuclear imaging agents, such as Technescan MAG3™, a nuclear imaging agent that delivers both quantitative and qualitative information used to detect and evaluate a wide variety of renal disorders, primarily in the U.S. and Europe. In addition, we sell technetium-99m (“Tc-99m”) for use in our Ultra-Technekow™ DTE generators in the U.S. and Europe, as well as cold kits that are combined with these imaging agents to show cardiac function and the function of other organ systems. We are the only manufacturer of Tc-99m generators that processes molybdenum-99 (“Mo-99”). We also sell other radiopharmaceuticals, such as Octreoscan™, for the detection of certain types of cancer.

### **Our Competitive Strengths**

We believe we have the following strengths:

- *Expertise in the acquisition and importation of highly regulated raw materials, and strong regulatory relationships.* We have expertise in the acquisition and importation of highly regulated raw materials, such as opioids, other controlled substances and radioisotopes. For example, in 2012, we believe we received almost 40% of the DEA’s total annual quota for controlled substances that we manufacture. In 2012, our Generics business had an approximate 30% market share of DEA Schedule II and III opioid, oral solid doses, based on IMS Health data. The acquisition of certain raw materials and the processing of them into finished products requires a close collaboration with a wide variety of regulatory authorities including the DEA, U.S. Food and Drug Administration (“FDA”), U.S. Nuclear Regulatory Commission (“NRC”), European Medicines Agency and Irish Medicines Board, among many others. We have a long history of working with regulatory agencies to provide ongoing, reliable access to these highly regulated materials.
- *Specialized chemistry, development and formulation expertise which supports a sustainable, robust product pipeline.* We have specialized chemistry expertise for the formulation of new drug combinations and reformulation of existing drugs into a wide range of products, such as tablets, capsules, oral liquids and injectable products. In late 2009, we completed a significant upgrade to our formulation pilot plant in Webster Groves, Missouri. This expansion greatly enhanced our pharmaceutical formulation capability, which has resulted in a significant increase in both branded and generic formulations that have been approved by the FDA or that are in various stages of pre-clinical development, clinical development or regulatory review. On our Hazelwood, Missouri campus, we

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have a parenteral pilot plant focused on the reformulation of imaging agents for our Global Medical Imaging segment.

- *The broadest portfolio of generic products and controlled substance API for pain and a growing pipeline of branded pharmaceutical pain products.* Our Generics and API businesses have a strong position in the controlled substance generics market. We believe our Generics and API businesses offer the broadest product line of opioid and other controlled substances (primarily DEA Schedule II and III). Our strong market position is a result of the following:
  - i Formulation and manufacturing expertise in controlled substances and complex generics;
  - i Our commitment to investment in our research and development (“R&D”) infrastructure and capabilities has resulted in a pipeline of generic and branded controlled substances, many of which are long-acting or hard to formulate products, which are under development or pending approval by the FDA. For example, on December 28, 2012, we became the first company to receive approval from the FDA to manufacture and market in the U.S. a generic version of Concerta®, a branded pharmaceutical for the treatment of ADHD and a registered trademark of ALZA Corporation. Total gross sales of Concerta and its authorized generic version exceeded \$1.6 billion in the twelve months ended September 30, 2012, according to IMS Health data;
  - i Our strong position in controlled substance API and vertical integration from opioid raw materials to finished dosage forms; and
  - i U.S. importation restrictions of controlled substance API and finished products.
- *Solid market position in diagnostic imaging agents.* We believe that we are one of the top three participants globally in nuclear radiopharmaceutical products. We are one of only two manufacturers of Tc-99m generators (marketed under the brand name Ultra-Technekow DTE) in North America, one of only three in Europe and the only one on either continent that has its own Mo-99 processing facility, which provides cost and raw material supply advantages. In CMD5, we offer a fully integrated line of contrast media, pre-filled syringes and proprietary power injectors. Our leading contrast media product, Optiray, has been on the market for over 25 years and is differentiated in part by being offered in pre-filled syringes that fit our proprietary power injectors, which enhances clinician safety and reduces risks in medication management.
- *Distinctive high-quality manufacturing and distribution skills with vertical integration where there are competitive advantages.* Our manufacturing and supply chain capabilities enable highly efficient controlled substance tableting, packaging and distribution. Our investments include one of the world’s largest DEA Schedule C-II vault storage capacities for raw materials, intermediates and finished dosages. In our Global Medical Imaging segment, we have the capability to process Mo-99 for use in our Ultra-Technekow DTE (Tc-99m) generators and to manufacture cyclotron-derived isotopes such as thallium-201, indium-111, gallium-67, germanium-68 and iodine-123. In addition, we produce the large-volume terminally sterilized pre-filled plastic syringes that fit into our power injectors. Where appropriate, we have also pursued selective vertical integration initiatives to ensure our manufacturing and supply chain benefit from cost and productivity efficiencies, such as using several of our API products to provide the raw materials for some of our generic products.
- *Global commercial reach.* Our Global Medical Imaging segment operates throughout the world and its direct and indirect marketing and selling capabilities are tailored to business and geographic needs. Our Global Medical Imaging sales presence in approximately 50 countries has positioned us well for expansion.
- *Strong management team with extensive industry experience.* We benefit from having a management team with extensive experience in small, medium and large life sciences firms. Mark Trudeau, who will serve as our President and Chief Executive Officer, has more than 29 years of experience in the pharmaceuticals industry and Matthew Harbaugh, with over 20 years of financial experience, mostly in the life sciences field, will serve as our Senior Vice President and Chief Financial Officer.

## Our Strategy

Our strategy is to enhance growth and build shareholder value by increasing our core technical and commercial capabilities, expanding our product portfolio in pain management and imaging and selectively pursuing growth opportunities in adjacent markets through acquisitions, licensing arrangements and co-promotions.

We are committed to the following goals:

- *Grow sales faster than our Specialty Pharmaceuticals market segment.* We believe that our R&D investments in our Specialty Pharmaceuticals segment have positioned us to grow sales at a faster rate than the overall market growth rate.
- *Expand core product portfolio with new branded and generic products.* We intend to continue to focus on marketing our pain drugs (such as extended-release opioids and topical anti-inflammatories) and the drugs and pipeline we acquired as a result of our recent acquisition of CNS Therapeutics, Inc. (“CNS Therapeutics”) (such as Gablofen). We also have a pipeline of several branded pain management products that we intend to develop and bring to market. In addition, we believe that we can continue to expand our generic product portfolio of controlled substances, particularly in the pain market and the ADHD segment of the controlled substance market, especially those products that are difficult to formulate.
- *Enhance commercial and technical capabilities in branded pharmaceuticals.* We plan on enhancing our branded commercial infrastructure by focusing on a multi-pronged approach of near-term product launches, co-promotions, line extensions and selective acquisitions. Our intention is to increase our branded sales faster than our generic sales to drive margin expansion over the long term.
- *Grow into new, adjacent areas through acquisitions and targeted partnerships.* Our business development objectives are focused on targeted partnerships, as shown by our recent co-promotions and acquisitions (including, most recently, our acquisition of CNS Therapeutics), which we believe complement our core competencies and accelerate our organic growth initiatives. Our priority areas include co-promotions and licensing of existing product franchises, licensing of novel delivery mechanisms and technologies for existing drugs, expansion into targeted adjacent therapeutic markets such as central nervous system drugs, and broader distribution channels in developed and developing geographical markets.
- *Target growth in select markets.* We expect our manufacturing and global distribution and sales to enable our expansion beyond developed markets. We believe that our Specialty Pharmaceuticals segment is positioned for growth into select markets and that it will be able to leverage our Global Medical Imaging segment’s presence for expansion.

## Risks Associated with Mallinckrodt’s Business and the Separation

An investment in our ordinary shares is subject to a number of risks, including risks relating to the separation. The following list of risk factors is not exhaustive. Please read the information in the section captioned “Risk Factors” for a more thorough description of these and other risks.

### *Risks Related to Our Business*

- The DEA regulates the availability of controlled substances that are API, drug products under development and marketed drug products. At times, the procurement and production quotas granted by the DEA may be insufficient to meet our commercial and R&D needs.
- The manufacture of our products is highly exacting and complex, and our business could suffer if we, or our suppliers, encounter manufacturing or supply problems.

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- The global supply of fission-produced Mo-99 is limited. Our inability to obtain and/or to timely transport Mo-99 to our Tc-99m generator production facilities could prevent us from delivering our Ultra-Technekow DTE Tc-99m generators to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues or increased costs if we procure supply from other sources.
- In response to the U.S. National Security Administration's Global Threat Initiative, we are in the process of converting our Mo-99 production operation in the Netherlands from high enriched uranium ("HEU") targets to low enriched uranium ("LEU") targets. There can be no assurance that we will be successful in completing this conversion.
- Our customer concentration may materially adversely affect our financial condition and results of operations.
- Cost-containment efforts of our customers, purchasing groups, third-party payors and governmental organizations could materially adversely affect our net sales and results of operations.
- We may be unable to successfully develop or commercialize new products or adapt to a changing technology and diagnostic treatment landscape and, as a result, our results of operations may suffer.
- We may be unable to protect our intellectual property rights or we may be subject to claims that we infringe on the intellectual property rights of others.
- We face significant competition and may not be able to compete effectively.
- Any acquisitions of technologies, products and businesses may be difficult to integrate, could materially adversely affect our relationships with key customers and/or could result in significant impairment charges.
- We may incur product liability losses and other litigation liability.
- The implementation of healthcare reform in the U.S. may materially adversely affect us.
- Sales of our products are affected by the reimbursement practices of a small number of large public and private insurers. In addition, reimbursement criteria and the use of tender systems outside the U.S. could reduce prices for our products or reduce our market opportunities.
- Our reporting and payment obligations under the Medicare and/or Medicaid rebate program and other governmental purchasing and rebate programs are complex. Any determination of failure to comply with these obligations or those relating to healthcare fraud and abuse laws could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.
- Changes in laws and regulations may materially adversely affect us.
- Global economic conditions could harm us.
- Our global operations expose us to risks and challenges associated with conducting business internationally.
- Currency exchange rate fluctuations could materially adversely affect our business and results of operations.
- Our operations expose us to the risk of material health, safety and environmental liabilities, litigation and violations.
- If we are unable to retain our key personnel, we may be unable to maintain or expand our business.
- Our business depends on the continued effectiveness and availability of our information technology infrastructure, and failures of this infrastructure could harm our operations.

### ***Risks Related to the Separation***

- We have no recent history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be an accurate indicator of our future results of operations.

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- As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.
- Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the separation.
- We may have received more favorable or less favorable terms from unaffiliated third parties than the terms we will receive in our agreements with Covidien.
- Covidien may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.
- Potential indemnification liabilities to Covidien pursuant to the separation and distribution agreement could materially adversely affect us.
- We may not achieve some or all of the expected benefits of the separation, and the separation may materially adversely affect our business.
- Challenges in the commercial and credit environment may materially adversely affect our ability to issue debt on acceptable terms and our future access to capital.
- After the separation, we will have indebtedness, which could restrict our ability to pay dividends and have a negative impact on our financing options and liquidity position.
- We may need additional financing in the future to meet our capital needs or to make acquisitions, and such financing may not be available on favorable or acceptable terms, and may be dilutive to existing shareholders.
- No further vote of the Covidien shareholders is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive our ordinary shares in the distribution, your sole recourse will be to divest yourself of your Covidien ordinary shares prior to the record date.

### ***Risks Related to Tax Matters***

- If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, then Mallinckrodt, Covidien and Covidien's shareholders could be subject to significant tax liability or tax indemnity obligations.
- We could have significant tax liabilities under our tax matters agreement with Covidien, including for periods during which our subsidiaries and operations were those of Tyco International Ltd.
- Examination and audits by tax authorities, including the IRS, could result in additional tax payments.
- We may not be able to maintain a competitive worldwide effective corporate tax rate.

### ***Risks Related to Our Jurisdiction of Incorporation***

- Legislative action in the U.S. could materially adversely affect us.
- There is no guarantee that the High Court of Ireland approval of the creation of distributable reserves will be forthcoming.
- Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.
- Irish law imposes restrictions on certain aspects of capital management.

***Risks Related to Our Ordinary Shares***

- We cannot be certain that an active trading market for our ordinary shares will develop or be sustained after the separation, and following the separation, our share price may fluctuate significantly.
- A number of our ordinary shares are or will be eligible for future sale, which may cause our share price to decline.
- Your percentage of ownership in Mallinckrodt may be diluted.
- Certain provisions in our articles of association, among other things, could prevent or delay an acquisition of Mallinckrodt, which could decrease the trading price of our ordinary shares.

**The Separation**

On December 15, 2011, Covidien announced that it intended to separate its Pharmaceuticals business from the remainder of its business. On [—], 2013, the Covidien board of directors approved the transfer of Covidien’s Pharmaceuticals business to Mallinckrodt in return for Mallinckrodt issuing ordinary shares to Covidien shareholders on the basis of one ordinary share of Mallinckrodt for every [—] Covidien ordinary shares held on the record date.

Mallinckrodt plc was incorporated in Ireland on January 9, 2013 for the purpose of holding Covidien’s Pharmaceuticals business following the separation. Currently, all of our issued shares are held beneficially by an Irish corporate services provider. Immediately prior to the distribution, Covidien will transfer its Pharmaceuticals business to us in return for which we will issue shares to Covidien ordinary shareholders, pro rata to their respective holdings. Prior to the transfer by Covidien to Mallinckrodt plc of our business, we will have no business operations. In connection with these transactions, we will acquire the shares held beneficially by the Irish corporate services provider referred to above for no consideration and cancel these shares. Immediately following the distribution, the persons entitled to receive Mallinckrodt ordinary shares in the distribution will own all of our outstanding ordinary shares.

***Our Post-Separation Relationship with Covidien***

In connection with the separation, we and Covidien will enter into a separation and distribution agreement (the “separation and distribution agreement”) and various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements will provide a framework for our relationship with Covidien after the separation and provide for the allocation between us and Covidien of Covidien’s assets, employees, liabilities and obligations (including its property, employee benefits, environmental liabilities and tax liabilities) attributable to periods prior to, at and after our separation from Covidien. For additional information regarding the separation and distribution agreement and other transaction agreements, see “Risk Factors—Risks Related to the Separation” and “Our Relationship with Covidien Following the Distribution.”

***Reasons for the Separation***

The Covidien board of directors believes that separating the Pharmaceuticals business from the remainder of Covidien is in the best interests of Covidien and its shareholders for a number of reasons, including that:

- The separation will allow each of the Pharmaceuticals business and Covidien’s other businesses to focus on its own strategic and operational plans and capital structure without diverting human and financial resources to the other business or being constrained by a board and management that are also responsible for overseeing and furthering the objectives of the other business. The separation will also enhance the success of each business by reducing internal complexity and enabling each of Covidien and Mallinckrodt to avoid management, systemic and other problems that arise by operation of different businesses within the same corporate structure.

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- The separation will enable each of Covidien and Mallinckrodt to pursue the capital structure that is most appropriate for its business and business strategy. Each business has different capital requirements that cannot be optimally addressed with a single capital structure. The separation will permit each of Covidien and Mallinckrodt to pursue a different capital structure that results in a more efficient pricing of its equity in the financial markets.
- The separation will allow Covidien and Mallinckrodt to set new investor expectations for their respective businesses and separate financial prospects based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities and provide a more efficient currency for acquisitions.
- The separation will increase the effectiveness of the equity-based compensation programs of both Covidien and Mallinckrodt by tying the value of the equity compensation awarded to employees, officers or directors more directly to the performance of the business for which these individuals provide services.

The Covidien board of directors also considered a number of potentially negative factors in evaluating the separation, including that:

- As a current part of Covidien, we take advantage of certain functions performed by Covidien, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Covidien will not perform certain of these functions for us, and, because of our smaller scale as a standalone company, our cost of performing such functions will be higher than the amounts reflected in our historical financial statements, which will cause our profitability to decrease.
- The actions required to separate Covidien's and Mallinckrodt's respective businesses could disrupt our operations.
- Certain costs and liabilities that were otherwise less significant to Covidien as a whole will be more significant for us as a standalone company due to our being smaller than Covidien.
- We will incur costs in connection with the transition to being a standalone public company that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to Mallinckrodt, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; and (b) following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of Covidien, because our business will be less diversified than Covidien's business.
- In addition, under the terms of the tax matters agreement that we will enter into with Covidien, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as a tax-free or tax-favored transaction under applicable law for a period of time. During this period, these restrictions may limit our ability to pursue certain strategic transactions and equity issuances or engage in new business or other transactions that might increase the value of our business, over some period of time.
- As a current part of Covidien, we take advantage of Covidien's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Covidien obtained prior to completion of the separation.



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In determining to pursue the separation, the Covidien board of directors concluded that the potential benefits of the separation outweighed these factors. See “The Separation—Reasons for the Separation” and “Risk Factors.”

### **Corporate Information**

Our principal executive offices are located at 1st Floor, 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland. Our telephone number at this location is +353 (1) 438-1700. Our U.S. headquarters is located at 675 James S. McDonnell Blvd., Hazelwood, MO 63042. Our telephone number at this location is (314) 654-2000. Our website is [www.mallinckrodt.com](http://www.mallinckrodt.com).

### **Reason for Furnishing this Information Statement**

This information statement is being furnished solely to provide information to the shareholders of Covidien who will receive ordinary shares of Mallinckrodt in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Mallinckrodt’s securities. The information contained in this information statement is believed by Mallinckrodt to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Covidien nor Mallinckrodt will update this information except in the normal course of their respective disclosure obligations and practices.

This document does not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended) or the Prospectus Directive (2003/71/EC). No offer of shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to the Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, as amended) or the Prospectus Directive (2003/71/EC). This document has not been approved or reviewed by or registered with the Central Bank of Ireland. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Capital Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC). Neither Covidien nor Mallinckrodt is an authorized investment firm within the meaning of the European Communities (Markets Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.

## SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following table sets forth summary historical financial data for the periods indicated below. The combined income statement data for the three months ended December 28, 2012 and the combined balance sheet data at December 28, 2012 have been derived from our unaudited condensed combined financial statements included elsewhere in this information statement. The summary income statement data for each of the fiscal years in the three-year period ended September 28, 2012 and the summary balance sheet data as of September 28, 2012 and September 30, 2011 have been derived from our audited combined financial statements, which are included elsewhere in this information statement. The summary balance sheet data as of December 30, 2011 and September 24, 2010 have been derived from our unaudited combined financial statements that are not included in this information statement. The summary financial data should be read in conjunction with our combined financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this information statement.

The combined financial statements have been prepared by Covidien to present the historical operating assets, liabilities and related results of operations of its Pharmaceuticals business. The combined financial statements include all assets and liabilities related to the operation of the business and which were subject to oversight and review by management of the Pharmaceuticals business. The combined financial statements do not include certain corporate non-operating assets and liabilities, principally related to changes in the internal capital structure resulting from the internal reorganization of our legal entities to facilitate the separation. These non-operating assets and liabilities do not represent standalone businesses and primarily relate to intercompany transactions.

The following table also presents summary unaudited pro forma data. The pro forma data for the periods ended December 28, 2012 and September 28, 2012 assumes that the separation occurred on October 1, 2011, the first day of fiscal 2012. The pro forma balance sheet assumes that the separation occurred on December 28, 2012. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. Refer to the notes to the unaudited pro forma condensed combined financial statements and accompanying notes included elsewhere in this information statement for a discussion of adjustments reflected in the pro forma data.

The summary historical and unaudited pro forma data does not necessarily reflect what our results of operations and financial condition would have been had we operated as a separate, publicly traded company during the periods presented. In addition, they are not necessarily indicative of our future results of operations or financial condition.

### Non-GAAP Financial Measures

Adjusted EBITDA represents earnings from net income before interest, income taxes, depreciation and amortization, adjusted to exclude certain items. These items, if applicable, include discontinued operations; other income, net; separation costs; restructuring charges, net; immediately expensed up-front and milestone payments; acquisition related costs; and non-cash impairment charges. We have provided this non-GAAP financial measure because it is used by management, along with financial measures in accordance with accounting principles generally accepted in the U.S. (“GAAP”), to evaluate our operating performance. In addition, we believe it will be used by certain investors to measure our operating results. Management believes that presenting Adjusted EBITDA to investors provides useful information about our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance.

Adjusted EBITDA has the following limitations:

- it does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;

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- it does not reflect interest expense or the cash requirements necessary to service interest or principal payments;
- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should be considered supplemental to and not a substitute for net income or any other performance measures derived in accordance with GAAP. See our combined financial statements included elsewhere in this information statement for our GAAP results.

(Dollars in Millions)	Three Months Ended			Fiscal <sup>(1)</sup>			
	Pro forma for the Separation December 28, 2012	December 28, 2012 <sup>(2)</sup>	December 30, 2011 <sup>(3)</sup>	Pro forma for the Separation 2012	2012 <sup>(4)</sup>	2011 <sup>(5)</sup>	2010 <sup>(6)</sup>
<b>Combined Statement of Income Data:</b>							
Net sales	\$ 504.0	\$ 504.0	\$ 503.7	\$ 2,056.2	\$2,056.2	\$2,021.8	\$2,047.6
Gross profit	233.5	233.5	234.8	964.8	964.8	914.9	932.4
Operating income <sup>(7)</sup>	48.8	36.8	60.6	260.7	235.2	240.7	240.4
Income from continuing operations before income taxes	37.3	36.9	61.2	215.4	236.1	243.2	243.2
Income from continuing operations	24.5	19.8	36.6	150.2	141.3	157.0	145.9
<b>Combined Balance Sheet Data:</b>							
Total assets	\$ 3,249.0	\$ 3,058.2	\$ 2,807.1		\$2,874.6	\$2,823.4	\$2,888.3
Long-term debt	921.2	2.8	9.8		8.9	10.4	11.6
Parent company equity		2,113.7	1,838.4		1,891.9	1,788.7	1,835.9
<b>Other Financial Data:</b>							
Adjusted EBITDA <sup>(8)</sup>		\$ 82.7	\$ 100.0		\$ 402.8	\$ 371.8	\$ 366.1

<sup>(1)</sup> Fiscal 2011 includes 53 weeks, while fiscal 2012 and 2010 each include 52 weeks.

<sup>(2)</sup> The three months ended December 28, 2012 includes \$12.0 million of separation costs and \$1.0 million of restructuring and related charges, net.

<sup>(3)</sup> The three months ended December 30, 2011 includes \$5.9 million of restructuring and related charges, net and \$4.0 million of separation costs.

<sup>(4)</sup> Fiscal 2012 includes \$25.5 million of separation costs and \$19.2 million of restructuring and related charges, net.

<sup>(5)</sup> Fiscal 2011 includes \$10.0 million of restructuring and related charges, net and \$2.9 million of separation costs.

<sup>(6)</sup> Fiscal 2010 includes \$31.3 million of product liability charges and \$11.5 million of restructuring charges, net.

<sup>(7)</sup> During the first three months of fiscal 2013 and 2012, Covidien allocated to us general corporate expenses in the amount of \$11.9 million and \$10.8 million, respectively. During fiscal 2012, 2011 and 2010, Covidien allocated general corporate expenses to us in the amount of \$49.2 million, \$56.3 million and \$60.8 million, respectively, which are included in our historical results. General corporate expenses include, but are not limited to, costs related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation. Effective upon the separation, we will assume responsibility for all of these functions and related costs and anticipate our costs as a standalone entity will be higher than those allocated to us from Covidien. On an annual basis, these operating costs are estimated to be approximately \$40 million higher than the general corporate expenses historically allocated from Covidien to us. In addition, as part of Covidien, we shared in the costs of Covidien's international infrastructure. Our portions of these costs were \$10.5 million and \$9.5 million during the first fiscal quarters of 2013 and 2012, respectively. During fiscal 2012, 2011 and 2010 our portions of these costs were \$44.9 million, \$39.7 million and \$36.9 million, respectively. As a standalone company, we expect the recurring annual costs of our own international infrastructure to approximate the amount of costs incurred during fiscal 2012 as part of Covidien. No pro forma adjustments have been made to reflect the costs and expenses described in this paragraph because they are projected amounts based on judgmental estimates.

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(8) The following table provides a reconciliation of our net income to Adjusted EBITDA for the periods presented:

(Dollars in Millions)	Three Months Ended		Fiscal		
	December 28, 2012	December 30, 2011	2012	2011	2010
Net income	\$19.2	\$ 36.3	\$134.6	\$150.7	\$200.6
Interest expense (income), net	0.1	(0.1)	0.1	0.4	0.6
Provision for income taxes	17.1	24.6	94.8	86.2	97.3
Depreciation expense	24.8	24.9	103.6	92.8	90.8
Amortization expense	8.9	6.8	27.3	27.0	23.4
Loss (income) from discontinued operations, net of income taxes	0.6	0.3	6.7	6.3	(54.7)
Other income, net	(0.2)	(0.5)	(1.0)	(2.9)	(3.4)
Restructuring charges, net	0.2	3.7	11.2	8.4	11.5
Separation costs	12.0	4.0	25.5	2.9	—
Adjusted EBITDA	<u>\$82.7</u>	<u>\$100.0</u>	<u>\$402.8</u>	<u>\$371.8</u>	<u>\$366.1</u>

## RISK FACTORS

*You should carefully consider the following risks and other information in this information statement in evaluating us and our ordinary shares. Our competitive position, business, financial condition, results of operations and cash flows can be affected by the factors set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. The risk factors generally have been separated into five groups: risks related to our business, risks related to the separation, risks relating to tax matters, risks relating to our jurisdiction of incorporation and risks related to our ordinary shares.*

### Risks Related to Our Business

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The following discussion highlights some of these risks and others are discussed elsewhere in this information statement. These and other risks could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***The DEA regulates the availability of controlled substances that are API, drug products under development and marketed drug products. At times, the procurement and manufacturing quotas granted by the DEA may be insufficient to meet our commercial and R&D needs.***

The DEA is the federal agency responsible for domestic enforcement of the Controlled Substances Act of 1970 (“CSA”). The CSA classifies drugs and other substances based on identified potential for abuse. Schedule I controlled substances, such as heroin and LSD, have a high abuse potential and have no currently accepted medical use; thus, they cannot be lawfully marketed or sold. Schedule II or III controlled substances include molecules such as oxycodone, hydrocodone and methylphenidate. The manufacture, storage, distribution and sale of these controlled substances are permitted, but highly regulated.

The DEA regulates the availability of API for products under development and marketed drug products that are Schedule II or III by setting annual quotas. Every calendar year, we must apply to the DEA for manufacturing quota to manufacture API and procurement quota to manufacture finished dosage products.

Given that the DEA has discretion to grant or deny our manufacturing and procurement quota requests, the quota the DEA grants may be insufficient to meet our commercial and R&D needs. The initial hydrocodone manufacturing and procurement quota grants we received from the DEA for 2012 were below the amounts we requested and were therefore insufficient to meet customer demand. We subsequently requested supplemental manufacturing and procurement quota in March 2012. In April 2012, the DEA denied our supplemental hydrocodone manufacturing quota request (to manufacture API) but granted the full amount of our hydrocodone procurement quota request (to manufacture finished dosage products). While our Hobart, New York facility had sufficient hydrocodone procurement quota to manufacture finished dosage products, our St. Louis, Missouri facility did not have sufficient hydrocodone bulk API manufacturing quota, which resulted in our inability to fulfill third-party customer requests. Subsequently, the DEA published a revised proposed U.S. aggregate quota for bulk manufacture of hydrocodone, and in August 2012, we filed another supplemental hydrocodone manufacturing quota request. In October 2012, the DEA granted 78% of our requested amount. This hydrocodone bulk API manufacturing quota shortage resulted in lost sales, the amount of which was not significant. See “Business—Regulatory Matters—Drug Enforcement Administration.”

Any future delay or refusal by the DEA to grant, in whole or in part, our quota requests could delay or result in stopping the manufacture of our API and marketed drug products, new product launches or the conduct of bioequivalence studies and clinical trials. Such delay or refusal also could require us to allocate marketed drug products among our customers. These factors, along with any delay or refusal by the DEA to provide customers who purchase API from us with sufficient quota, could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***The manufacture of our products is highly exacting and complex, and our business could suffer if we, or our suppliers, encounter manufacturing or supply problems.***

The manufacture of our products is highly exacting and complex, due in part to strict regulatory and manufacturing requirements. Problems may arise during manufacturing for a variety of reasons including equipment malfunction, failure to follow specific protocols and procedures, defective raw materials and environmental factors. If a batch of finished product fails to meet quality standards during a production run, then that entire batch of product may have to be discarded. These problems could lead to backorders, increased costs (including contractual damages for failure to meet supply requirements), lost revenue, damage to customer relationships, time and expense spent investigating, correcting and preventing the root causes and, depending on the root causes, similar losses with respect to other products. In fiscal 2012, we experienced disruptions in supplying products to our customers due to a number of factors, including mechanical, capacity and packaging quality control issues and the implementation of a new production planning system at our Hobart, New York manufacturing facility. These issues resulted in higher than usual backorders and obligations to pay contractual damages for failure to meet supply requirements. During fiscal 2012, our Generics business incurred approximately \$13 million of expenses for such contractual damages, a substantial portion of which was attributable to the issues experienced at this facility. In the event that such problems are not discovered before the product is released to the market, we also could incur product recall and product liability costs. If we incur a product recall or product liability costs involving one of our products, such product could receive reduced market acceptance and thus reduced product demand and could harm our reputation and our ability to market our products in the future. Significant manufacturing problems could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***The global supply of fission-produced Mo-99 is limited. Our inability to obtain and/or to timely transport Mo-99 to our Tc-99m generator production facilities could prevent us from delivering our Ultra-Technekow DTE Tc-99m generators to our customers in the required quantities, within the required timeframe, or at all, which could result in order cancellations and decreased revenues or increased costs if we procure supply from other sources.***

Mo-99 is a critical ingredient of our Tc-99m generators. Mo-99 is produced in nuclear research reactors utilizing HEU or LEU targets. These targets, either tubular or flat and of varying sizes, are fabricated from HEU or LEU and, in either case, aluminum. The targets are placed in or near the core of the nuclear reactor where fission reactions occur resulting in the production of Mo-99 and other isotopes. This process, which takes approximately six days, is known as target irradiation. There are currently eight reactors around the world producing the global supply of Mo-99. We have agreements to obtain Mo-99 from three of these reactors and we rely predominantly on two of these reactors for our Mo-99 supply. These reactors are subject to scheduled and unscheduled shutdowns which can have a significant impact on the amount of Mo-99 available for processing. Mo-99 produced at these reactors is then finished at one of five processing sites located throughout the world, including our processing facility located in the Netherlands. At the processing facility, the targets are dissolved and chemically separated. In this process, the Mo-99 is isolated as a radiochemical. Once finished, Mo-99 must be transported to generator facilities where it is loaded into our Tc-99m generators that are sold, in the U.S., principally to nuclear radiopharmacies as well as hospitals and, in Europe and other markets, principally to hospitals, where single unit doses are then prepared. Mo-99 has a 66-hour half-life and decays primarily into Tc-99m, which has a half-life of only six hours. The radiopharmacies or hospitals prepare dosages from the Tc-99m generators for use in single photon emission computed tomography ("SPECT") imaging medical procedures. Given the product's radioactive decay, if we encounter delays in transporting Mo-99 to our generator facilities or if the generator facilities experience delays in loading Mo-99, we may be limited in the amount of Ultra-Technekow DTE generators that we could manufacture, distribute and sell, which could have a material adverse effect on our competitive position, business, financial condition, results of operation and cash flows.

In November 2012, one of the research reactors we use to irradiate targets as part of our Mo-99 processing operation experienced an unscheduled shutdown. The additional Mo-99 we are procuring from alternative sources comes at a higher than normal cost. While we expect the reactor to resume production in early June 2013,

should this shutdown overlap the time period during which another reactor is planned to shut down for routine maintenance, there may be an impact on the amount of available Mo-99, which could result in global shortages, continued increased raw material costs and decreased sales. While we are pursuing additional sources of Mo-99 from potential producers around the world to augment our current supply, it is not certain whether these possible additional sources of Mo-99 will produce commercial quantities of Mo-99 for our business, or that these suppliers, together with our current suppliers, will be able to deliver a sufficient quantity of Mo-99 to meet our needs.

***In response to the U.S. National Security Administration's Global Threat Initiative, we are in the process of converting our Mo-99 production operation in the Netherlands from HEU targets to LEU targets. There can be no assurance that we will be successful in completing this conversion.***

We currently use HEU targets for the production of Mo-99. In 2004, the U.S. National Security Administration established its Global Threat Initiative to, as quickly as possible, identify, secure, remove and/or facilitate the disposition of vulnerable, high-risk nuclear and radiological materials around the world. Included as one of the stated initiatives is the conversion by research reactors and isotope production facilities to LEU from HEU. We are in the process of converting our Mo-99 production operation in the Netherlands to LEU targets. However, there is no assurance that we will be successful in completing the conversion.

***Our customer concentration may materially adversely affect our financial condition and results of operations.***

We primarily sell our products to a limited number of wholesale drug distributors and large pharmacy chains. In turn, these wholesale drug distributors and large pharmacy chains supply products to pharmacies, hospitals, governmental agencies and physicians. Sales to two of our distributors that supply our products to many end user customers—Cardinal Health, Inc. (“Cardinal Health”) and McKesson Corporation (“McKesson”)—each accounted for 10% or more of our total net sales in each of the past three fiscal years. Additionally, AmerisourceBergen Corporation accounted for 10% of our total net sales in fiscal 2011 and 13% of our total net sales for the three months ended December 30, 2011. If we were to lose the business of these distributors, or if these distributors were to experience difficulty in paying us on a timely basis, this could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Cost-containment efforts of our customers, purchasing groups, third-party payors and governmental organizations could materially adversely affect our net sales and results of operations.***

In an effort to reduce cost, many existing and potential customers for our products within the U.S. have become members of GPOs and integrated delivery networks (“IDNs”). GPOs and IDNs negotiate pricing arrangements with healthcare product manufacturers and distributors and offer the negotiated prices to affiliated hospitals and other members. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process. Bids are generally solicited from multiple manufacturers with the intention of driving down pricing. Due to the highly competitive nature of the GPO and IDN contracting processes, there is no assurance that we will be able to obtain or maintain contracts with major GPOs and IDNs across our product portfolio. Furthermore, the increasing leverage of organized buying groups may reduce market prices for our products, thereby reducing our profitability. While having a contract with a GPO or IDN for a given product can facilitate sales to members of that GPO or IDN, having a contract is no assurance that sales volume of those products will be maintained. GPOs and IDNs increasingly are awarding contracts to multiple suppliers for the same product category. Even when we are the sole contracted supplier of a GPO or IDN for a certain product, members of the GPO or IDN generally are free to purchase from other suppliers. Furthermore, GPO and IDN contracts typically are terminable without cause upon 60 to 90 days' prior notice. Accordingly, although we have contracts with many major GPOs and IDNs, the members of such groups may choose to purchase from our competitors, which could result in a decline in our net sales and results of operations.

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Distributors of our products also have begun to negotiate terms of sale more aggressively in an effort to increase their profitability. Failure to negotiate distribution arrangements having advantageous pricing and other terms of sale could cause us to lose market share to our competitors and could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Outside the U.S., we have experienced pricing pressure due to the concentration of purchasing power in centralized governmental healthcare authorities and increased efforts by such authorities to lower healthcare costs. We frequently are required to engage in competitive bidding for the sale of our products to governmental purchasing agents. Our failure to offer acceptable prices to these customers could materially adversely affect our net sales and results of operations in these markets.

***We may be unable to successfully develop or commercialize new products or adapt to a changing technology and diagnostic treatment landscape and, as a result, our results of operations may suffer.***

Our future results of operations will depend to a significant extent upon our ability to successfully develop and commercialize new products in a timely manner. There are numerous difficulties in developing and commercializing new products, including:

- developing, testing and manufacturing products in compliance with regulatory and quality standards in a timely manner;
- receiving requisite regulatory approvals for such products in a timely manner, or at all;
- the availability, on commercially reasonable terms, of raw materials, including API and other key ingredients;
- developing and commercializing a new product is time-consuming, costly and subject to numerous factors, including legal actions brought by our competitors, that may delay or prevent the development and commercialization of new products;
- unanticipated costs;
- payment of prescription drug user fees to the FDA to defray the costs of review and approval of marketing applications for branded and generic drugs;
- experiencing delays as a result of limited resources at the FDA or other regulatory authorities;
- changing review and approval policies and standards at the FDA or other regulatory authorities; and
- potential delay in the commercializing of generic products by up to 30 months resulting from the listing of patents with the FDA.

As a result of these and other difficulties, products currently in development by us may or may not receive timely regulatory approvals, or approvals at all, as to one or more dosage strengths. This risk particularly exists with respect to the development of proprietary products because of the uncertainties, higher costs and length of time associated with R&D of such products and the inherent unproven market acceptance of such products. In addition, we face heightened risks in connection with our development of extended-release products because of the technical complexities and evolving regulatory and quality requirements related to such products. Moreover, the FDA regulates the facilities, processes and procedures used to manufacture and market pharmaceutical products in the U.S. Manufacturing facilities must be registered with the FDA and all products made in such facilities must be manufactured in accordance with current good manufacturing practice (“cGMP”) regulations enforced by the FDA. Compliance with cGMP regulations requires the dedication of substantial resources and requires significant expenditures. The FDA periodically inspects both our facilities and procedures to ensure compliance. The FDA may cause a suspension or withdrawal of product approvals if regulatory standards are not maintained. In the event an approved manufacturing facility for a particular drug is required by the FDA to curtail or cease operations, or otherwise becomes inoperable, obtaining the required FDA authorization to manufacture at the same or a different manufacturing site could result in production delays, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.



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With respect to generic products for which we are the first developer to have its application accepted for filing by the FDA and which filing includes a certification that the applicable patent(s) are invalid, unenforceable and/or not infringed (known as a “Paragraph IV certification”), our ability to obtain and realize the full benefits of six months of market exclusivity is dependent upon a number of factors, including, for example, being the first to file, the status of any litigation that might be brought against us as a result of our filing, or our not meeting regulatory, manufacturing or quality requirements or standards. If any of our products are not timely approved, or if we are unable to obtain and realize the full benefits of six months of market exclusivity for our products, or if our products cannot be successfully manufactured or timely commercialized, our results of operations could be materially adversely affected. In addition, we cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products.

Also, new products, including contrast agents, are being developed and existing products are being refined in the field of diagnostic imaging. Our own diagnostic imaging agents compete not only with other similarly administrated imaging agents, but also with imaging agents employed in different and often competing diagnostic modalities. New imaging agents in a given diagnostic modality may be developed that provide benefits superior to the then-dominant agent in that modality, resulting in commercial displacement. Similarly, changing perceptions about comparative efficacy and safety, including, among other things, with respect to comparative radiation exposure, and changing availability of supply may favor one agent over another or one modality over another.

***We may be unable to protect our intellectual property rights or we may be subject to claims that we infringe on the intellectual property rights of others.***

We rely on a combination of patents, trademarks, trade secrets, market exclusivity gained from the regulatory approval process and other intellectual property to support our business strategy. However, our efforts to protect our intellectual property rights may not be sufficient. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

Our pending patent applications may not result in the issuance of patents, or the patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors. Existing patents may be found to be invalid or insufficiently broad to preclude our competitors from using methods or making or selling products similar or identical to those covered by our patents and patent applications. Regulatory agencies may refuse to grant us the market exclusivity that we were anticipating, or may unexpectedly grant market exclusivity rights to other parties. In addition, our ability to obtain and enforce intellectual property rights is limited by the unique laws of each country. In some countries it may be particularly difficult to adequately obtain or enforce intellectual property rights, which could make it easier for competitors to capture market share in such countries by utilizing technologies and product features that are similar or identical to those developed or licensed by us. Competitors also may harm our sales by designing products that mirror the capabilities of our products or technology without infringing our patents. Competitors may diminish the value of our trade secrets by reverse engineering or by independent invention. Additionally, current or former employees may improperly disclose such trade secrets to competitors or other third parties. We may not become aware of any such improper disclosure, and, in the event we do become aware, we may not have an adequate remedy available to us.

We operate in an industry characterized by extensive patent litigation, and we may from time to time be a party to such litigation. In *Tyco Healthcare Group LP, et al. v. Mutual Pharmaceutical Company, Inc.*, we filed a patent infringement suit in the U.S. District Court for the District of New Jersey against Mutual Pharmaceutical Co., Inc., et al. (collectively, “Mutual”) on March 20, 2007 pursuant to procedures set out in the Drug Price Competition and Patent Term Restoration Act of 1984, after Mutual submitted an Abbreviated New Drug Application (“ANDA”) to the FDA seeking to sell a generic version of our 7.5 mg Restoril sleep aid product. Mutual also filed antitrust and unfair competition counterclaims. The patents at issue have since expired or been found invalid. On January 18, 2013, the trial court issued an opinion and order granting our motion for summary judgment regarding Mutual’s antitrust and unfair competition counterclaims; however, Mutual has the right to appeal this decision.

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The pursuit of or defense against patent infringement, such as the case discussed above, is costly and time-consuming and we may not know the outcomes of such litigation for protracted periods of time. We may be unsuccessful in our efforts to enforce our patent or other intellectual property rights. In addition, patent litigation can result in significant damage awards, including the possibility of treble damages and injunctions. Additionally, we could be forced to stop manufacturing and selling certain products, or we may need to enter into license agreements that require us to make significant royalty or up-front payments in order to continue selling the affected products. We can expect to face additional claims of patent infringement in the future. A successful claim of patent or other intellectual property infringement against us could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***We face significant competition and may not be able to compete effectively.***

The industries in which we operate are highly competitive. Competition takes many forms, such as price reductions on products that are comparable to our own, development, acquisition or in-licensing of new products that may be more cost-effective than or have performance superior to our products, and the introduction of generic versions when our proprietary products lose their patent protection or market exclusivity. See “Business—Competition” and “Business—Intellectual Property.” Our current or future products could be rendered obsolete or uneconomical as a result of this competition. Our failure to compete effectively could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Any acquisitions of technologies, products and businesses may be difficult to integrate, could materially adversely affect our relationships with key customers and/or could result in significant impairment charges.***

We regularly review potential acquisitions of technologies, products and businesses complementary to our business. Acquisitions typically entail many risks and could result in difficulties in integrating operations, personnel, technologies and products. If we are not able to successfully integrate our acquisitions, we may not obtain the advantages and synergies that the acquisitions were intended to create, which may have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Moreover, the due diligence that we conduct in conjunction with an acquisition may not sufficiently discover risks and contingent liabilities associated with the acquisition target and, consequently, we may consummate an acquisition for which the risks and contingent liabilities are greater than were projected. In addition, in connection with acquisitions, we could experience disruption in our business, technology and information systems, and our customer or employee base, including diversion of management’s attention from our continuing operations. There is also a risk that key employees of companies that we acquire or key employees necessary to successfully commercialize technologies and products that we acquire may seek employment elsewhere, including with our competitors. Furthermore, there may be overlap between our products or customers and the companies which we acquire that may create conflicts in relationships or other commitments detrimental to the integrated businesses. Additionally, the time between our expenditures to acquire new products, technologies or businesses and the subsequent generation of revenues from those acquired products, technologies or businesses (or the timing of revenue recognition related to licensing agreements and/or strategic collaborations) could cause fluctuations in our financial performance from period to period. Finally, if we are unable to successfully integrate products, technologies, businesses or personnel that we acquire, we could incur significant impairment charges or other adverse financial consequences.

***We may incur product liability losses and other litigation liability.***

We are or may be involved in various legal proceedings and certain government inquiries and investigations, including, but not limited to, patent infringement, product liability, antitrust matters, breach of contract, Medicare and/or Medicaid reimbursements claims, or compliance with laws relating to marketing and sales or controlled substance distribution practices, including those relating to the establishment of suspicious order monitoring (“SOM”) programs. Such proceedings, inquiries and investigations may involve claims for, or

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the possibility of fines and penalties involving substantial amounts of money or other relief, including but not limited to civil or criminal fines and penalties and exclusion from participation in various government healthcare-related programs. If any of these legal proceedings, inquiries or investigations were to result in an adverse outcome, the impact could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

With respect to product liability and clinical trial risks, in the ordinary course of business we are subject to liability claims and lawsuits, including potential class actions, alleging that our marketed products or products in development have caused, or could cause, serious adverse events or other injury. Any such claim brought against us, with or without merit, could be costly to defend and could result in an increase in our insurance premiums. We retain liability for the first \$2.5 million per claim and purchase, through a combination of primary and umbrella/excess liability policies, \$300 million of coverage beyond the retained liabilities. We believe this coverage level is adequate to meet our current business exposure. However, some claims brought against us might not be covered by our insurance policies. Moreover, where the claim is covered by our insurance, if our insurance coverage is inadequate, we would have to pay the amount of any settlement or judgment that is in excess of our policy limits. We may not be able to obtain insurance on terms acceptable to us or at all since insurance varies in cost and can be difficult to obtain. Our failure to maintain adequate insurance coverage or successfully defend against product liability claims could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### ***The implementation of healthcare reform in the U.S. may materially adversely affect us.***

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "Healthcare Reform Act"), was enacted into law in the U.S. The Healthcare Reform Act contains a number of provisions that affect coverage and reimbursement of drug products and the medical imaging procedures in which our drug products are used. For example, the Healthcare Reform Act includes a provision that imposes a \$28 billion fee on the branded pharmaceutical industry over nine years starting in 2011 and a \$2.8 billion annual fee on the branded pharmaceutical industry thereafter. To the extent that the market share of our Brands business grows, the portion of this fee that we will be obligated to pay will increase.

There can be no assurance that the Healthcare Reform Act as currently enacted will not materially adversely affect our competitive position, business, financial condition, results of operations and cash flows, nor can we predict with certainty how federal or state legislative or administrative changes relating to healthcare will affect our business.

### ***Sales of our products are affected by the reimbursement practices of a small number of large public and private insurers. In addition, reimbursement criteria and the use of tender systems outside the U.S. could reduce prices for our products or reduce our market opportunities.***

In fiscal 2012, approximately 64% of our gross sales were subject to various forms of rebates and chargebacks. Sales of our products depend, in part, on the extent to which the costs of our products are reimbursed by governmental health administration authorities, private health coverage insurers and other third-party payors. Our potential customers' ability to obtain appropriate reimbursement for products and services from these third-party payors affects the selection of products they purchase and the prices they are willing to pay. In addition, demand for new products may be limited unless we obtain reimbursement approval from governmental and private third-party payors prior to introduction. Reimbursement criteria, which vary by country, are becoming increasingly stringent and require management expertise and significant attention to obtain and maintain qualification for reimbursement.

In addition, a number of markets in which we operate have implemented or may implement tender systems in an effort to lower prices. Under such tender systems, manufacturers submit bids which establish prices for products. The company that wins the tender receives preferential reimbursement for a period of time. Accordingly, the tender system often results in companies underbidding one another by proposing low pricing in

order to win the tender. Certain other countries may consider implementation of a tender system. Even if a tender system is ultimately not implemented, the anticipation of such could result in price reductions. Failing to win tenders, or the implementation of similar systems in other markets leading to price declines, could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Our reporting and payment obligations under the Medicare and/or Medicaid rebate program and other governmental purchasing and rebate programs are complex. Any determination of failure to comply with these obligations or those relating to healthcare fraud and abuse laws could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.***

The regulations regarding reporting and payment obligations with respect to Medicare and/or Medicaid reimbursement and rebates and other governmental programs are complex. Because our processes for these calculations and the judgments used in making these calculations involve subjective decisions and complex methodologies, these calculations are subject to the risk of errors. In addition, they are subject to review and challenge by the applicable governmental agencies, and it is possible that such reviews could result in material adjustments to amounts previously paid.

Any governmental agencies that have commenced, or may commence, an investigation of Mallinckrodt relating to the sales, marketing, pricing, quality or manufacturing of pharmaceutical products could seek to impose, based on a claim of violation of fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties and possible exclusion from federal healthcare programs including Medicare and/or Medicaid. Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments—and even in the absence of any such ambiguity—a governmental authority may take a position contrary to a position we have taken, and may impose civil and/or criminal sanctions. There are two cases pending against us that allege generally that we and numerous other pharmaceuticals companies reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs. These cases, brought by state Attorneys General in Utah and Louisiana, generally seek monetary damages and attorneys' fees. We are named as a defendant in *State of Utah v. Actavis US, Inc., et al.*, filed May 8, 2008, which is pending in the Third Judicial Circuit of Salt Lake County, Utah and in *State of Louisiana v. Abbott Laboratories Inc., et al.*, filed November 3, 2010, which is pending in the 19th Judicial District, Parish of East Baton Rouge, Louisiana. While we intend to contest these cases and explore other options as appropriate, any such penalties or sanctions that we might receive in these or other actions could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Changes in laws and regulations may materially adversely affect us.***

The development, manufacture, marketing, sale, promotion, and distribution of our products are subject to comprehensive government regulation. Changes in laws and regulations could affect us in various ways. For example, both the federal and state governments have given increased attention to the public health issue of opioid abuse, overdose and diversion. At the federal level, the White House Office of National Drug Control Policy continues to coordinate efforts between the FDA, DEA and other agencies to address this problem. In January 2013, the FDA released draft guidance on incorporating abuse-deterrent characteristics into extended-release opioids and held an Advisory Committee meeting, at which the Advisory Committee recommended to the FDA that it reschedule hydrocodone/acetaminophen combination products from DEA Schedule III to Schedule II. From a compliance standpoint, the DEA continues to increase its efforts to hold manufacturers, distributors and pharmacies accountable through various enforcement actions as well as the implementation of compliance practices for controlled substances, including SOM activities for Schedule II opioids. In addition, many state legislatures continue to consider various bills intended to reduce opioid abuse, overdose and diversion, for example by establishing prescription drug monitoring programs, mandating prescriber education and prohibiting the substitution of generic versions of opioids that lack abuse-deterrent characteristics for branded products that

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have them. Future legislation and regulation in the markets that we serve could affect access to healthcare products and services, increase rebates, reduce prices or the rate of price increases for healthcare products and services, change healthcare delivery systems, create new fees and obligations for the pharmaceutical industry, or require additional reporting and disclosure. These and other changes in laws and regulations could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### ***Global economic conditions could harm us.***

Over the course of the last few years, global market and economic conditions have been unprecedented and challenging, with tighter credit conditions and recession in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession (including concerns that certain European countries may default on payments due on their national debt), energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and diminished expectations for developed and developing economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have resulted in a decrease in spending by businesses and consumers alike. Continued turbulence in the U.S. and international markets and economies and prolonged declines in consumer spending may materially adversely affect our liquidity and financial condition as well as our share price.

### ***Our global operations expose us to risks and challenges associated with conducting business internationally.***

We operate globally with offices or activities in Europe, Africa, Asia, South America, Australia and North America. We face several risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, U.S. laws such as the Foreign Corrupt Practices Act of 1977 (“FCPA”) and local laws which also prohibit corrupt payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws, there is a risk that some provisions may be violated, for example inadvertently or through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements or otherwise. Violations of these laws and regulations could result in fines or criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our results of operations. Our success depends, in part, on our ability to anticipate and prevent or mitigate these risks and manage difficulties as they arise.

In addition to the foregoing, engaging in international business inherently involves a number of other difficulties and risks, including:

- longer payment cycles in countries like Spain and Italy and difficulties in enforcing agreements and collecting receivables through certain non-U.S. legal systems;
- political and economic instability, including the risks and uncertainty associated with the current concerns regarding the stability of the Eurozone and the related possibility of sovereign defaults in countries such as Spain and Italy, and the possibility that such a default or the exit of one or more

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member countries from the Eurozone or from the European Union (“E.U.”) entirely may lead to difficulties for other members of the E.U.;

- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and trade barriers; and
- failure to successfully implement our new non-U.S. operating structure, and difficulties and costs of staffing and managing non-U.S. operations;

These or other factors or any combination of them may have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### ***Currency exchange rate fluctuations could materially adversely affect our business and results of operations.***

We do business and generate sales in numerous countries outside the U.S. As such, currency exchange rate fluctuations may affect the costs that we incur in such international operations. Some of our operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies relative to the U.S. dollar in those countries where we have operations could increase our costs and could harm our results of operations and financial condition. In addition, we report our operating results in U.S. dollars, so the appreciation of the U.S. dollar relative to such other currencies could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### ***Our operations expose us to the risk of material health, safety and environmental liabilities, litigation and violations.***

We are subject to numerous federal, state, local and non-U.S. environmental protection and health and safety laws and regulations governing, among other things:

- the generation, storage, use and transportation of hazardous materials;
- emissions or discharges of substances into the environment;
- investigation and remediation of hazardous substances or materials at various sites;
- chemical constituents in products and end-of-life disposal, mandatory recycling and take-back programs; and
- the health and safety of our employees.

We may not have been, or we may not at all times be, in full compliance with environmental and health and safety laws and regulations. In the event a regulatory authority concludes that we are not in full compliance with these laws, we could be fined, criminally charged or otherwise sanctioned. Environmental laws are becoming more stringent, including outside the U.S., resulting in increased costs and compliance burdens.

Certain environmental laws assess liability on current or previous owners of real property and current or previous owners or operators of facilities for the costs of investigation, removal or remediation of hazardous substances or materials at such properties or at properties at which parties have disposed of hazardous substances. Liability for investigative, removal and remedial costs under certain federal and state laws is retroactive, strict (i.e., can be imposed regardless of fault) and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. Certain radiological licenses at certain manufacturing sites owned by us require the establishment of decommissioning programs which will require remediation in accordance with regulatory requirements upon cessation of operations at such sites. We have received notification from the U.S. Environmental Protection Agency (the “EPA”) and similar state environmental agencies that conditions at a number of sites where we and others have disposed of hazardous substances require

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investigation, cleanup and other possible remedial action. These agencies may require that we reimburse the government for its costs incurred at these sites or otherwise pay for the costs of investigation and cleanup of these sites, including by providing compensation for natural resource damage claims arising from such sites.

In the ordinary course of our business planning process, we take into account our known environmental matters as we plan for our future capital and operating expenditures requirements. The ultimate cost of site cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. We concluded that, as of December 28, 2012, it was probable that we would incur remedial costs in the range of \$145.7 million to \$259.7 million. We concluded that, as of December 28, 2012, the best estimate within this range was \$145.8 million. This amount includes \$94.7 million at December 28, 2012 relating to a site located in Orrington, Maine which will be a liability of a Covidien entity following the separation. For more information, see “Unaudited Pro Forma Condensed Combined Financial Statements,” “Business—Environmental” and “Business—Legal Proceedings—Environmental Remediation and Litigation Proceedings.” Based upon information known to date, we believe our current capital and operating plans are adequate for costs associated with the investigation, cleanup and potential remedial action for our known environmental matters.

While we have planned for future capital and operating expenditures to comply with environmental laws, our costs of complying with current or future environmental protection and health and safety laws and regulations, or our liabilities arising from past or future releases of, or exposures to, hazardous substances may exceed our estimates or could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. We may also be subject to additional environmental claims for personal injury or cost recovery actions for remediation of facilities in the future based on our past, present or future business activities.

***If we are unable to retain our key personnel, we may be unable to maintain or expand our business.***

Because of the specialized scientific nature of our business, our ability to develop products and to compete with our current and future competitors will remain highly dependent, in large part, upon our ability to attract and retain qualified scientific, technical, regulatory and commercial personnel. The loss of key scientific, technical, regulatory and commercial personnel or the failure to recruit additional key scientific, technical, regulatory and commercial personnel could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. There is intense competition for qualified personnel in the areas of our activities, and we may not be able to continue to attract and retain the qualified personnel necessary for the development of our business.

***Our business depends on the continued effectiveness and availability of our information technology infrastructure, and failures of this infrastructure could harm our operations.***

To remain competitive in our industry, we must employ information technologies to support manufacturing processes, quality processes, distribution, R&D and regulatory applications that capture, manage and analyze, in compliance with applicable regulatory requirements, the large streams of data generated in our clinical trials. We rely extensively on technology to allow concurrent work sharing around the world. As with all information technology, our systems are vulnerable to potential damage or interruptions from fires, blackouts, telecommunications failures and other unexpected events, as well as to break-ins, sabotage or intentional acts of vandalism. Given the extensive reliance of our business on technology, any substantial disruption or resulting loss of data that is not avoided or corrected by our backup measures could harm our business, operations and financial condition.

## Risks Related to the Separation

***We have no recent history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be an accurate indicator of our future results of operations.***

The historical information about Mallinckrodt in this information statement refers to our business as operated by and integrated with Covidien. Our historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Covidien. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Our business has historically been operated by Covidien as part of its broader corporate organization, rather than as an independent company, particularly in relation to its non-U.S. locations. Covidien or one of its affiliates performed various corporate functions for Mallinckrodt, such as accounting, information technology and finance. Following the separation, Covidien will provide some of these functions to us for a period of time, as described in “Our Relationship with Covidien Following the Distribution.” Our historical and pro forma financial results reflect allocations of corporate expenses from Covidien for such functions and are likely to be less than the expenses we would have incurred had we operated as a separate, publicly traded company. In addition, we expect to incur additional annual expenses related to the separation, including with respect to, among other things, directors and officers liability insurance, director fees, reporting fees with the SEC, NYSE listing fees, transfer agent fees, increased auditing and legal fees, which expenses may be significant. We will need to make significant investments to replicate or outsource from other providers certain facilities, systems, infrastructure and personnel to which we will no longer have access after our separation from Covidien. These initiatives to develop our independent ability to operate without access to Covidien’s existing operational and administrative infrastructure will be costly to implement. We may not be able to operate our business efficiently or at comparable costs, and our profitability may decline;
- Generally, our working capital and capital for our general corporate purposes have historically been provided as part of the corporate-wide cash management policies of Covidien. Following the completion of the separation, we may need to obtain additional financing from lenders, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements;
- After the completion of the separation, the cost of capital for our business may be higher than Covidien’s cost of capital prior to completion of the separation; and
- Currently, we are able to use Covidien’s purchasing power in procuring various goods and services and has shared economies of scope and scale in vendor relationships. As a standalone company, we may be unable to obtain goods and services at the prices and terms obtained prior to completion of the separation, which could decrease our overall profitability.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from Covidien. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of our business, see “Unaudited Pro Forma Condensed Combined Financial Statements,” “Selected Historical Combined Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and accompanying notes included elsewhere in this information statement.



***As we build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.***

After the separation, we will continue to install and implement information technology infrastructure to support our critical business functions, particularly in relation to areas outside the U.S., including systems relating to accounting and reporting, manufacturing process control, customer service, inventory control and distribution. We may incur temporary interruptions in business operations if we cannot transition effectively from Covidien's existing transactional and operational systems and data centers and the transition services that support these functions as we replace these systems. We may not be successful in effectively and efficiently implementing our new systems and transitioning our data, and we may incur substantially higher costs for implementation than currently anticipated. Our failure to avoid operational interruptions as we implement the new systems and replace Covidien's information technology services, or our failure to implement the new systems and replace Covidien's services effectively and efficiently, could disrupt our business and could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the separation.***

Our financial results previously were included within the consolidated results of Covidien, and our reporting and control systems were appropriate for those of subsidiaries of a public company. Prior to the effectiveness of our registration statement on Form 10, we are not directly subject to reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 404 of the Sarbanes-Oxley Act of 2002. After the distribution, we will be subject to such reporting and other requirements, which will require, among other things, annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These and other obligations will place significant demands on our management, administrative and operational resources, including accounting and information technology resources.

To comply with these requirements, we anticipate that we will need to upgrade our systems, including computer hardware infrastructure, implement additional financial and management controls, reporting systems and procedures and hire additional accounting, finance and information technology staff. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired. Moreover, until we complete the creation of the corporate infrastructure necessary to operate as an independent public company, including hiring of additional staff and establishment of financial reporting information systems, we will be reliant on Covidien for services relating to some of our internal controls over financial reporting. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***We may have received more favorable or less favorable terms from unaffiliated third parties than the terms we will receive in our agreements with Covidien.***

We will enter into agreements with Covidien in connection with the separation, including a separation and distribution agreement, a transition services agreement, a tax matters agreement and an employee matters agreement. Since such agreements were negotiated in the context of a separation, the terms of such agreements may be more favorable or less favorable than the terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Our Relationship with Covidien Following the Distribution."

***Covidien may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.***

In connection with the separation, Mallinckrodt and Covidien will enter into a separation and distribution agreement and will enter into various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements are discussed in greater detail in “Our Relationship with Covidien Following the Distribution.” Certain of these agreements will provide for the performance of services by each company for the benefit of the other for a period of time after the separation. We will rely on Covidien to satisfy its performance and payment obligations under these agreements. If Covidien is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses.

If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services when the transaction or long-term agreements terminate, we may not be able to operate our business effectively and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services Covidien currently provides to us. These systems and services may also be more expensive or less efficient than the systems and services Covidien is expected to provide during the transition period.

***Potential indemnification liabilities to Covidien pursuant to the separation and distribution agreement could materially adversely affect us.***

The separation and distribution agreement with Covidien will provide for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the distribution and provisions governing the relationship between Mallinckrodt and Covidien following the separation. For a description of the separation and distribution agreement, see “Our Relationship with Covidien Following the Distribution—Separation and Distribution Agreement.” Among other things, the separation and distribution agreement will provide for indemnification obligations principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Covidien’s remaining business with Covidien, among other indemnities. If we are required to indemnify Covidien under the circumstances set forth in the separation and distribution agreement, we may be subject to substantial liabilities.

***We may not achieve some or all of the expected benefits of the separation, and the separation may materially adversely affect our business.***

We may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation is expected to provide the following benefits, among others: (i) the ability of each of Covidien and Mallinckrodt to focus on its own strategic and operational plans and capital structure; (ii) an appropriate capital structure for each of Covidien and Mallinckrodt; (iii) a distinct investment identity allowing investors to evaluate the merits, performance and future prospects of Mallinckrodt separately from Covidien; and (iv) more effective equity-based compensation and currency for acquisitions.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management’s time and effort, which may divert management’s attention from operating and growing our business; (b) following the separation, Mallinckrodt may be more susceptible to market fluctuations and other adverse events than if it were still a part of Covidien; (c) following the separation, our business will be less diversified than Covidien’s business prior to completion of the separation; and (d) the actions required to separate Covidien’s and Mallinckrodt’s respective businesses could disrupt our operations. If we fail to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***Challenges in the commercial and credit environment may materially adversely affect our ability to issue debt on acceptable terms and our future access to capital.***

Our ability to issue debt or enter into other financing arrangements on acceptable terms could be materially adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or if other significantly unfavorable changes in economic conditions occur. In addition, volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***After the separation, we will have indebtedness, which could restrict our ability to pay dividends and have a negative impact on our financing options and liquidity position.***

Immediately following the separation, we expect to bear a total combined indebtedness for borrowed money of approximately \$923 million. We may also incur additional indebtedness in the future. Our indebtedness may impose restrictions on us that could have material adverse consequences by:

- Limiting our ability to obtain additional financing in the future for working capital, capital expenditures and acquisitions;
- Limiting our ability to refinance our indebtedness on terms acceptable to us or at all;
- Imposing restrictive covenants on our operations;
- Requiring us to dedicate a significant portion of our cash flows from operations to paying the principal of and interest on our indebtedness, thereby reducing funds available for other corporate purposes; and
- Making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressures.

See “Description of Material Indebtedness.”

***We may need additional financing in the future to meet our capital needs or to make acquisitions, and such financing may not be available on favorable or acceptable terms, and may be dilutive to existing shareholders.***

We may need to seek additional financing for general corporate purposes. For example, we may need to increase our investment in R&D activities or need funds to make acquisitions. We may be unable to obtain any desired additional financing on terms that are favorable or acceptable to us. If we lose an investment grade credit rating or adequate funds are not available to us on acceptable terms, we may be unable to fund our expansion, successfully develop or enhance products, or respond to competitive pressures, any of which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. If we raise additional funds through the issuance of equity securities, our shareholders will experience dilution of their ownership interest.

***No further vote of the Covidien shareholders is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive our ordinary shares in the distribution, your sole recourse will be to divest yourself of your Covidien ordinary shares prior to the record date.***

No further vote of the Covidien shareholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our ordinary shares in the distribution, your only recourse will be to divest yourself of your Covidien ordinary shares prior to the record date for the distribution.

## Risks Related to Tax Matters

***If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, then Mallinckrodt, Covidien and Covidien's shareholders could be subject to significant tax liability or tax indemnity obligations.***

Covidien has received an IRS ruling substantially to the effect that, for U.S. federal income tax purposes, (i) certain transactions to be effected in connection with the separation qualify as transactions under Sections 355 and/or 368(a) of the Code, and (ii) the distribution qualifies as a transaction under Sections 355 and 368(a)(1)(D) of the Code. In addition to obtaining the IRS ruling, Covidien expects to receive a tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance acceptable to Covidien, which tax opinion will rely on the effectiveness of the IRS ruling, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain transactions entered into in connection with the distribution will qualify as transactions under Sections 355 and/or 368(a) of the Code. The continued validity of the IRS ruling and Covidien's receipt of the tax opinion is a condition to the completion of the distribution.

The IRS ruling relies and the tax opinion will rely on certain facts and assumptions, certain representations from Covidien and Mallinckrodt regarding the past and future conduct of their respective businesses and other matters, and certain undertakings made by Covidien and Mallinckrodt. Notwithstanding the IRS ruling and tax opinion, the IRS could determine on audit that the distribution should be treated as a taxable transaction if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the distribution should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the distribution, or if the IRS were to disagree with the conclusions of the tax opinion that are not covered by the IRS ruling. If the distribution is ultimately determined to be taxable, the distribution could be treated as a taxable dividend to you for U.S. federal income tax purposes, and you could incur significant U.S. federal income tax liability. In addition, Covidien and/or we could incur significant U.S. federal income tax liabilities or tax indemnification obligations, whether under applicable law or the tax matters agreement that we will enter into with Covidien (the "tax matters agreement"), if it is ultimately determined that certain related transactions undertaken in anticipation of the distribution are taxable.

***We could have significant tax liabilities under our tax matters agreement with Covidien, including for periods during which our subsidiaries and operations were those of Tyco International Ltd.***

Our tax returns are subject to examination by various tax authorities, including the IRS. The IRS is examining our U.S. federal income tax returns for periods during which certain of our subsidiaries and operations were those of Covidien. In addition, the IRS continues to examine the U.S. federal income tax returns of Tyco International Ltd. ("Tyco International") for periods during which certain of our subsidiaries and operations were those of Tyco International. Our potential liability under the tax matters agreement with Covidien for any taxes related to periods prior to the distribution (after taking into account certain tax benefits realized by us), including those which are subject to the provisions of the tax sharing agreement by and among Covidien, Tyco International and TE Connectivity Ltd. (the "Tyco tax sharing agreement"), is anticipated to be approximately \$150 million, and will be subject to an overall limitation of \$200 million. For a more detailed description of the tax matters agreement, see "Our Relationship with Covidien Following the Distribution—Tax Matters Agreement."

The resolution of the matters arising during periods in which certain of our subsidiaries and operations were subsidiaries and operations of Covidien will be subject to the provisions of the tax matters agreement with Covidien. Under the tax matters agreement with Covidien, Covidien will have the right to administer, control and settle, in its sole and absolute discretion, all tax audits that do not relate solely to non-U.S. taxes for periods prior to the separation that are not covered by the Tyco tax sharing agreement. The outcome of any such examination, and any associated litigation which might arise, is uncertain and could result in a significant increase in our liability for taxes arising during these periods, subject to the overall \$200 million limitation described above. The timing and outcome of

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such examination or litigation is highly uncertain and could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Under the tax matters agreement, Covidien will agree to provide to us information it receives related to examinations of tax matters for which we may be liable but we will not otherwise be permitted to control or participate in the settlement or defense or such examinations.

The resolution of the matters arising during periods in which certain of our subsidiaries and operations were subsidiaries and operations of Tyco International will be subject to the provisions of the tax matters agreement with Covidien and the Tyco tax sharing agreement. Under the Tyco tax sharing agreement, Covidien, Tyco International and TE Connectivity Ltd. are responsible for 42%, 27% and 31%, respectively, of U.S. income tax liabilities prior to the 2007 separation of Covidien, Tyco International and TE Connectivity Ltd. We are not a party to the Tyco tax sharing agreement. Under our tax matters agreement with Covidien we will, however, be liable for certain taxes relating to our subsidiaries and operations arising during periods governed by the Tyco tax sharing agreement. Although we will be liable to Covidien for certain taxes arising during periods governed by the Tyco tax sharing agreement, we will not be liable to Tyco International or TE Connectivity Ltd. under the Tyco tax sharing agreement, nor will we share in the receivable that Covidien has from Tyco International or TE Connectivity Ltd. In addition, Covidien will retain all reimbursements from Tyco International or TE Connectivity Ltd. pursuant to the Tyco tax sharing agreement, including reimbursements for taxes that are borne by us pursuant to the tax matters agreement with Covidien.

Under the Tyco tax sharing agreement, Tyco International has the right to administer, control and settle all U.S. income tax audits for periods prior to the separation from Tyco International. In connection with such examinations, tax authorities, including the IRS, have proposed tax adjustments. Tyco International has appealed certain of the proposed tax adjustments and it is our understanding that Tyco International intends to vigorously defend its previously filed tax returns. In the event that Tyco International is unable to resolve these issues in the IRS administrative process, Tyco International will likely contest the adjustments through litigation. The outcome of any such litigation is uncertain and could result in a significant increase in our liability for taxes arising during these periods, subject to the overall \$200 million limitation described above. While we believe that the amounts recorded as income taxes payable related to these adjustments are adequate, the timing and outcome of such litigation is highly uncertain and could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Under the tax matters agreement, Covidien will agree to provide to us information it receives from Tyco International related to examinations of tax matters for which we may be liable that are governed by the Tyco tax sharing agreement.

### ***Examination and audits by tax authorities, including the IRS, could result in additional tax payments.***

We provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions. It is Covidien's intention to vigorously defend our prior tax returns. However, the calculation of our tax liabilities involves the application of complex tax regulations to our global operations in many jurisdictions. Therefore, any dispute with a tax authority may result in a payment that is materially different from our current estimate of the tax liabilities associated with these returns. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the reserves generally would result in tax benefits being recognized in the period when we determine the reserves are no longer necessary. If our estimate of tax liabilities proves to be less than the amount for which we are ultimately liable, we would incur additional charges to expense and such charges could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### ***We may not be able to maintain a competitive worldwide effective corporate tax rate.***

We cannot give any assurance as to what our effective tax rate will be after the distribution, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where we operate. Our actual effective tax rate

may vary from our expectation and that variance may be material. Additionally, the tax laws of Ireland and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.

### **Risks Related to Our Jurisdiction of Incorporation**

#### ***Legislative action in the U.S. could materially adversely affect us.***

Legislative action may be taken by the U.S. Congress which, if ultimately enacted, could limit the availability of tax benefits or deductions that we currently claim, override tax treaties upon which we rely, or otherwise affect the taxes that the U.S. imposes on our worldwide operations. Such changes could materially adversely affect our effective tax rate and/or require us to take further action, at potentially significant expense, to seek to preserve our effective tax rate. In addition, if proposals were enacted that had the effect of limiting our ability as an Irish company to take advantage of tax treaties with the U.S., we could incur additional tax expense and/or otherwise incur business detriment.

#### ***There is no guarantee that the High Court of Ireland approval of the creation of distributable reserves will be forthcoming.***

While we currently do not intend for the foreseeable future to pay dividends, we may determine to pay dividends in the future, subject to applicable law. Under Irish law, dividends must be paid (and share repurchases must generally be funded) out of “distributable reserves,” which we will not have immediately following the distribution. See “Description of Mallinckrodt’s Share Capital—Dividends” and “Description of Mallinckrodt’s Share Capital—Share Repurchases and Redemptions.” Immediately after the separation, we will not have any “distributable reserves” but will have a significant amount of share premium. We intend to undertake an Irish legal process pursuant to which we will convert up to our entire share premium account to “distributable reserves.” This process will require the approval of the High Court of Ireland. Although we are not aware of any reason why the High Court of Ireland would not approve the creation of distributable reserves in this manner, the issuance of the required order is a matter for the discretion of the High Court of Ireland and there is no guarantee that such approval will be forthcoming. In the event that distributable reserves of Mallinckrodt are not created, no distributions by way of dividends, share repurchases or otherwise will be permitted under Irish law until such time as we have created sufficient distributable reserves from our operating activities.

#### ***Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.***

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against us will be enforced by the courts of Ireland if the following general requirements are met (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts

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may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, we are governed by the Irish Companies Acts, which differ in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

### ***Irish law imposes restrictions on certain aspects of capital management.***

Irish law allows our shareholders to pre-authorize shares to be issued by our board of directors without further shareholder approval for up to a maximum of five years. Our current authorization will therefore lapse approximately five years after the distribution unless renewed by shareholders and we cannot guarantee that such renewal will always be approved. Additionally, subject to specified exceptions, including the opt-out that will be included in our articles of association upon consummation of the distribution, Irish law grants statutory pre-emptive rights to existing shareholders to subscribe for new issuances of shares for cash. This opt-out also expires approximately five years after the distribution unless renewed by further shareholder approval and we cannot guarantee that such renewal of the opt-out from pre-emptive rights will always be approved. We cannot assure you that these Irish legal restrictions will not interfere with our capital management. See “Description of Mallinckrodt’s Share Capital—Share Capital” and “Description of Mallinckrodt’s Share Capital—Pre-emption Rights, Share Warrants and Share Options.”

### **Risks Related to Our Ordinary Shares**

***We cannot be certain that an active trading market for our ordinary shares will develop or be sustained after the distribution, and following the distribution, our share price may fluctuate significantly.***

A public market for our ordinary shares does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of our ordinary shares will begin on a “when-issued” basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our ordinary shares after the distribution. We also cannot predict the effect of the distribution on the trading prices of our ordinary shares or whether the combined market value of our ordinary shares and Covidien’s ordinary shares will be less than, equal to or greater than the market value of Covidien’s ordinary shares prior to the distribution.

The market price of our ordinary shares may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our results of operations;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and share price performance of comparable companies;
- changes to the regulatory and legal environment in which we operate; and
- U.S. and worldwide economic conditions.

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In addition, when the market price of a company's ordinary shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

### ***A number of our ordinary shares are or will be eligible for future sale, which may cause our share price to decline.***

Any sales of substantial amounts of our ordinary shares in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of our ordinary shares to decline. Upon completion of the distribution, we expect that we will have an aggregate of approximately [—] of our ordinary shares issued and outstanding. These shares will be tradable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), unless the shares are owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act.

We are unable to predict whether large amounts of our ordinary shares will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers would be in the market at that time. A portion of Covidien's ordinary shares is held by index funds tied to the Standard & Poor's 500 Index ("S&P 500") or other stock indices. We do not expect that Mallinckrodt will be included in the S&P 500. If Mallinckrodt is not included in the S&P 500 or other stock indices at the time of the distribution, these index funds may be required to sell our ordinary shares that they receive in the distribution, which may cause our share price to decline.

### ***Your percentage of ownership in Mallinckrodt may be diluted.***

Your percentage ownership in Mallinckrodt may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we expect to be granting to our directors, officers and employees. Such issuances may have a dilutive effect on our earnings per share, which could materially adversely affect the market price of our ordinary shares. In addition, Covidien equity awards held by Mallinckrodt employees will convert into Mallinckrodt equity awards in connection with the separation.

In addition, our articles of association entitle our board of directors, without shareholder approval, to cause us to issue preferred shares with such terms as the board may determine. Preferred shares may be preferred as to dividends, rights on a winding up or voting in such manner as our directors may resolve. The preferred shares may also be redeemable at the option of the holder of the preferred shares or at the option of Mallinckrodt, and may be convertible into or exchangeable for shares of any other class or classes of our shares, depending on the terms of such preferred shares. The terms of one or more classes or series of preferred shares could dilute the voting power or reduce the value of our ordinary shares. For example, we could grant the holders of preferred shares the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred shares could affect the residual value of our ordinary shares. See "Description of Mallinckrodt's Share Capital."

### ***Certain provisions in our articles of association, among other things, could prevent or delay an acquisition of Mallinckrodt, which could decrease the trading price of our ordinary shares.***

Our articles of association contain provisions that could have the effect of deterring coercive takeover practices, inadequate takeover bids and unsolicited offers. These provisions include, amongst others:

- provisions of our articles of association which allow the company's board of directors to adopt a shareholder rights plan (commonly known as a "poison pill") upon such terms and conditions as the board of directors deems expedient and in the best interests of Mallinckrodt, subject to applicable law;



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- a provision of our articles of association which generally prohibits us from engaging in a business combination with an interested shareholder for a period of three years following the date the person became an interested shareholder, subject to certain exceptions;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our board of directors to issue preferred shares without shareholder approval in certain circumstances, subject to applicable law; and
- the ability of our board of directors to fill vacancies on our board of directors in certain circumstances.

We believe these provisions will provide some protection to our shareholders from coercive or otherwise unfair takeover tactics. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is in the best interests of Mallinckrodt and its shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of Mallinckrodt. For example, Irish law does not permit shareholders of an Irish public limited company to take action by written consent with less than unanimous consent. We also will be subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in our ordinary shares in certain circumstances. Also, Irish companies, including Mallinckrodt, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of the company's shares present and voting in person or by proxy at a general meeting of the company.

For additional information on these and other provisions of our articles of association and Irish law that could be considered to have an anti-takeover effect, see "Description of Mallinckrodt's Share Capital—Anti-Takeover Provisions."

The agreements that we will enter into with Covidien in connection with the separation generally will require Covidien's consent to any assignment by us of our rights and obligations under the agreements. The consent and termination rights set forth in these agreements might discourage, delay or prevent a change of control that shareholders may consider favorable. For a more detailed description of these agreements, see "Our Relationship with Covidien Following the Distribution."

Moreover, an acquisition or further issuance of our ordinary shares after the separation could trigger the application of Section 355(e) of the Code, even if the distribution and certain related transactions undertaken in connection therewith otherwise qualify for tax-free treatment. Under Section 355(e) of the Code, we and/or Covidien could incur tax upon certain transactions undertaken in anticipation of the distribution if 50% or more, by vote or value, of our ordinary shares or Covidien ordinary shares are acquired or issued as part of a plan or series of related transactions that include the separation. The process for determining whether an acquisition or issuance triggering these provisions has occurred is complex, inherently factual and subject to interpretation. Any acquisitions or issuances of our ordinary shares or Covidien ordinary shares within two years after the distribution are presumed to be part of such a plan, although we or Covidien, as applicable, may be able to rebut that presumption. Moreover, under the tax matters agreement that we will enter into with Covidien, we will be restricted from engaging in certain transactions within two years of the distribution which potentially could trigger application of Section 355(e) of the Code. See "Our Relationship with Covidien Following the Distribution—Tax Matters Agreement." During such period, these restrictions may limit the ability that we, or a potential acquirer of Mallinckrodt, have to pursue certain strategic transactions that might increase the value of our ordinary shares.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials Covidien and Mallinckrodt have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words “believe,” “expect,” “anticipate,” “project” and similar expressions, among others, generally identify “forward-looking statements,” which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” and “The Separation” contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of Mallinckrodt management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## DIVIDENDS

### Dividend Policy

We currently intend to retain any earnings to finance R&D, acquisitions and the operation and expansion of our business and do not anticipate paying any cash dividends for the foreseeable future. The recommendation, declaration and payment of any dividends in the future by us will be subject to the sole discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt obligations, legal requirements, regulatory constraints and other factors deemed relevant by our board of directors. Moreover, if we determine to pay any dividends in the future, there can be no assurance that we will continue to pay such dividends.

### Creation of Distributable Reserves

Under Irish law, we require “distributable reserves” in our unconsolidated balance sheet prepared in accordance with the Irish Companies Acts to enable us to make distributions to our shareholders (including by way of the payment of cash dividends or share repurchases). See “Description of Mallinckrodt’s Share Capital—Dividends” and “Description of Mallinckrodt’s Share Capital—Share Repurchases and Redemptions.”

Immediately following the separation, our unconsolidated balance sheet will not contain any distributable reserves, and “shareholders’ equity” in such balance sheet will be comprised entirely of “share capital” (equal to the aggregate par value of our ordinary shares issued in the distribution) and “share premium” (resulting from the issuance of our ordinary shares in the distribution and equal to (a) the aggregate value of Covidien’s Pharmaceuticals business at the time of its transfer to us less (b) the share capital). We therefore will not have the ability to pay dividends (or make other forms of distributions) immediately following the distribution. The current nominee shareholders of Mallinckrodt are expected to pass a resolution that would (subject to the approval of the High Court of Ireland) create distributable reserves following the distribution by converting to distributable reserves up to all of the share premium of Mallinckrodt.

The creation of distributable reserves described above was approved by Covidien shareholders at Covidien’s 2013 Annual General Meeting on March 20, 2013. We will seek to obtain the approval of the High Court of Ireland, which is required for the creation of distributable reserves to be effective, as soon as practicable following the distribution. The approval of the High Court of Ireland is expected to be obtained within approximately two months of the consummation of the distribution, but is dependent on a number of factors, such as the case load of the High Court of Ireland at the time of our initial application, and court vacations.

Until the High Court of Ireland approval is obtained or distributable reserves are created as a result of the profitable operation of the Mallinckrodt group, we will not have sufficient distributable reserves to make distributions by way of dividends, share repurchases or otherwise. Although we are not aware of any reason why the High Court of Ireland would not approve the creation of distributable reserves, there is no guarantee that such approval will be forthcoming.

## CAPITALIZATION

The following table sets forth our capitalization as of December 28, 2012 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in our unaudited pro forma financial information. The historical information below does not necessarily reflect what our capitalization would have been had we operated as a separate, publicly traded company for the period presented and is not necessarily indicative of our future capitalization. This table should be read in conjunction with our unaudited pro forma condensed combined financial statements and accompanying notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our combined financial statements and accompanying notes included elsewhere in this information statement.

(Dollars in Millions)	December 28, 2012	
	Actual	Pro Forma
<b>Cash and Cash Equivalents<sup>(1)</sup></b>	\$ —	\$ 168.0
<b>Debt:</b>		
Current maturities of long-term debt:		
7.00% debentures due December 2013 <sup>(2)</sup>	\$ 5.8	\$ —
Capital lease obligation	1.3	1.3
Total current maturities of long-term debt and obligation under capital lease	7.1	1.3
Long-term debt:		
Unsecured senior revolving credit facility <sup>(3)</sup>	—	—
3.50% notes due April 2018 <sup>(4)</sup>	—	300.0
9.50% notes due May 2022	—	10.4
8.00% notes due March 2023	—	8.0
4.75% notes due April 2023 <sup>(4)</sup>	—	600.0
Capital lease obligation	2.8	2.8
Total long-term debt and obligation under capital lease	2.8	921.2
<b>Total debt</b>	9.9	922.5
<b>Equity<sup>(5)</sup>:</b>		
Preferred shares, par value \$0.20 per share	—	—
Ordinary shares, par value \$0.20 per share	—	—
Additional paid-in capital	—	—
Parent company investment	2,028.2	—
Accumulated other comprehensive income	85.5	85.5
<b>Total equity</b>	2,113.7	1,203.5
<b>Total capitalization</b>	\$2,123.6	\$2,126.0

- (1) Historical cash and cash equivalents held by Covidien at the corporate level are not specifically identifiable to us. It is anticipated that, on the distribution date, Mallinckrodt will have approximately \$168 million of cash. The separation and distribution agreement will provide for an adjustment payment to potentially be made following the distribution from Covidien to Mallinckrodt plc, or from Mallinckrodt plc to Covidien. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and “The Separation—Separation and Distribution Agreement.”
- (2) The 7% debentures due December 2013 will be retained by Covidien following the completion of the separation.
- (3) In March 2013, MIFSA entered into a 5-year senior unsecured revolving credit facility with a borrowing capacity up to \$250 million. MIFSA will not be permitted to draw upon the credit facility until certain conditions are met, including the completion of the distribution. Mallinckrodt plc will guarantee the credit facility on an unsecured and unsubordinated basis upon completion of the distribution.

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- (4) In April 2013, MIFSA sold \$900 million of senior unsecured notes in a private offering, consisting of \$300 million of 3.50% senior notes due April 2018 and \$600 million of 4.75% senior notes due April 2023. Mallinckrodt plc will guarantee the notes on an unsecured and unsubordinated basis upon completion of the distribution.
- (5) Shareholders' equity assumes [—] ordinary shares of Mallinckrodt outstanding, based on the number of Covidien shares outstanding on [—] and an expected distribution ratio of one ordinary share of Mallinckrodt for every [—] Covidien ordinary share.

Pro forma financial information reflecting our post-distribution capitalization will be included in an amendment to this information statement.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements have been derived from the historical combined financial statements of the Pharmaceuticals business of Covidien included elsewhere in this information statement. The unaudited pro forma condensed combined income statements assume that the separation from Covidien occurred on October 1, 2011, the first day of fiscal 2012. The unaudited pro forma condensed combined balance sheet assumes that the separation from Covidien occurred on December 28, 2012. These financial statements have been adjusted to reflect the following:

- the transfer by Covidien to us of various corporate non-operating assets and liabilities historically managed by Covidien and its subsidiaries that are not related to our business and not included in our historical combined balance sheet and the transfer of certain of our assets and liabilities which will be retained by Covidien;
- the distribution of our ordinary shares to Covidien's shareholders and the elimination of historical parent company investment; and
- our anticipated capital structure.

The assumptions used and pro forma adjustments derived from such assumptions are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial data. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information. Management believes such assumptions are reasonable.

The following unaudited pro forma condensed combined financial statements should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined financial statements and accompanying notes included elsewhere in this information statement. The unaudited pro forma condensed combined financial statements have been presented for informational purposes only. These unaudited pro forma condensed combined financial statements are not necessarily indicative of our results of operations or financial condition had the distribution and related transactions been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have been obtained if we had operated as a separate, publicly traded company during such periods. In addition, they are not necessarily indicative of our future results of operations or financial condition.

During the three months ended December 28, 2012 and fiscal 2012, Covidien allocated general corporate expenses to us in the amount of \$11.9 million and \$49.2 million, respectively. General corporate expenses include, but are not limited to, costs related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation, which are included in our historical results. Effective upon the separation, we will assume responsibility for all of these functions and related costs and anticipate our costs as a standalone company will be higher than those allocated to us from Covidien. On an annual basis, these operating costs are estimated to be approximately \$40 million higher than the general corporate expenses historically allocated from Covidien to us. In addition, as part of Covidien, we shared in the costs of Covidien's international infrastructure. Our portions of these costs were \$10.5 million and \$44.9 million during the three months ended December 28, 2012 and fiscal 2012, respectively. As a standalone company, we expect the recurring annual costs of our own international infrastructure to approximate the amount of costs incurred during fiscal 2012 as part of Covidien. No pro forma adjustments have been made to our financial statements to reflect the additional costs and expenses described in this paragraph because they are projected amounts based on judgmental estimates.

The following pro forma statements do not reflect any impact of the adjustment payment to potentially be made following the distribution from Covidien to us, or from us to Covidien, as the amount of such adjustment payment at the distribution date is not currently determinable and would represent a financial projection. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "The Separation—Separation and Distribution Agreement."

Covidien's debt and the related interest expense have not been allocated to us for any of the periods presented since we are not the legal obligor of the debt and Covidien's borrowings were not directly attributable to our business. Covidien does not intend to use any of the proceeds from our contemplated debt offering to repay any of its indebtedness.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Three Months Ended December 28, 2012**  
**(in millions, except per share data)**

	<u>Historical</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro Forma</u>
<b>Net sales</b>	\$ 504.0	\$ —	\$ 504.0
Cost of sales	270.5	—	270.5
<b>Gross profit</b>	233.5	—	233.5
Selling, general and administrative expenses	146.8	—	146.8
Research and development expenses	38.4	—	38.4
Separation costs	12.0	(12.0) (a)	—
Restructuring charges, net	0.2	—	0.2
Gain on divestiture	(0.7)	—	(0.7)
<b>Operating income</b>	36.8	12.0	48.8
Other income	0.2	—	0.2
Interest expense	(0.1)	(11.6) (b)	(11.7)
<b>Income from continuing operations before income taxes</b>	36.9	0.4	37.3
Provision for income taxes	17.1	(4.3) (c)	12.8
<b>Income from continuing operations</b>	<u>\$ 19.8</u>	<u>\$ 4.7</u>	<u>\$ 24.5</u>
<b>Pro forma earnings per share from continuing operations:</b>			
Basic			\$ (d)
Diluted			\$ (e)
<b>Pro forma weighted-average shares outstanding:</b>			
Basic			(d)
Diluted			(e)

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**  
**Fiscal Year Ended September 28, 2012**  
**(in millions, except per share data)**

	<u>Historical</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro Forma</u>
<b>Net sales</b>	\$2,056.2	\$ —	\$2,056.2
Cost of sales	1,091.4	—	1,091.4
<b>Gross profit</b>	964.8	—	964.8
Selling, general and administrative expenses	551.7	—	551.7
Research and development expenses	144.1	—	144.1
Separation costs	25.5	(25.5) (a)	—
Restructuring charges, net	11.2	—	11.2
Gain on divestiture	(2.9)	—	(2.9)
<b>Operating income</b>	235.2	25.5	260.7
Other income, net	1.0	—	1.0
Interest expense	(0.5)	(46.2) (b)	(46.7)
Interest income	0.4	—	0.4
<b>Income from continuing operations before income taxes</b>	236.1	(20.7)	215.4
Provision for income taxes	94.8	(29.6) (c)	65.2
<b>Income from continuing operations</b>	<u>\$ 141.3</u>	<u>\$ 8.9</u>	<u>\$ 150.2</u>
<b>Pro forma earnings per share from continuing operations:</b>			
Basic			\$ (d)
Diluted			\$ (e)
<b>Pro forma weighted-average shares outstanding:</b>			
Basic			(d)
Diluted			(e)

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.



**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**At December 28, 2012**  
**(in millions, except share data)**

	<u>Historical</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma</u>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ —	\$ 168.0	(f)	\$ 168.0
Accounts receivable trade, less allowance for doubtful accounts	297.2	—	(g)	297.2
Inventories	483.1	—		483.1
Prepaid expenses and other current assets	156.4	(2.9)	(h)	153.5
<b>Total current assets</b>	<u>936.7</u>	<u>165.1</u>		<u>1,101.8</u>
Property, plant and equipment, net	964.4	—		964.4
Goodwill	531.8	—		531.8
Intangible assets, net	448.7	—		448.7
Other assets			(h)	
	176.6	23.7	(i)	200.3
<b>Total Assets</b>	<u>\$3,058.2</u>	<u>\$ 188.8</u>		<u>\$3,247.0</u>
<b>Liabilities and Shareholders' Equity</b>				
Current Liabilities:				
Current maturities of long-term debt	\$ 7.1	\$ (5.8)	(f)	\$ 1.3
Accounts payable	113.7	—		113.7
Accrued and other current liabilities			(i)	
	242.3	(1.8)	(j)	240.5
<b>Total current liabilities</b>	<u>363.1</u>	<u>(7.6)</u>		<u>355.5</u>
Long-term debt	2.8	918.4	(f)	921.2
Pension and postretirement benefits	150.4	6.9	(i)	157.3
Environmental liabilities	134.7	(94.7)	(k)	40.0
Other liabilities	293.5	278.0	(l)	571.5
<b>Total Liabilities</b>	<u>944.5</u>	<u>1,101.0</u>		<u>2,045.5</u>
Equity:				
Preferred shares, \$0.20 par value, [—] authorized; [—] issued and outstanding on a pro forma basis	—	—		—
Ordinary shares, \$0.20 par value, [—] authorized; [—] issued and outstanding on a pro forma basis			(m)	
			(n)	
Additional paid-in capital	—		(n)	
Parent company investment			(n)	
	2,028.2	(2,028.2)	(o)	—
Accumulated other comprehensive income	85.5	—		85.5
<b>Total Equity</b>	<u>2,113.7</u>	<u>—</u>		<u>—</u>
<b>Total Liabilities and Equity</b>	<u>\$3,058.2</u>	<u>\$</u>		<u>\$</u>

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

- (a) Reflects the removal of separation costs directly related to the separation that were incurred during the historical period. These costs were primarily for tax, accounting and other professional fees.
- (b) Reflects the estimated increase in interest expense in connection with debt we expect to assume prior to or at the time of separation. The pro forma impact was primarily based on the incurrence of \$900 million of debt with an assumed weighted-average interest rate of 5.0%.
- (c) Reflects the tax effects of the pro forma adjustments at the applicable statutory income tax rates. Also represents a \$5.6 million and \$31.0 million decrease in income tax expense for the three months ended December 28, 2012 and fiscal 2012, respectively, due to changes in the internal capital structure resulting from the reorganization of our legal entities to facilitate the separation.
- (d) Pro forma basic earnings per share and pro forma weighted-average basic shares outstanding for the three months ended December 28, 2012 and fiscal 2012, respectively, reflect the estimated number of ordinary shares we expect to have outstanding upon completion of the distribution based on the number of Covidien ordinary shares outstanding on December 28, 2012 and September 28, 2012, respectively, adjusted for an assumed distribution ratio of one ordinary share of Mallinckrodt for every [—] Covidien ordinary shares.
- (e) Pro forma diluted earnings per share and pro forma weighted-average diluted shares outstanding reflect the estimated number of ordinary shares we expect to have outstanding upon completion of the distribution and reflect the potential issuance of ordinary shares under Covidien equity plans in which our employees participate based on the distribution ratio. While the actual dilutive impact in the future may differ from these estimates, we believe this estimate reflects a reasonable approximation of the dilutive impact of Covidien equity plans.
- (f) Primarily reflects the issuance of \$900 million of debt. It is anticipated that, on the distribution date, Mallinckrodt will have approximately \$168 million of cash, which will include a portion of the net proceeds of such debt issuance. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Adjustment Amount” and “The Separation—Separation and Distribution Agreement.”
- (g) Upon separation, certain accounts receivable that cannot be segregated by business line will be retained by Covidien.
- (h) Represents the net transfer of \$2.9 million of current deferred tax assets and \$2.9 million of non-current deferred tax assets to Covidien as a result of the reorganization of our legal entities to facilitate the separation.
- (i) Reflects a \$6.9 million increase to pension and postretirement benefits and a \$0.6 million increase to accrued and other current liabilities for pension liabilities that are expected to be transferred to us and a \$26.6 million increase to other assets for the transfer of investments held in a rabbi trust, the assets of which may be used to pay retirement benefits.
- (j) Represents the net transfer of \$1.7 million of current income taxes payable and \$0.7 million of current deferred tax liabilities to Covidien as a result of the reorganization of our legal entities to facilitate the separation.
- (k) Reflects the removal of an environmental liability related to a site located in Orrington, Maine. This liability was historically managed by us; however, it will be a liability of a Covidien entity following the separation.
- (l) Represents \$114.9 million tax liabilities for uncertain tax benefits related to unresolved tax matters that will be transferred to us in connection with the separation, as set forth in the tax matters agreement that we expect to enter into with Covidien. As discussed in “Our Relationship with Covidien Following the Distribution—Tax Matters Agreement,” the tax matters agreement will govern the rights and obligations of Mallinckrodt and Covidien for certain tax liabilities with respect to periods or portions thereof ending on or before the date of the distribution. The actual amounts that we may be required to accrue or pay under the

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tax matters agreement will depend upon a number of factors, including the outcome of the unresolved tax matters. Also reflects a \$163.1 million increase to deferred tax liabilities primarily resulting from the reorganization of our legal entities to facilitate the separation.

- (m) Represents the issuance of approximately [—] million ordinary shares at a par value of \$0.20 per share. Our number of ordinary shares is based on the number of Covidien ordinary shares outstanding on December 28, 2012 and an expected distribution ratio of one ordinary share of Mallinckrodt for every [—] Covidien ordinary shares.
- (n) Represents the reclassification of Covidien's net investment in us, to reflect the par value of our outstanding ordinary shares and additional paid-in capital.
- (o) Represents a net reduction to parent company investment as a result of the following:
  - Retention of cash by Covidien and incremental debt assumed from Covidien, both of which are described in (f);
  - Assumption of pension liabilities and transfer of related investments held in a rabbi trust, both of which are described in (i);
  - Removal of an environmental liability described in (k); and
  - Assumption of net tax liabilities described in (h), (j) and (l).

## SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table sets forth selected financial data for the Pharmaceuticals business of Covidien. The combined statement of income data for the three months ended December 28, 2012 and December 30, 2011 and the combined balance sheet data at December 28, 2012 have been derived from the unaudited condensed combined financial statements included elsewhere in this information statement. The combined statement of income data for fiscal 2012, 2011 and 2010 and the combined balance sheet data as of September 28, 2012 and September 30, 2011 are derived from our audited combined financial statements included elsewhere in this information statement. The combined statement of income data for fiscal 2009 and 2008 and the combined balance sheet data at December 30, 2011, September 24, 2010, September 25, 2009 and September 26, 2008 are derived from our unaudited combined financial statements that are not included in this information statement. The unaudited combined financial statements have been prepared on the same basis as the audited combined financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein.

The selected historical combined financial data presented below should be read in conjunction with our combined financial statements and accompanying notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited pro forma condensed combined financial statements and accompanying notes included elsewhere in this information statement. Our historical financial data may not be indicative of the results of operations or financial condition that would have been obtained if we had operated as a separate, publicly traded company during the periods presented or of our future performance as an independent company.

	Three Months Ended		Fiscal <sup>(1)</sup>				
	December 28, 2012 <sup>(2)</sup>	December 30, 2011 <sup>(3)</sup>	2012 <sup>(4)</sup>	2011 <sup>(5)</sup>	2010 <sup>(6)</sup>	2009 <sup>(7)(9)</sup>	2008 <sup>(8)(9)</sup>
<b>(Dollars in Millions)</b>							
<b>Combined Statement of Income Data:</b>							
Net sales	\$ 504.0	\$ 503.7	\$ 2,056.2	\$ 2,021.8	\$ 2,047.6	\$ 2,429.5	\$ 2,199.8
Gross profit	233.5	234.8	964.8	914.9	932.4	1,296.3	1,023.9
Research and development expenses	38.4	37.1	144.1	141.5	119.1	155.2	109.2
Operating income <sup>(10)</sup>	36.8	60.6	235.2	240.7	240.4	508.5	363.6
Income from continuing operations before income taxes	36.9	61.2	236.1	243.2	243.2	512.0	366.8
Income from continuing operations	19.8	36.6	141.3	157.0	145.9	315.5	239.0
<b>Combined Balance Sheet Data (End of Period):</b>							
Total assets	\$ 3,058.2	\$ 2,807.1	\$ 2,874.6	\$ 2,823.4	\$ 2,888.3	\$ 3,166.9	\$ 3,120.9
Long-term debt	2.8	9.8	8.9	10.4	11.6	13.6	14.8
Parent company equity	2,113.7	1,838.4	1,891.9	1,788.7	1,835.9	2,016.4	2,128.6

<sup>(1)</sup> Fiscal 2011 includes 53 weeks. All other fiscal years presented include 52 weeks.

<sup>(2)</sup> The three months ended December 28, 2012 includes \$12.0 million of separation costs and \$1.0 million of restructuring and related charges, net.

<sup>(3)</sup> The three months ended December 30, 2011 includes \$5.9 million of restructuring and related charges, net and \$4.0 million of separation costs.

<sup>(4)</sup> Fiscal 2012 includes \$25.5 million of separation costs and \$19.2 million of restructuring and related charges, net.

<sup>(5)</sup> Fiscal 2011 includes \$10.0 million of restructuring and related charges, net and \$2.9 million of separation costs.

<sup>(6)</sup> Fiscal 2010 includes \$31.3 million of product liability charges and \$11.5 million of restructuring charges, net.

<sup>(7)</sup> Fiscal 2009 includes a \$71.2 million charge for the estimated additional cost to remediate environmental matters at a site located in Orrington, Maine and \$27.8 million of product liability charges, net of insurance recoveries. Fiscal 2009 also

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includes a \$35.3 million charge related to upfront fees and milestone payments related to a product acquisition and licensing arrangements, which was included in R&D expenses, and \$26.7 million of restructuring charges, net.

<sup>(8)</sup> Fiscal 2008 includes \$6.1 million of restructuring charges, net.

<sup>(9)</sup> Includes \$354.5 million and \$56.9 million of sales of oxycodone hydrocodone extended-release tablets in fiscal 2009 and 2008, respectively. These tablets were sold under a license agreement that began in the fourth quarter of fiscal 2008 and ended in the second quarter of fiscal 2009.

<sup>(10)</sup> During the first three months of fiscal 2013 and 2012, Covidien allocated to us general corporate expenses in the amount of \$11.9 million and \$10.8 million, respectively. During fiscal 2012, 2011, 2010, 2009 and 2008, Covidien allocated to us general corporate expenses in the amount of \$49.2 million, \$56.3 million, \$60.8 million, \$60.6 million and \$65.3 million, respectively. General corporate expenses include, but are not limited to, costs related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation. Effective with the separation, we will assume responsibility for all of these functions and related costs and anticipate our costs as a standalone entity will be higher than those allocated to us from Covidien. On an annual basis, these operating costs are estimated to be approximately \$40 million higher than the general corporate expenses historically allocated from Covidien to us.

## BUSINESS

### Overview

We are a global company that develops, manufactures, markets and distributes both branded and generic specialty pharmaceuticals, API and diagnostic imaging agents. We use our API products in the manufacture of our generic pharmaceuticals and also sell them to other pharmaceutical companies. Our products are found in almost every hospital, standalone diagnostic imaging center or pharmacy in the U.S. and we have a sales presence in approximately 50 countries. Our diverse product portfolio and solid market positions reflect our 145-year history of pharmaceutical excellence with many innovations important for the treatment of pain, the development of the modern U.S. pharmaceuticals industry and the evolution of nuclear and diagnostic imaging.

We believe that our extensive commercial reach and chemistry expertise, coupled with our ability to deal with the highly regulated and technical nature of our business, have created compelling competitive advantages that we anticipate will sustain future revenue growth. We expect our investments in operating improvements to lead to cost efficiencies and continued margin expansion.

### History and Development

Our Specialty Pharmaceuticals segment can trace its development from the founding of G. Mallinckrodt & Co. in 1867 (predecessor of today's API business). We expanded from the controlled substance API business into controlled substance generics in the mid-1990s to become the 12th largest U.S. generic pharmaceuticals business in 2012 as measured by prescription volume. We started our Brands product portfolio in 2001 with the acquisition of a suite of products, including RESTORIL™ (temazepam) capsules ("Restoril") and TOFRANIL-PM™ (imipramine pamoate) capsules ("Tofranil-PM"), from Novartis International AG ("Novartis"). Restoril is indicated for the short-term treatment of insomnia (generally seven to ten days), while Tofranil-PM is indicated for the relief of symptoms of depression. By 2010, we more than doubled our branded pharmaceuticals sales force to over 200 representatives and shifted our focus to pain management. We have since developed the business and are now providing physicians and patients with a comprehensive suite of pain management products, including our Exalgo 32 mg strength extended-release tablets (which were approved by the FDA in August 2012) and our co-promotions of Sumavel® DosePro® and Duexis®. Most recently, in October 2012, we acquired CNS Therapeutics, a specialty pharmaceutical company focused on developing and commercializing products for site-specific administration to the central nervous system to treat neurological disorders and intractable chronic pain.

Our Global Medical Imaging segment traces its start from a series of innovations by Mallinckrodt and its predecessors, including the introduction of barium in 1916, and of iodeikon as the first contrast agent for gall bladder imaging in 1920. In 1989, we launched our non-ionic iodinated contrast media product, Optiray, which remains our largest product and is used in conjunction with CT imaging technology. We further expanded our contrast media product line into the MRI contrast segment with the launch of Optimark in 2000. These products are associated with our CMDS business. We entered the nuclear imaging business in 1966 and started manufacturing and distributing our Ultra-Technekow DTE technetium generators. We subsequently launched a number of cold kits and other radioisotopes to expand our Nuclear Imaging product line. In 1994, we launched Octreoscan, the first molecular imaging agent to diagnose cancer. Finally in 2008, we launched a generic version of Cardiolite® (sestamibi), a leading branded cardiac imaging agent, which allowed us to fundamentally change the competitive dynamics for technetium generators and improve the overall profitability of our Global Medical Imaging segment.

In 2010, we divested our nuclear radiopharmacies in the U.S., which allowed us to focus our efforts on manufacturing and stabilizing our Mo-99 supply. Also, in 2010, we divested our Specialty Chemicals business (formerly known as "Mallinckrodt Baker") to focus our businesses more on pharmaceuticals.

Mallinckrodt plc was incorporated in Ireland on January 9, 2013 for the purpose of holding Covidien's Pharmaceuticals business following the separation. Prior to the transfer by Covidien to us of our business, which will occur immediately prior to the distribution, Mallinckrodt plc will have no business operations.

## Our Competitive Strengths

We believe we have the following strengths:

- *Expertise in the acquisition and importation of highly regulated raw materials, and strong regulatory relationships.* We have expertise in the acquisition and importation of highly regulated raw materials, such as opioids, other controlled substances and radioisotopes. For example, in 2012, we believe we received almost 40% of the DEA's total annual quota for controlled substances that we manufacture. In 2012, our Generics business had an approximate 30% market share of DEA Schedule II and III opioid, oral solid doses, based on IMS Health data. The acquisition of certain raw materials and the processing of them into finished products requires a close collaboration with a wide variety of regulatory authorities including the DEA, FDA, NRC, European Medicines Agency and Irish Medicines Board, among many others. We have a long history of working closely with regulatory agencies to ensure ongoing, reliable access to these highly regulated materials.
- *Specialized chemistry, development and formulation expertise which supports a sustainable, robust product pipeline.* We have specialized chemistry expertise in the formulation of new drug combinations and reformulation of existing drugs into a wide range of products, such as tablets, capsules, oral liquids and injectable products. In late 2009, we completed a significant upgrade to our formulation pilot plant in Webster Groves, Missouri. This expansion greatly enhanced our pharmaceutical formulation capability, which has resulted in a significant increase in both branded and generic formulations that have been approved by the FDA or that are in various stages of pre-clinical development, clinical development or regulatory review. On our Hazelwood, Missouri campus, we have a parenteral pilot plant focused on the reformulation of imaging agents for our Global Medical Imaging segment.
- *The broadest portfolio of generic products and controlled substance API for pain and a growing pipeline of branded pharmaceutical pain products.* Our Generics and API businesses have a strong position in the controlled substance generics market. We believe our Generics and API businesses offer the broadest product line of opioid and other controlled substances (primarily DEA Schedule II and III). Our strong market position is a result of the following:
  - i Formulation and manufacturing expertise in controlled substances and complex generics;
  - i Our commitment to investment in our R&D infrastructure and capabilities has resulted in a pipeline of generic and branded controlled substances, many of which are long-acting or hard to formulate products, which are under development or pending approval by the FDA. For example, on December 28, 2012, we became the first company to receive approval from the FDA to manufacture and market in the U.S. a generic version of Concerta. Total gross sales of Concerta and its authorized generic version exceeded \$1.6 billion in the twelve months ended September 30, 2012, according to IMS Health data;
  - i Our strong position in controlled substance API and vertical integration from opioid raw materials to finished dosage forms; and
  - i U.S. importation restrictions of controlled substance API and finished products.
- *Solid market position in diagnostic imaging agents.* We believe that we are one of the top three participants globally in nuclear radiopharmaceutical products. We are one of only two manufacturers of Tc-99m generators (marketed under the brand name Ultra-Technekow DTE) in North America, one of only three in Europe and the only one on either continent that has its own Mo-99 processing facility,

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which provides cost and raw material supply advantages. In CMDS, we offer a fully integrated line of contrast media, pre-filled syringes and proprietary power injectors. Our leading contrast media product, Optiray, has been on the market for over 25 years and is differentiated in part by being offered in pre-filled syringes that fit our proprietary power injectors, which enhances clinician safety and reduces risks in medication management.

- *Distinctive high-quality manufacturing and distribution skills with vertical integration where there are competitive advantages.* Our manufacturing and supply chain capabilities enable highly efficient controlled substance tableting, packaging and distribution. Our investments include one of the world's largest DEA Schedule C-II vault storage capacities for raw materials, intermediates and finished dosages. In our Global Medical Imaging segment, we have the capability to process Mo-99 for use in our Ultra-Technekow DTE (Tc-99m) generators and to manufacture cyclotron-derived isotopes such as thallium-201, indium-111, gallium-67, germanium-68 and iodine-123. In addition, we produce the large-volume terminally sterilized pre-filled plastic syringes that fit into our power injectors. Where appropriate, we have also pursued selective vertical integration initiatives to ensure our manufacturing and supply chain benefit from cost and productivity efficiencies, such as using several of our API products to provide the raw materials for some of our generic products.
- *Global commercial reach.* Our Global Medical Imaging segment operates throughout the world and its direct and indirect marketing and selling capabilities are tailored to business and geographic needs. Our Global Medical Imaging sales presence in approximately 50 countries has positioned us for expansion.
- *Strong management team with extensive industry experience.* We benefit from having a management team with extensive experience in small, medium and large life sciences firms. Mark Trudeau, who will serve as our President and Chief Executive Officer, has more than 29 years of experience in the pharmaceuticals industry. Prior to joining Covidien in January 2012, Mr. Trudeau served as Chief Executive Officer of Bayer Healthcare LLC USA, the U.S. healthcare business of Bayer AG and as President of Bayer HealthCare Pharmaceuticals U.S. Region. Mr. Trudeau also served on the Board of the Pharmaceutical Researchers and Manufacturers of America, the National Pharmaceutical Council and as a Trustee of the HealthCare Institute of New Jersey. Matthew Harbaugh will serve as our Senior Vice President and Chief Financial Officer. Mr. Harbaugh has worked in Covidien's Pharmaceuticals business since joining Covidien in 2007 and has over 20 years of financial experience, mostly in the life sciences field. Additional members of the senior management team include Steve Carchedi, who will be our Senior Vice President and President, Commercial Operations (North America); Thomas Berry, who will be our Senior Vice President, Product Supply; David Silver, who will be our Senior Vice President, Portfolio Management, Strategy, and Business Development and Licensing; Peter Edwards, who will be our Senior Vice President and General Counsel; Ian Watkins, who will be our Senior Vice President and Chief Human Resources Officer; Meredith Fischer, who will be our Senior Vice President, Communications and Public Affairs; and Steve Merrick, who will be our Senior Vice President and President, Commercial Operations (International) who have 29, 35, 37, 22, 28, 11 and 21 years, respectively, of experience in life sciences fields.

While we have set forth our competitive strengths above, our business involves numerous risks and uncertainties which may prevent us from executing our strategies. These risks include, among others, risks relating to: DEA regulation of the availability of controlled substances that are API, drug products under development and marketed drug products; the highly exacting and complex nature of our manufacturing processes; the limited global supply of fission-produced Mo-99 for use in our Ultra-Technekow DTE generators; our customer concentration; cost-containment efforts of our customers, purchasing groups, third-party payors and governmental organizations; developing or commercializing new products or adapting to a changing technology and diagnostic treatment landscape; protecting our intellectual property rights or being subject to claims that we infringe on the intellectual property rights of others; and significant competition. For a more complete description of the risks associated with our business, see "Risk Factors."



## **Our Businesses and Product Strategies**

Information with respect to our Specialty Pharmaceuticals and Global Medical Imaging operating segments is included below and in note 12 to our interim unaudited condensed combined financial statements and note 21 to our annual combined financial statements.

### **Specialty Pharmaceuticals**

Our Specialty Pharmaceuticals segment has two major components: (1) Brands, which we believe will continue to be a growth area for our business, and (2) Generics and API, which we expect will continue to grow and generate significant cash.

Our Brands business markets branded pain drugs, including Exalgo, to physicians. In addition, we have an organic pipeline of branded pain products that are either in clinical trials or awaiting approval from the FDA. We also provide generic drugs, including a variety of product formulations containing hydrocodone, oxycodone, methylphenidate and several other controlled substances. We have a pipeline of controlled substance generic products either in development or awaiting approval from the FDA. Our API business provides bulk API products, including opioids and acetaminophen, to a wide variety of pharmaceutical companies, many of which are direct competitors of our Brands and Generics businesses. In addition, we use our API for internal manufacturing of our finished dosage products. In fiscal 2012, our Specialty Pharmaceuticals segment accounted for 50% of net sales from our operating segments. We expect this segment will represent a larger percentage of our sales over the long term.

We are committed to responsible prescribing, dispensing, use and storage of opioid analgesics to avoid misuse, abuse, addiction, diversion and overdose. In 2010, we started the Collaborating & Acting Responsibly to Ensure Safety Alliance (the "C.A.R.E.S. Alliance"), which offers free non-branded tools and materials to patients, pharmacists and physicians to foster the safe use of opioid pain medications. The C.A.R.E.S. Alliance sponsors drug take back programs among other initiatives. In addition to educational efforts, we work closely with our major distributors to monitor suspicious controlled substance orders and take active steps to limit potential diversion.

### **Brands**

We started our Brands product portfolio in 2001 with the acquisition of a suite of products, including Restoril and Tofranil-PM, from Novartis. In 2010, we decided to focus on pain management and launched our then newly acquired pain product, Exalgo. We subsequently gained approval for a 32 mg dosage strength of Exalgo in August 2012. In addition, we have filed a New Drug Application ("NDA") for a product in development, known as MNK-395, a diclofenac topical solution in a metered-dose pump. In March 2013, the FDA requested additional information before this application can be considered for approval. In order to comply with this request, we are in the process of repeating a pharmacokinetic study. We anticipate that we will be able to submit the results from this study to the FDA in the third quarter of calendar 2013. Our development pipeline contains two extended-release formulations of controlled substance analgesics, which are in the late stages of clinical development. These two development products are combination products formulated with abuse-deterrent characteristics to address unmet needs in the market. Our strategy is to advance these pipeline products and bring them to market to expand the size and profitability of our Brands business. Moreover, we plan to enhance our branded commercial infrastructure by focusing on a multi-pronged approach of product launches, co-promotions, line extensions and selective acquisitions. Our intention is to increase our branded sales faster than our generic sales to drive margin expansion over the long term.

We promote our branded products directly to physicians (including, for example, pain specialists, anesthesiologists and orthopedic surgeons) with our own direct sales force of over 200 sales representatives. We also use our Brands sales force to co-promote two other products, Sumavel DosePro from Zogenix, Inc. and Duexis from Horizon Pharma, Inc. Sumavel DosePro is a sumatriptan injection that utilizes a needle-free

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delivery system to treat adults who have been diagnosed with acute migraine or cluster headaches. Duexis is a combination of non-steroid anti-inflammatory drug, ibuprofen and H<sub>2</sub>-receptor antagonist famotidine indicated for the relief of signs and symptoms of rheumatoid arthritis and osteoarthritis and administered to decrease the risk of upper gastrointestinal ulcers, which in clinical trials was defined as a gastric and/or duodenal ulcer in patients who are taking ibuprofen for those indications. In addition, we market our branded products directly to managed care organizations to gain access to drug formularies and allow patients access to these medications. Our products are purchased by wholesalers and retail pharmacy chains (among others) and are eventually dispensed by prescription to patients.

The following is a description of select products in our Brands product portfolio:

- **Exalgo** was acquired in June 2009. Exalgo extended-release tablets Class II (8 mg, 12 mg and 16 mg) were approved by the FDA in March 2010 for the treatment of moderate to severe pain in opioid-tolerant patients requiring continuous around-the-clock opioid analgesia for an extended amount of time. We launched these three dosage strengths of Exalgo in late April 2010. Exalgo is the only long-acting once-daily form of hydromorphone on the U.S. market and has shown significant prescription growth since product launch. In August 2012, the FDA approved a 32 mg dosage strength extended-release tablet of Exalgo that further expanded the patient population that Exalgo can effectively treat with a single daily dose. Exalgo was granted marketing exclusivity in the U.S. as a prescription medicine until March 2013. There are two Orange Book-listed patents for this product, both of which expire in July 2014. A third party, pursuant to agreements with us, will have the right to sell Exalgo tablets in the 8 mg, 12 mg and 16 mg dosage strengths beginning in November 2013 and the 32 mg dosage strength beginning in May 2014.
- **Gablofen** was acquired on October 1, 2012 with the acquisition of CNS Therapeutics. Gablofen is indicated for use in management of severe spasticity of cerebral or spinal origin in patients age four years and above. Gablofen is provided in three dosage strengths and in vials (which are generally believed to be safer and more convenient than ampules for clinicians to use), as well as in pre-filled syringes. This pharmaceutical is delivered to the patient via intrathecal administration, *i.e.*, an injection into the sheath around the spinal cord. Along with the acquisition of CNS Therapeutics came a developmental pipeline of additional presentations and strengths of Gablofen, as well as pain products for intrathecal administration.

### **Generics and API**

We market our API products to other pharmaceutical companies around the world, many of which are competitors of our Brands and Generics businesses. Additionally, we use our API for internal manufacturing of our finished dosage products. We are among the largest manufacturers of bulk acetaminophen in the world and the only producer of acetaminophen outside of Asia. We manufacture controlled substances under strict DEA quota restrictions and in 2012 we received approximately 40% of the total DEA quota provided to the U.S. market for the controlled substances we manufacture. We believe that our strong market position in the API business and allocation of opioid raw materials from the DEA is a competitive advantage for our API business and in turn for our Generics and Brands businesses. The strategy for our API business is based on manufacturing large volumes of high-quality product and customized product offerings, responsive technical services and timely delivery to our customers.

We believe our Generics and API businesses represent the broadest product line of opioid and other controlled substances (primarily DEA Schedule II and III). Our Generics and API businesses have a strong position in the controlled substance generics market with products, including hydrocodone, hydrocodone-containing tablets, oxycodone and oxycodone-containing tablets, all of which are significant products in the overall pain products segment, as well as methylphenidate and other controlled substance products. Historically, our primary competition has been other U.S. participants due to importation restrictions on controlled substance API and finished products. Our commitment to investment in our R&D infrastructure and capabilities has

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resulted in a pipeline of generic controlled substances, many of which are long-acting or hard to formulate products, which are under development or pending approval by the FDA. For example, we were the first company to receive approval from the FDA to manufacture and market a generic version of Concerta, a branded pharmaceutical for the treatment of ADHD. Total gross sales of Concerta and its authorized generic version exceeded \$1.6 billion in the twelve months ended September 30, 2012, according to IMS Health data. An authorized generic version is a version of a branded drug authorized by the holder of the NDA to be marketed under a different label and sold at a lower price. The other method for obtaining approval to produce a generic version is to submit an ANDA and have it approved by the FDA, as we did with respect to Concerta.

We market our generic products principally to drug wholesalers, large- and medium-size retail pharmacy chains, food store chains with pharmacies, pharmaceutical benefit managers that have mail order pharmacies, and hospital buying groups.

The following is a list of significant products and product families in our Generics and API product portfolio:

- Acetaminophen (API) products (represent 11%, 11% and 10% of our total net sales in fiscal 2012, 2011 and 2010, respectively)
- Hydrocodone (API) and hydrocodone-containing tablets
- Oxycodone (API) and oxycodone-containing tablets

### **Global Medical Imaging**

Our Global Medical Imaging segment develops, manufactures and markets products in two areas: (1) Contrast Media and Delivery Systems used in CT and MRI imaging, and (2) Nuclear Imaging, which provides radiopharmaceuticals used in SPECT imaging for myocardial perfusion cardiac imaging and bone scans. In fiscal 2012, our Global Medical Imaging segment accounted for 50% of net sales from our operating segments. We believe our Global Medical Imaging segment provides a platform for growth outside the U.S. and significant cash generation.

### ***Contrast Media and Delivery Systems***

Our contrast media include the brands Optiray for CT and Optimark for MRI, which are packaged in pre-filled syringes, vials and bottles. Our delivery systems include power injectors to allow delivery of contrast media into the patient, coordination of the timing of the injection with the CT or MRI scanner and delivery of the contrast media at a specific rate and volume. Our CMDS product strategy is based on differentiating our Optiray and Optimark brands with pre-filled syringes as opposed to vials or bulk containers that must be transferred to a syringe for injection. Pre-filled syringes offer a safer alternative to self-filled doses and offer risk reduction benefits that address The Joint Commission (formerly the Joint Commission on Accreditation of Healthcare Organizations) and U.S. Pharmacopeia <797> guidelines. In addition, our pre-filled syringes are color coded and pre-labeled for easier medication management. Our delivery systems are marketed under the brand Optivantage™ DH for CT, Optistar™ for MRI and Illumena™ for cardiac catheterization laboratories. All of our injectors can accept both pre-filled syringes and our disposable syringes for use with saline and/or contrast media. We sell our CMDS products to hospitals and imaging centers through GPOs and otherwise.

The following are significant products in our CMDS product portfolio:

- **Optiray** (ioversol injection) is a low osmolar, lower viscosity and nonionic organically bound solution of iodine with a broad range of indications in CT imaging procedures (including, for example, peripheral and coronary arteriography, angiography and venography). Optiray is available in a Radio Frequency Identification (“RFID”)–enabled Ultraject pre-filled syringe that, when combined with a RFID-enabled Optivantage Dual-Head CT Contrast Delivery System (“Optivantage DH”)—a medical device used to synchronize the injection of contrast media with the CT scanner—provides a safer and

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more efficient method of delivering contrast media. Sales of our Optiray product represent 17%, 19% and 17% of our total net sales in fiscal 2012, 2011 and 2010, respectively. Optiray has been on the market for approximately 25 years. The high capital intensity in manufacturing API for Optiray products and our significant scale have contributed to the longevity of this product.

- **Optimark** (gadoversetamide injection) is a non-ionic extracellular Gadolinium-Based Contrast Agent (“GBCA”) indicated for use with MRI in patients where abnormal vascularity of the brain or liver is suspected. It is the only GBCA approved by the FDA for administration by power injector and is available in pre-filled syringes to help reduce medication errors and improve patient safety.

### **Nuclear Imaging**

Our Nuclear Imaging business manufactures radioactive isotopes for the diagnosis and treatment of disease. Our nuclear radiopharmaceutical product offering includes both “hot” radioisotopes (primarily Tc-99m, used in approximately 80% of nuclear medicine imaging procedures) and “cold” kits (tagging agents that are paired with “hot” radioisotopes for diagnostic procedures). We have significant expertise in managing the highly regulated nature of the radioactive materials used to manufacture the isotope generators and the short half-life of isotopes, which precludes stockpiling and requires exacting execution along all aspects of the supply chain. We believe that our investment in Tc-99m generators in North America and Europe, our own Mo-99 processing facility and a very well-coordinated logistics network provides us with a significant competitive advantage. Our strategy for our Nuclear Imaging business is focused on bolstering the Tc-99m/Mo-99 supply chain through supplier diversification and our investments in new generator manufacturing lines. For example, in the Spring of 2010, we entered into an agreement to obtain Mo-99 from the Maria nuclear research reactor in Poland. The Maria agreement complements our other agreements to obtain Mo-99 from the High Flux Reactor in the Netherlands and the BR2 reactor in Belgium. In addition, we are able to purchase finished Mo-99 from other suppliers in the marketplace with whom we do not have long-term supply agreements. Going forward, we will continue to seek further diversification of our supplier base.

We intend to ultimately eliminate the use of HEU in favor of using LEU. We currently use HEU targets for the production of Mo-99. In 2004, the U.S. National Security Administration established its Global Threat Initiative to, as quickly as possible, identify, secure, remove and/or facilitate the disposition of vulnerable, high-risk nuclear and radiological materials around the world. Included as one of the stated initiatives is the conversion by research reactors and isotope production facilities to LEU from HEU. We are in the process of converting our Mo-99 production operation in the Netherlands to LEU targets. For a discussion of how Mo-99 is used in our business, see “—Raw Materials” and “Risk Factors.” We primarily market our nuclear radiopharmaceutical products to nuclear radiopharmacies in the U.S. and to hospitals in Europe.

The following are significant products in our Nuclear Imaging product portfolio:

- **Ultra-Technekow DTE** is a dry-ship, top eluting Tc-99m radioisotope generator that provides an on-site isotope source of Tc-99m solution that is combined by a nuclear pharmacist with various “cold kit” targeting agents to prepare an individualized radiopharmaceutical dose. The prepared Tc-99m radiopharmaceutical is used in procedures using SPECT. SPECT radiopharmaceutical scans account for approximately 85% of all radiopharmaceutical scans and are used in a number of applications, including myocardial perfusion imaging and bone scans. Tc-99m is a decay product of Mo-99, the parent isotope contained in the Tc-99m generator. We are one of only a limited number of manufacturers of Tc-99m generators in North America and in Europe and the only one on either continent that has its own Mo-99 processing facility, which provides significant cost and raw material supply advantages.
- **Octreoscan** (kit for the preparation of indium In-111 pentetreotide) is a unique molecular imaging agent used for the localization of primary and metastatic neuroendocrine tumors bearing somatostatin receptors. The product was approved by the FDA in June 1994 and is sold primarily in the U.S. and Europe. There are three Orange Book-listed patents for the drug product and usage in detection of neuroendocrine tumors. The last patent expires in July 2015.

## Industry Overview and Trends

We believe our businesses are well positioned in attractive markets based on a broadening of access to healthcare globally, increased demand for pharmaceutical products from emerging markets and the medical industry's continued focus on diagnostic imaging for the early diagnosis of diseases.

We expect that the specialty pharmaceuticals market in the U.S. will likely grow in the mid-to-high single digits in the near-term, with the most successful companies being focused on innovation in single molecule therapeutics. With respect to branded drugs, most disease areas are addressed by products of a small group of companies that can create extensions of existing brands. Pain management represents the largest therapeutic prescription market in the U.S., with pain medications accounting for approximately one out of every ten dispensed prescriptions in 2011. Pain management is a time-tested therapeutic area, and pain products have been available on the U.S. market since the 1920s.

We believe our experience satisfying the regulatory requirements relating to raw materials for nuclear radiopharmaceuticals provides competitive advantages versus other potential competitors. Currently, imaging tends to be concentrated in developed markets due to its high capital-intensity requirements. However, there are opportunities for growth in emerging markets as governments build out their healthcare infrastructure.

## Competition

### *Specialty Pharmaceuticals*

The pharmaceutical industry is highly competitive. Our Specialty Pharmaceuticals products compete with products manufactured by many other companies in highly competitive markets primarily throughout the U.S. Our competitors vary depending upon therapeutic and product categories. Major competitors of our Specialty Pharmaceuticals business segment include Actavis, Inc. (formerly Watson Pharmaceuticals, Inc.), Endo Health Solutions Inc., Johnson & Johnson, Johnson Matthey plc, Mylan Inc., Noramco, Inc., Pfizer Inc., Purdue Pharma L.P., and Teva Pharmaceutical Ltd., among others. Our secure sources of raw opioid material, vertically integrated manufacturing capabilities, broad offerings of API controlled substances and acetaminophen, comprehensive generic controlled substance product line and established relationships with retail pharmacies enable us to compete effectively with larger generics manufacturers. In addition, we believe that our experience with the FDA, DEA and Risk Evaluation and Mitigation Strategies ("REMS") provides us the knowledge to successfully operate in this highly competitive and highly regulated environment.

In our Brands business, we compete principally through our targeted product development and acquisition and in-licensing strategies. The competitive landscape in the acquisition and in-licensing of pharmaceutical products has intensified in recent years as there has been a reduction in the number of compounds available and an increase in the number of companies and the collective resources bidding on available assets. In addition to product development and acquisitions, other competitive factors in the pharmaceutical industry include product efficacy, safety, ease of use, price, demonstrated cost-effectiveness, marketing effectiveness, service, reliability of supply, reputation and access to technical information.

The highly competitive environment of our Brands business requires us to continually seek out technological innovations and to market our products effectively. Some of our current branded products not only face competition from other brands, but also from generic versions. Generic versions are generally significantly less expensive than branded versions, and, where available, may be required in preference to the branded version under third-party reimbursement programs or substituted by pharmacies. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products can be subject to progressive price reductions, decreased sales volume or both. Most new products that we introduce must compete with other products already on the market or products that are later developed by competitors. Manufacturers of generic pharmaceuticals typically invest far less in R&D than research-based pharmaceutical companies and therefore can price their products significantly lower than branded products. Accordingly, when a branded product loses its

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market exclusivity, it normally faces intense price competition from generic forms of the product. To successfully compete for business with managed care and pharmacy benefits management organizations, we must often demonstrate that our branded products offer not only medical benefits but also cost advantages as compared with other forms of care.

In our Generics business, we face intense competition from other generic drug manufacturers, brand-name pharmaceutical companies through authorized generics, existing branded equivalents and manufacturers of therapeutically similar drugs. In the market for generic pharmaceuticals, the competition varies depending on the specific product category and dosage strength. One of our key advantages in this market is our vertical integration—the production of our own API for most of our generic products. Among the large generic controlled substance providers, we are the only generic manufacturer that has its own controlled substance API manufacturing capability.

We believe that our competitive advantages in the generic pharmaceuticals business include our ability to introduce new generic versions of brand-name drug products, our formulation expertise and drug delivery technology, our access to controlled substance API, our quality and cost-effective production, our customer service and the breadth of our generic product line.

As a result of consolidation among wholesale distributors and rapid growth of large retail drug store chains, a small number of large wholesale distributors and retail drug store chains control a significant share of the market, and the number of independent drug stores and small drug store chains has decreased. This has resulted in customers gaining more purchasing power. Consequently, there is heightened competition among generic drug producers for the business of this smaller and more selective customer base.

In our API business, we believe that our competitive advantages include our manufacturing capabilities in controlled substances that enable high-speed, high-volume tableting, packaging and distribution. Additionally, we believe we offer customers reliability of supply and broad-based technical customer service.

Newly introduced generic products with limited or no other generic competition are typically sold at higher selling prices. As competition from other generic products increases, selling prices for all participants typically decline. Consequently, the maintenance of profitable operations in generic pharmaceuticals depends, in part, on our ability to select, develop and timely launch new generic products and to manufacture such new products in a cost efficient, high-quality manner. New drugs and future developments in improved and/or advanced drug delivery technologies or other therapeutic techniques may provide therapeutic or cost advantages to competing products.

### ***Global Medical Imaging***

We compete primarily on the ability of our products to capture market share. While we believe that the number of procedures using contrast media will grow in emerging markets due in part to increasing access to healthcare, we expect that our ability to compete with other providers of contrast media will be impacted by pricing pressures. We believe that our key product characteristics, such as proven efficacy, reliability and safety, coupled with our core competencies such as our efficient manufacturing processes, established distribution network, field sales organization and customer service, are important factors that distinguish us from our competitors.

The market for imaging agents is highly competitive. Major competitors in our Global Medical Imaging segment include, among others:

- for contrast imaging agents: GE Healthcare, a division of General Electric Company, Bracco Imaging S.p.A., Bayer AG and Guerbet Group;
- for delivery systems: Nemoto & Co, Ltd.; for CMDS: Bayer AG and Bracco Imaging S.p.A.;
- for radiopharmaceutical generators sold in the U.S.: Lantheus Medical Imaging, Inc.;

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- for radiopharmaceutical generators sold in Europe: GE Healthcare and IBA Group; and
- for radiopharmaceutical SPECT cold kits: Lantheus Medical Imaging, Inc., GE Healthcare, Bracco Imaging S.p.A. and IBA Group.

Unlike most of our competition, we offer a full line of CMDS and radiopharmaceutical products. Our broad product portfolio allows us to be a complete source for most imaging agent needs.

Our current or future products could be rendered obsolete or uneconomical as a result of the competition described above and the factors described in “—Intellectual Property” below. Our failure to compete effectively could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### **Intellectual Property**

We own or license a number of patents in the U.S. and other countries covering certain products and have also developed brand names and trademarks for other products. Generally, our Brands business relies upon patent protection to ensure market exclusivity for the life of the patent. We consider the overall protection of our patents, trademarks and license rights to be of material value and act to protect these rights from infringement. However, our business is not materially dependent upon any single patent, trademark or license or any group of patents, trademarks or licenses.

In the branded pharmaceutical industry, the majority of an innovative product’s commercial value is usually realized during the period in which the product has market exclusivity. In the U.S. and some other countries, when market exclusivity expires and generic versions of a product are approved and marketed, there often are very substantial and rapid declines in the branded product’s sales. The rate of this decline varies by country and by therapeutic category; however, following patent expiration, branded products often continue to have some market viability based upon the goodwill of the product name, which typically benefits from trademark protection or is based on the difficulties associated with replicating the product formulation or bioavailability.

An innovator product’s market exclusivity is generally determined by two forms of intellectual property: patent rights held by the innovator company and any regulatory forms of exclusivity to which the innovator is entitled.

Patents are a key determinant of market exclusivity for most branded pharmaceuticals. Patents provide the innovator with the right to exclude others from practicing an invention related to the product. Patents may cover, among other things, the active ingredient(s), various uses of a drug product, pharmaceutical formulations, drug delivery mechanisms, and processes for (or intermediates useful in) the manufacture of products. Protection for individual products extends for varying periods in accordance with the expiration dates of patents in the various countries. The protection afforded, which may also vary from country to country, depends upon the type of patent, its scope of coverage, and the availability of meaningful legal remedies in the country.

Market exclusivity is also sometimes influenced by regulatory intellectual property rights. Many developed countries provide certain non-patent incentives for the development of pharmaceuticals. For example, the U.S., E.U. and Japan each provides for a minimum period of time after the approval of certain new drugs during which the regulatory agency may not rely upon the innovator’s data to approve a competitor’s generic copy. Regulatory intellectual property rights are also available in certain markets as incentives for research on new indications, orphan drugs (*i.e.*, drugs that demonstrate promise for the diagnosis and/or treatment of rare diseases or conditions) and medicines that may be useful in treating pediatric patients. Regulatory intellectual property rights are independent of any patent rights and can be particularly important when a drug lacks broad patent protection. However, most regulatory forms of exclusivity do not prevent a competitor from gaining regulatory approval prior to the expiration of regulatory data exclusivity on the basis of the competitor’s own safety and efficacy data on its drug, even when that drug is identical to that marketed by the innovator.

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We estimate the likely market exclusivity period for each of our branded products on a case-by-case basis. It is not possible to predict with certainty the length of market exclusivity for any of our branded products because of the complex interaction between patent and regulatory forms of exclusivity, the relative success or lack thereof by potential competitors' experience in product development and inherent uncertainties concerning patent litigation. There can be no assurance that a particular product will enjoy market exclusivity for the full period of time that we currently estimate or that the exclusivity will be limited to the estimate.

In addition to patents and regulatory forms of exclusivity, we also market products with trademarks. Trademarks have no effect on market exclusivity for a product, but are considered to have marketing value. Trademark protection continues in some countries as long as used; in other countries, as long as registered. Registrations of such trademarks are for fixed terms and subject to renewal as provided by the laws of the particular country.

### **Research and Development**

We devote significant resources to the research and development of products and proprietary drug delivery technologies. We incurred R&D expenses of \$144.1 million, \$141.5 million and \$119.1 million in fiscal 2012, 2011 and 2010, respectively. Our R&D group comprises a number of highly experienced, trained and skilled individuals, with nearly 25% holding Ph.D. degrees.

In our Brands business, we invest significantly into the research and development of our branded products, and plan on increasing such investment in the future. A number of our branded products are protected by patents and have enjoyed market exclusivity. Our R&D strategy focuses on branded product development in the area of pain and other central nervous system areas, such as spasticity. We are presently developing a number of branded products, some of which utilize novel drug-delivery systems, through a combination of internal and collaborative programs. As of January 31, 2013, we had one NDA under review in the U.S.

As noted above, we market our products to pain specialists, anesthesiologists, neurologists and other physician specialists. In targeting future R&D spending, we would consider new products that can be sold to these physician specialists.

In our Generics business, we are presently developing a number of generic products through a combination of internal and collaborative programs. From a product development perspective, we are focused on controlled substances and difficult-to-replicate pharmacokinetic profiles. In addition, we are focused on process improvements to increase yields and reduce costs. As of January 31, 2013, we had five ANDAs awaiting review in the U.S. Our Generics R&D is focused on developing ANDA products that are DEA-controlled substances and difficult to replicate formulations that we believe will provide sustainable growth. Our API R&D is focused on process improvement to our core products to increase manufacturing yields and reduce our costs. We also selectively add API products to our portfolio where we believe we have created a unique, cost-effective and competitive manufacturing process. While we patent some of these API process improvements, many more are kept as trade secrets.

Our main focus for our Global Medical Imaging segment is to enhance our CMDS products by having them communicate directly with hospital information systems, by developing specific devices to target emerging markets and by expanding our nuclear imaging portfolio. To this end, we are improving our CMDS platform by enhancing our RFID technology, pre-filled syringes and data management to provide a seamless transmission of key procedure and product information directly to the user's information systems. In addition, we are designing injectors to meet the needs of emerging markets. In our Nuclear Imaging business, we are expanding our portfolio by developing additional radioisotopes and radiopharmaceuticals while utilizing existing cyclotron and radiopharmaceutical product capacity.



### **Select Products in Development**

Our pipeline portfolio contains various products and product candidates that are the reformulation of existing molecules for the treatment of pain and close adjacencies. The following are our most promising pipeline products:

- **MNK-395** is a new 2% formulation of diclofenac topical solution indicated for the treatment of osteoarthritis of the knee. This new formulation was studied using a twice-daily administration and is dispensed for topical usage by a new metered dose pump bottle. The NDA for MNK-395 was submitted in June 2012. In March 2013, the FDA requested additional information before this application can be considered for approval. In order to comply with this request, we are in the process of repeating a pharmacokinetic study. We anticipate that we will be able to submit the results from this study to the FDA in the third quarter of calendar 2013.
- **MNK-795** is a novel reformulation of existing controlled substance analgesic combination products that may be indicated for acute, moderate to severe pain. MNK-795 was formulated as a low dose product to fulfill an unmet clinical need in the market and also has certain abuse-deterrent characteristics. MNK-795 has completed its pivotal Phase III trial and is being prepared for NDA submission to the FDA in the first half of calendar 2013. The formulation uses the patented Depomed, Inc. (“Depomed”) Acuform™ drug-delivery technology licensed in 2009.
- **MNK-155** is a novel reformulation of a different combination of controlled substance analgesic products that may be indicated for acute, moderate to severe pain. MNK-155 was formulated as a low-dose product to fulfill an unmet clinical need in the market and also has certain abuse-deterrent characteristics. MNK-155 entered Phase III clinical development in the first half of fiscal 2013. The formulation uses the patented Depomed Acuform drug-delivery technology licensed in 2009.
- **Intrathecal Product Development**—Our acquisition of CNS Therapeutics in 2012 provided us with an R&D pipeline of additional formulations/presentations of Gablofen for the management of severe spasticity, which are at various stages of development. In addition to Gablofen line extensions, we also have several pain products in development for intrathecal administration (*i.e.*, an injection into the sheath around the spinal cord), which would provide an alternative to products that are only available today through compounding pharmacies. Additionally, this R&D pipeline may present opportunities for development of certain products that would be eligible to receive orphan status from the FDA.

### **Key Areas of Study**

Our R&D scientists have developed expertise in a number of platform technologies, including:

- Formulation of oral solids in novel ways to mimic patented delivery systems;
- Formulation of parenteral products to provide sustained blood levels of select small molecules;
- Linker technology to attach small molecules to radioisotopes; and
- Abuse-deterrent characteristics for oral solids in both immediate-release as well as extended-release to limit abuse and misuse of controlled substances.

While many of these programs are in pre-clinical development, we anticipate that some of these will form the basis of novel products in the future. However, there is no guarantee that any of the studies underway will lead to the development of a product or whether or when such product will be further developed, launched and become commercially viable.

### **Pilot Plants**

To facilitate our development efforts we have two pilot plants where we can test and scale our manufacturing processes for new products without impacting our core manufacturing plants. The two pilot plants are for generic and branded oral formulation product development and for generic or branded parenteral product

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development. In late 2009, we completed a significant upgrade to our formulation pilot plant in Webster Groves, Missouri. This expansion greatly enhanced our pharmaceutical formulation capability, which has resulted in a significant increase in both branded and generic formulations that have been approved by the FDA or that are in various stages of pre-clinical development, clinical development or regulatory review. On our Hazelwood, Missouri campus, we have a parenteral pilot plant focused on the reformulation of imaging agents for our Global Medical Imaging segment.

### **Quality Assurance Requirements**

The FDA enforces regulations to ensure that the methods used in, and the facilities and controls used for, the manufacture, processing, packaging and holding of drugs and medical devices conform to cGMP. The cGMP regulations the FDA enforces are comprehensive and cover all aspects of manufacturing operations, from receipt of raw materials to finished product distribution, to ensure that the finished product meets all the identity, strength, quality and purity characteristics required of them. The cGMP regulations for devices, called the Quality System Regulations, are also comprehensive and cover all aspects of device manufacture, from pre-production design validation to installation and servicing, insofar as they bear upon the safe and effective use of the device and whether the device otherwise meets the requirements of U.S. Federal Food, Drug and Cosmetic Act (the "FFDCA"). Other regulatory authorities have their own cGMP rules. Ensuring compliance requires a continuous commitment of time, money and effort in all operational areas.

The FDA conducts pre-approval inspections of facilities engaged in the development, manufacture, processing, packing, testing and holding of the drugs subject to NDAs and ANDAs. If the FDA concludes that the facilities to be used do not or did not meet cGMP, good laboratory practice ("GLP") or good clinical practice ("GCP") requirements, it will not approve the application. Corrective actions to remedy the deficiencies must be performed and are usually verified in a subsequent inspection. In addition, manufacturers of both pharmaceutical products and API used to formulate the drug also ordinarily undergo a pre-approval inspection, although the inspection can be waived when the manufacturer has had a passing cGMP inspection in the immediate past. Failure of any facility to pass a pre-approval inspection will result in delayed approval and could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

The FDA also conducts periodic inspections of drug and device facilities to assess their cGMP status. If the FDA were to find serious cGMP non-compliance during such an inspection, it could take regulatory actions that could materially adversely affect our business, results of operations, financial condition and cash flows. Additionally, imported API and other components needed to manufacture our products could be rejected by U.S. Customs and Border Protection, usually after conferring with the FDA. In the case of domestic facilities, the FDA could initiate product seizures or, in some instances, require product recalls and seek to enjoin a product's manufacture and distribution. In certain circumstances, violations could support civil penalties and criminal prosecutions. In addition, if the FDA concludes that a company is not in compliance with cGMP requirements, sanctions may be imposed that include preventing that company from receiving the necessary licenses to export its products and classifying that company as an "unacceptable supplier," thereby disqualifying that company from selling products to federal agencies.

### **Regulatory Matters**

#### ***United States***

In general, drug manufacturers operate in a highly regulated environment. In the U.S., we must comply with laws, regulations, guidance documents and standards promulgated by the FDA, the Department of Health and Human Services, the DEA, the EPA, the NRC, the Customs Service and state boards of pharmacy.

The FDA's authority to regulate the safety and efficacy of pharmaceuticals comes from the FFDCA. In addition to reviewing NDAs, for branded drugs, and ANDAs, for generic drugs, the FDA has the authority to ensure that pharmaceuticals introduced into interstate commerce are neither "adulterated" nor "misbranded."

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Adulterated means that the product may cause or has caused injury to patients when used as intended because it fails to comply with current cGMP. Misbranded means that the labels of, or promotional materials for, the product contain false or misleading information. Failure to comply with applicable FDA and other federal and state regulations could result in product recalls or seizures, partial or complete suspension of manufacturing and/or distribution, refusal to approve pending NDAs or ANDAs, monetary fines, civil penalties and/or criminal prosecution.

In order to market and sell a new prescription drug product in the U.S., a drug manufacturer must file with the FDA an NDA that shows the safety and effectiveness of (a) a new chemical entity that serves as the API, known as a 505(b)(1) NDA; or (b) a product that has significant differences from an already approved one (*e.g.*, different dosage strengths or route of administration), known as a 505(b)(2) NDA. Alternatively, in order to market and sell a generic version of an already approved drug product, a drug manufacturer must file an ANDA that shows that the generic version is “therapeutically equivalent” (*i.e.*, behaves almost the same when taken by a patient) to the branded drug product and therefore is substitutable.

*NDA Process.* The path leading to FDA approval of an NDA for a new chemical entity (“NCE”) begins when the drug product is merely a chemical formulation in the laboratory. In general, the process involves the following steps:

- Completion of formulation, laboratory and animal testing in accordance with GLP that fully characterizes the drug product from a pre-clinical perspective and provides preliminary evidence that the drug product is safe to test in human beings;
- Filing with the FDA an Investigational New Drug Application that will permit the conduct of clinical trials (*i.e.*, testing in human beings under adequate and well-controlled conditions);
- Designing and conducting clinical trials to show the safety and efficacy of the drug product in accordance with GCP;
- Submitting the NDA for FDA review, which provides a complete characterization of the drug product;
- Satisfactory completion of FDA pre-approval inspections regarding the conduct of the clinical trials and the manufacturing processes at the designated facility in accordance with cGMP;
- If applicable, satisfactory completion of an FDA Advisory Committee meeting in which the Agency requests help from outside experts in evaluating the NDA;
- Final FDA approval of the full prescribing information, labeling and packaging of the drug product; and
- Ongoing monitoring and reporting of adverse events related to the drug product, implementation of a REMS program, if applicable, and conduct of required Phase IV studies.

Clinical trials are typically conducted in four sequential phases, although they may overlap. The four phases are as follows:

- Phase I trials are typically small (less than 100 healthy volunteers) and are designed to determine the toxicity and maximum safe dose of the drug product.
- Phase II trials usually involve 100 to 300 participants and are designed to determine whether the drug product produces any clinically significant effects in patients with the intended disease or condition. If the results of these trials show promise, then a larger Phase III trial may be conducted.
- Phase III trials are often multi-institution studies that involve a large number of participants and are designed to show efficacy. Phase III (and some Phase II) trials are designed to be pivotal, or confirmatory trials. The goal of a pivotal trial is to establish the safety and efficacy of a drug product by eliminating biases and increasing statistical power.

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- In some cases, the FDA requires Phase IV trials, which are usually performed after the NDA has been approved. Such post-marketing surveillance is intended to obtain more information about the risks of harm, benefits and optimal use of the drug product by observing the results of the drug product in a large number of patients.

A drug manufacturer may conduct clinical trials either in the U.S. or outside the U.S., but in all cases must comply with GCP, which includes (a) a legally effective informed consent process when enrolling participants; (b) an independent review by an Institutional Review Board (“IRB”) to minimize and manage the risks of harm to participants; and (c) ongoing monitoring and reporting of adverse events related to the drug product.

The path leading to FDA approval of an NDA for a drug product that has significant differences from an already approved one is somewhat shorter. The FDA requires a drug manufacturer to submit data from either already published reports or newly conducted studies that show the safety and efficacy of those differences.

Under the U.S. Prescription Drug User Fee Act, the FDA has the authority to collect fees from drug manufacturers who submit NDAs for review and approval. These user fees help the FDA fund the drug approval process. Currently, the user fee rate has been set at \$1,958,800 for a 505(b)(1) NDA and \$979,400 for an NDA not requiring clinical data, generally a 505(b)(2) NDA. We expense these fees as they are incurred. The average review time for an NDA is approximately six to ten months.

In addition, a drug manufacturer may decide to conduct a clinical trial of a drug product on pediatric patients in order to obtain a form of marketing exclusivity as permitted under the Best Pharmaceuticals for Children Act (the “BPCA”). Alternatively, the FDA may require a drug manufacturer, using its authority under the Pediatric Research Equity Act, to conduct a pediatric clinical trial. The goal of conducting pediatric clinical trials is to gather data on how drug products should best be administered to this patient population.

**ANDA Process.** The path leading to FDA approval of an ANDA is much different from that of an NDA. By statute, the FDA waives the requirement for a drug manufacturer to complete pre-clinical studies and clinical trials and instead focuses on data from bioequivalence studies. The term “bioequivalence studies” generally involves comparing the absorption rate and concentration levels of a generic drug in the human body to that of the branded drug or Reference Listed Drug (the “RLD”). In the event that the generic drug behaves in the same manner in the human body as the RLD, the two drug products are considered bioequivalent. The FDA considers a generic drug “therapeutically equivalent” and therefore substitutable (*i.e.*, the generic drug will produce the same clinical effect and safety profile as the RLD) if it also contains the same active ingredients, dosage form, route of administration and strength.

At present, the average review time for an ANDA is approximately 27 months. In 2010, the FDA’s Office of Generic Drugs reported a backlog of over 2,000 ANDAs. To address this problem, U.S. Congress has granted the FDA authority to collect, for the first time, user fees from generic drug manufacturers who submit ANDAs for review and approval. Monies collected under the Generic Drug User Fee Act will help the FDA fund the drug approval process. For fiscal 2013, the user fee rate is set at \$51,520 for an ANDA and \$25,760 for a prior approval supplement to an ANDA. In addition, the FDA also will collect from generic drug manufacturers a one-time backlog fee, a one-time Drug Master File first reference fee, and separate annual manufacturing facility fees for API and finished drug products. These fees are expensed as incurred. The FDA anticipates that the approval process timeframe will not begin to improve until fiscal 2015.

Aside from the backlog described above, the timing of FDA approval of ANDAs depends on other factors, including whether an ANDA holder has challenged any listed patents to the RLD and whether the RLD is entitled to one or more periods of marketing exclusivity under the FDCA (such as pediatric exclusivity under the BPCA). In general, the FDA will not approve (but will continue to review) an ANDA in which the RLD holder has sued, within 45 days of receiving notice of the ANDA filing, the ANDA holder for patent infringement until either the litigation has been resolved or 30 months has elapsed, whichever is later.

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For all pharmaceuticals sold in the U.S., the FDA also regulates sales and marketing to ensure that drug product claims made by manufacturers are neither false nor misleading. Manufacturers are required to submit copies of all product-specific promotional materials to the FDA's Office of Prescription Drug Promotion prior to their first use by sales representatives. In general, such advertising does not require FDA prior approval, although most manufacturers submit their direct-to-consumer advertising to the FDA for its prior review. Failure to implement a robust internal company review process and comply with FDA regulations regarding advertising and promotion increases the risk of enforcement action by either the FDA or the U.S. Department of Justice ("DOJ").

For both NDAs and ANDAs, the manufacture, marketing and selling of certain drug products may be limited by quota grants for controlled substances by the DEA. See "—Drug Enforcement Administration" below.

*Patent and Non-Patent Exclusivity Periods.* A sponsor of an NDA is required to identify in its application any patent that claims the drug or a use of the drug subject to the application. Upon NDA approval, the FDA lists these patents in a publication referred to as the Orange Book. Any person that files a Section 505(b)(2) NDA, the type of NDA that relies upon the data in the application for which the patents are listed, or an ANDA to secure approval of a generic version of a previous drug, must make a certification in respect to listed patents. The FDA may not approve such an application for the drug until expiration of the listed patents unless (1) the generic applicant certifies that the listed patents are invalid, unenforceable or not infringed by the proposed generic drug and gives notice to the holder of the NDA for the RLD of the bases upon which the patents are challenged, and (2) the holder of the RLD does not sue the later applicant for patent infringement within 45 days of receipt of notice. If an infringement suit is filed, the FDA may not approve the later application until the earliest of: (i) 30 months after receipt of the notice by the holder of the NDA for the RLD; (ii) entry of an appellate court judgment holding the patent invalid, unenforceable or not infringed; (iii) such time as the court may order; or (iv) the expiration of the patent.

One of the key motivators for challenging patents is the 180-day market exclusivity period ("generic exclusivity") vis-à-vis other generic applicants granted to the developer of a generic version of a product that is the first to make a Paragraph IV certification and that prevails in litigation with the manufacturer of the branded product over the applicable patent(s) or is not sued. For a variety of reasons, there are situations in which a company may not be able to take advantage of an award of generic exclusivity. The determination of when generic exclusivity begins and ends is very complicated.

The holder of the NDA for the RLD may also be entitled to certain non-patent exclusivity during which the FDA cannot approve an application for a competing generic product or 505(b)(2) NDA product. Generally, if the RLD is a new chemical entity, the FDA may not accept for filing any application that references the innovator's NDA for five years from the approval of the innovator's NDA. However, this five-year period is shortened to four years where a filer's ANDA includes a Paragraph IV certification. In other cases, where the innovator has provided certain clinical study information, the FDA may accept for filing, but may not approve, an application that references the innovator's NDA for a period of three years from the approval of the innovator's NDA.

Certain additional periods of exclusivity may be available if the RLD is indicated for use in a rare disease or condition or is studied for pediatric indications.

*Risk Evaluation and Mitigation Strategies.* For certain drug products or classes, such as transmucosal immediate-release fentanyl products and extended-release and long-acting opioids, the FDA has the authority to require the manufacturer to provide a REMS that is intended to ensure that the benefits of a drug product (or class of drug products) outweigh the risks of harm. The FDA may require that a REMS include elements to ensure safe use to mitigate a specific serious risk of harm (*e.g.*, prescribers must have particular training or experience or the drug product must be dispensed in certain healthcare settings). The FDA has the authority to impose civil penalties on or take other enforcement action against any drug manufacturer who fails to properly implement an approved REMS program. Separately, a drug manufacturer cannot use an approved REMS program to delay generic competition.

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In December 2011, the FDA approved a single, class-wide REMS program for transmucosal immediate-release fentanyl products (called the “TIRF REMS Access Program”) in order to ease the burden on the healthcare system. TIRF products are opioids used to manage pain in adults with cancer who routinely take other opioid pain medicines around-the-clock. We were part of the original industry working group that collaborated to develop and implement this REMS program. The goals of this REMS program are to ensure patient access to important medications and mitigate the risk of misuse, abuse, addiction, overdose and serious complications due to medication errors by: (a) prescribing and dispensing only to appropriate patients, including use only in opioid-tolerant patients; (b) preventing inappropriate conversion between fentanyl products; (c) preventing accidental exposure to children and others for whom such products were not prescribed; and (d) educating prescribers, pharmacists and patients on the potential for misuse, abuse, addiction and overdose. This program started in March 2012 and requires manufacturers, distributors, prescribers, dispensers and patients to enroll in a real-time database that maintains a closed-distribution system.

In February 2009, the FDA requested that drug manufacturers help develop a single, shared REMS for extended-release and long-acting opioid products that contain fentanyl, hydromorphone, methadone, morphine, oxycodone and oxymorphone. In April 2009, the FDA announced that the “REMS would be intended to ensure that the benefits of these drugs continue to outweigh the risks associated with: (1) use of high doses of long-acting opioids and extended-release opioid products in non-opioid-tolerant and inappropriately selected individuals; (2) abuse; (3) misuse; and (4) overdose, both accidental and intentional.” We were part of the original industry working group that collaborated to develop and implement this REMS program. Upon FDA approval of Exalgo in March 2010, we implemented the product-specific REMS program that was developed internally while continuing to collaborate on the class-wide REMS program. In July 2012, the FDA approved a class-wide REMS program (called the “Extended-Release and Long-Acting Opioid Analgesics REMS”) that affected more than 30 extended-release and long-acting opioid analgesics (both branded and generic products). This REMS program requires drug manufacturers to make available training on appropriate prescribing practices for healthcare professionals who prescribe these opioid analgesics and to distribute educational materials on their safe use to prescribers and patients.

As part of our ongoing commitment to the responsible prescribing, dispensing and safe use of prescription opioids beyond the FDA’s REMS requirements, we launched the C.A.R.E.S. Alliance in September 2010. For a discussion of the C.A.R.E.S. Alliance, see “—Our Business and Product Strategies—Specialty Pharmaceuticals.”

*Drug Enforcement Administration.* The DEA is the federal agency responsible for domestic enforcement of the CSA. The CSA classifies drugs and other substances based on identified potential for abuse. Schedule I controlled substances, such as heroin and LSD, have a high abuse potential and have no currently accepted medical use; thus, they cannot be lawfully marketed or sold. Opioids, such as oxycodone, oxymorphone, morphine, fentanyl and hydrocodone, are either Schedule II or III controlled substances. Consequently, the manufacture, storage, distribution and sale of these substances are highly regulated.

The DEA regulates the availability of API, products under development, and marketed drug products that are Schedule II or III by setting annual quotas. Every year, we must apply to the DEA for manufacturing quota to manufacture API and procurement quota to manufacture finished dosage products.

Given that the DEA has discretion to grant or deny our manufacturing and procurement quota requests, the quota the DEA grants may be insufficient to meet our commercial and R&D needs. The initial hydrocodone manufacturing and procurement quota grants we received from the DEA for 2012 were below the amounts we requested and were therefore insufficient to meet customer demand. We subsequently requested supplemental manufacturing and procurement quota in March 2012. In April 2012, the DEA denied our supplemental hydrocodone manufacturing quota request (to manufacture API) but the DEA granted the full amount of our hydrocodone procurement quota request (to manufacture finished dosage products). While our Hobart, New York facility had sufficient hydrocodone procurement quota to manufacture finished dosage products, our St. Louis, Missouri facility did not have sufficient hydrocodone bulk API manufacturing quota, which resulted in our

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inability to fulfill third-party customer requests. Subsequently, the DEA published a revised proposed U.S. aggregate quota for bulk manufacture of hydrocodone, and in August 2012, we filed another supplemental hydrocodone manufacturing quota request. In October 2012, the DEA granted 78% of our requested amount. This hydrocodone bulk API manufacturing quota shortage resulted in lost sales, the amount of which was not significant.

Any future delay or refusal by the DEA to grant, in whole or in part, our quota requests could delay or result in stopping the manufacture of our marketed drug products, new product launches or the conduct of bioequivalence studies and clinical trials.

DEA regulations make it extremely difficult for a manufacturer in the U.S. to import finished dosage forms of controlled substances manufactured outside the U.S. These rules reflect a broader enforcement approach by the DEA to regulate the manufacture, distribution and dispensing of legally produced controlled substances. Accordingly, drug manufacturers who market and sell finished dosage forms of controlled substances in the U.S. typically manufacture or have them manufactured in the U.S.

The DEA also requires drug manufacturers to design and implement a system that identifies suspicious orders of controlled substances (such as those of unusual size, those that deviate substantially from a normal pattern and those of unusual frequency) prior to completion of the sale. A compliant SOM system includes well-defined due diligence, “know your customer” efforts and order monitoring.

To meet its responsibilities, the DEA conducts periodic inspections of registered establishments that handle controlled substances. Annual registration is required for any facility that manufactures, tests, distributes, dispenses, imports or exports any controlled substance. The facilities must have the security, control and accounting mechanisms required by the DEA to prevent loss and diversion. Failure to maintain compliance, particularly as manifested in loss or diversion, can result in regulatory action that could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Individual states also regulate controlled substances, and we, as well as our third-party API suppliers and manufacturers, are subject to such regulation by several states with respect to the manufacture and distribution of these products.

We and, to our knowledge, our third-party API suppliers, dosage form manufacturers, distributors and researchers have all necessary registrations, and we believe all registrants operate in conformity with applicable registration requirements, under controlled substance laws.

*Government Benefit Programs.* Statutory and regulatory requirements for Medicaid, Medicare, Tricare and other government healthcare programs govern provider reimbursement levels, including requiring that all pharmaceutical companies pay rebates to individual states based on a percentage of their net sales arising from Medicaid program-reimbursed products. The federal and/or state governments may continue to enact measures in the future aimed at containing or reducing payment levels for prescription pharmaceuticals paid for in whole or in part with government funds. We cannot predict the nature of such measures or their impact on our profitability and cash flows. These efforts could have material adverse consequences for the pharmaceutical industry as a whole and, consequently, also for us. However, we believe we have provided for our best estimate of potential refunds based on current information available.

From time to time, legislative changes are made to government healthcare programs that impact our business. For example, the Medicare Prescription Drug Improvement and Modernization Act of 2003 created a new prescription drug coverage program for people with Medicare through a new system of private market drug benefit plans. This law provides a prescription drug benefit to seniors and individuals with disabilities in the Medicare program (“Medicare Part D”). Congress continues to examine various Medicare policy proposals that may result in pressure on the prices of prescription drugs in the Medicare program.

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In addition, the Healthcare Reform Act provides for major changes to the U.S. healthcare system. While some provisions of the Healthcare Reform Act have already taken effect, most of the provisions to expand access to healthcare coverage will not be implemented until 2014 and beyond. Since much of the implementation is yet to take place, there are still many challenges and uncertainties ahead. Such a comprehensive reform measure will require expanded implementation efforts on the part of federal and state agencies embarking on rule-making to develop the specific components of their new authority. We intend to monitor closely the implementation of the Healthcare Reform Act and related legislative and regulatory developments.

The Healthcare Reform Act will result in a transformation of the delivery and payment for healthcare services in the U.S. The combination of these measures is expected to expand health insurance coverage by an estimated 32 million people in the U.S. In addition, there are significant health insurance reforms in the U.S. that are expected to improve patients' ability to obtain and maintain health insurance. Such measures include: the elimination of lifetime caps and no rescission of policies or denial of coverage due to preexisting conditions.

Our estimate of the overall impact of the Healthcare Reform Act reflects a number of uncertainties. However, we believe that the impact to our business will be largely attributable to changes in the Medicare Part D coverage gap, the imposition of an annual fee on branded prescription pharmaceutical manufacturers, and increased rebates in the Medicaid Fee-For-Service Program and Medicaid Managed Care plans. There are a number of other provisions in the legislation that collectively are expected to have a small impact, including originator average manufacturers' price for new formulations and the expansion of 340B pricing to new entities. The various elements of the Healthcare Reform Act adversely impacted net sales by approximately \$12 million in fiscal 2012 and \$13 million in fiscal 2011.

### ***Healthcare Fraud and Abuse Laws***

We are subject to various federal, state and local laws targeting fraud and abuse in the healthcare industry. For example, in the U.S., there are federal and state anti-kickback laws that prohibit the payment or receipt of kickbacks, bribes or other remuneration intended to induce the purchase or recommendation of healthcare products and services or reward past purchases or recommendations, including the U.S. Anti-Kickback Statute and similar state statutes, the U.S. Federal Sunshine Law and other parts of the Healthcare Reform Act, the False Claims Act and the Health Insurance Portability and Accountability Act of 1996. Violations of these laws can lead to civil and criminal penalties, including fines, imprisonment and exclusion from participation in federal healthcare programs. These laws are potentially applicable to us as both a manufacturer and a supplier of products reimbursed by federal healthcare programs. These laws also apply to hospitals, physicians and other potential purchasers of our products. In addition, some states in the U.S. have enacted compliance and reporting requirements aimed at drug manufacturers.

We are also subject to the FCPA and similar worldwide anti-bribery laws in non-U.S. jurisdictions which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Because of the predominance of government-sponsored healthcare systems around the world, most of our customer relationships outside of the U.S. are with governmental entities and are therefore subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree, and in certain circumstances strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance programs, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees or agents.

### ***Compliance Programs***

In order to systematically and comprehensively mitigate the risks of non-compliance with regulatory requirements described above, we believe we have developed a robust Compliance Program based on the April 2003 Office of the Inspector General ("OIG") Compliance Program Guidance for Pharmaceutical Manufacturers,



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the U.S. Federal Sentencing Guidelines, the Pharmaceutical Research and Manufacturers of America Code on Interactions with Healthcare Professionals, the Code of Ethics of the Advanced Medical Technology Association, the United Kingdom Anti-Bribery guidance, and other relevant government guidances and national or regional industry codes of behavior. We conduct ongoing compliance training programs for all employees. We also maintain a 24-hour ethics and compliance reporting hotline.

As part of our Compliance Program, we have implemented internal cross-functional processes to review and approve all product-specific promotional materials, presentations and external communications to address the risk of misbranding or mislabeling our products through our promotional efforts. For example, we have established programs to monitor promotional speaker activities and field sales representatives. Specifically, we have developed a “ride along” program for field sales representatives similar to those included in recent Corporate Integrity Agreements from the OIG in order to obtain first-hand observations of how these approved materials are used.

We have also implemented a comprehensive controlled substances compliance program, including anti-diversion efforts that go beyond the DEA’s SOM requirements. For example, we regularly assist federal, state and local law enforcement and prosecutors in the U.S. by providing information and testimony on our products and placebos for use by the DEA and other law enforcement agencies in investigations and at trial. As part of this program, we also work with some of our customers to help develop and implement what we believe are best practices for SOM and other anti-diversion activities.

We believe our Compliance Program design also addresses our FDA, healthcare anti-kickback and anti-fraud, and anti-bribery-related activities.

### ***Outside the United States***

Outside the U.S., we must comply with laws, guidelines and standards promulgated by other regulatory authorities that regulate the development, testing, manufacturing, marketing and selling of pharmaceuticals, including, but not limited to, Health Canada, the Medicines and Healthcare Products Regulatory Agency in the United Kingdom (U.K.), the Irish Medicines Board, the European Medicines Agency and member states of the E.U., the State Food and Drug Administration in China, the Therapeutic Goods Administration in Australia, the New Zealand Medicines and Medical Devices Safety Authority, the Ministry of Health and Welfare in Japan, the European Pharmacopoeia of the Council of Europe and the International Conference on Harmonization. Although international harmonization efforts continue, many laws, guidelines and standards differ by region or country.

We currently market our products in Canada, in various countries in the E.U., and in the Latin American and Asia-Pacific regions. The approval requirements and process vary by country, and the time required to obtain marketing authorization may vary from that required for FDA approval. Certain drug products and variations in drug product lines also must meet country-specific and other local regulatory requirements.

The examples below highlight some of the differences in the approval process in other regions or countries outside the U.S.:

*European Union.* Marketing authorizations are obtained either pursuant to a centralized or decentralized procedure. The centralized procedure, which provides for a single marketing authorization valid for all E.U. member states, is mandatory for the approval of certain drug products and is optional for novel drug products that are in the interest of patient health. Under the centralized procedure, a single marketing authorization application is submitted for review to the European Medicines Agency, which makes a recommendation on the application to the European Commission. The final determination as to whether or not to approve the application rests with the European Commission. The decentralized procedure provides for concurrent mutual recognition of national approval decisions and is available for products that are not subject to the centralized procedure.

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The E.U. has also adopted directives and other laws that govern the labeling, marketing, advertising, supply, distribution, and drug safety monitoring and reporting of drug products. Such directives set regulatory standards throughout the E.U. and permit member states to supplement such standards with additional requirements.

European governments also regulate drug prices through the control of national healthcare systems that fund a large part of such costs to patients. As a result, patients are unlikely to take a drug product that is not reimbursed by their government. Many European governments regulate the pricing of a new drug product at launch through direct price controls or reference pricing. Recently, many individual countries also have imposed additional cost-containment measures on drug products. Such differences in national pricing regimes may create price differentials between E.U. member states. Many European governments also advocate generic substitution by requiring or permitting prescribers or pharmacists to substitute a different company's generic version of a brand drug product that was prescribed.

*Japan.* The Pharmaceutical and Medical Devices Agency ("PMDA") is responsible for reviewing marketing authorizations of drug products. The PMDA may require bridging studies (a clinical trial with a smaller sub-population than the original clinical trials) to demonstrate that clinical trial data obtained in trials conducted outside of Japan are applicable to Japanese patients. After completing a comprehensive review, the PMDA reports its findings to the Ministry of Health, Labour and Welfare, which either approves or denies the application.

Japan's national health insurance system maintains a Drug Price List that specifies which drug products are eligible for reimbursement and the Ministry of Health, Labour and Welfare sets pricing for such drug products. In general, the Japanese government introduces a round of price cuts every other year and mandates price reductions for specific drug products. However, new drug products that are judged innovative or useful, indicated for pediatric use, or target orphan diseases may be eligible for premium prices. In addition, the Japanese government also has advocated the prescribing and use of generic drugs, where available.

*Emerging Markets.* Many emerging markets continue to evolve their regulatory review and oversight processes. At present, such countries typically require prior regulatory approval or marketing authorization from large, developed markets (such as the U.S.) before they will initiate or complete their review. Some countries also require the applicant to conduct local clinical trials as a condition of marketing authorization.

Many emerging markets continue to implement measures to control drug product prices, such as implementing direct price controls or advocating the prescribing and use of generic drugs.

### **Raw Materials**

We contract with various third-party manufacturers and suppliers to provide us with raw materials used in our products, finished goods and certain services.

The active ingredients in the majority of our current pharmaceutical products and products in development, including oxycodone, oxymorphone, morphine, fentanyl, methylphenidate and hydrocodone, are listed by the DEA as Schedule II or III substances under the CSA. Consequently, their manufacture, shipment, storage, sale and use are subject to a high degree of regulation.

Furthermore, the DEA limits the availability of the active ingredients used in many of our current products and products in development, as well as the production of these products. As discussed in "—Drug Enforcement Administration," we must annually apply to the DEA for procurement and production quotas in order to obtain and produce these substances. Moreover, the DEA has complete discretion to adjust these quotas from time to time during the calendar year. As a result, our procurement and production quotas may not be sufficient to meet commercial demand or to conduct bioequivalence studies and clinical trials. Any delay or refusal by the DEA in granting, in whole or in part, our quota requests for controlled substances could delay or result in the stoppage of the manufacture of our pharmaceutical products, our clinical trials or product launches and could require us to allocate product among our customers, all of which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

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Our radiopharmaceutical product offering includes “hot” radioisotopes including Mo-99, a critical ingredient of our Ultra-Technekow DTE Tc-99m generators. Mo-99 is produced in nuclear research reactors utilizing HEU or LEU targets. These targets, either tubular or flat and of varying sizes, are fabricated from HEU or LEU and, in either case, aluminum. The targets are placed in or near the core of the nuclear reactor where fission reactions occur resulting in the production of Mo-99 and other isotopes. This process, which takes approximately six days, is known as target irradiation. There are currently eight reactors around the world producing the global supply of Mo-99. We have agreements to obtain Mo-99 from three of these reactors and we rely predominantly on two of these reactors for our Mo-99 supply. These reactors are subject to scheduled and unscheduled shutdowns which can have a significant impact on the amount of Mo-99 available for processing. Mo-99 produced at these reactors is then finished at one of five processing sites located throughout the world, including our processing facility located in the Netherlands. At the processing facility, the targets are dissolved and chemically separated. In this process, the Mo-99 is isolated as a radiochemical. We transport finished Mo-99 from our processing facility in the Netherlands to our facility in Maryland Heights, Missouri, where it, together with Mo-99 received from other third-party processors, is loaded into our Tc-99m generators. Mo-99 has a 66 hour half-life and degrades into, among other things, Tc-99m, which has a half-life of only six hours. The radiopharmacies or hospitals prepare dosages from the Tc-99m generators for use in SPECT imaging medical procedures.

If, for any reason, we are unable to obtain sufficient quantities of any of the finished goods or raw materials or components required for our products, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

### Long-Lived and Total Assets

Our long-lived assets, which are primarily composed of property, plant and equipment, by geographic area are set forth below:

(Dollars in Millions)	Fiscal		
	2012	2011	2010
U.S.	\$847.7	\$802.0	\$802.9
Europe, Middle East and Africa (including \$45.5, \$48.9 and \$49.6 in Ireland)	72.2	81.3	85.6
Other	52.1	48.1	50.6
	<u>\$972.0</u>	<u>\$931.4</u>	<u>\$939.1</u>

Our total assets by segment are as follows:

(Dollars in Millions)	Fiscal		
	2012	2011	2010
Specialty Pharmaceuticals	\$1,547.3	\$1,458.5	\$1,477.3
Global Medical Imaging	1,085.7	1,103.6	1,144.9
Corporate <sup>(1)</sup>	241.6	261.3	266.1
	<u>\$2,874.6</u>	<u>\$2,823.4</u>	<u>\$2,888.3</u>

<sup>(1)</sup> Consists of assets used in managing our total business and not allocated to any one segment.

### Environmental

We are subject to numerous federal, state, local and non-U.S. environmental protection and health and safety laws and regulations. Our operations, like those of other pharmaceutical companies, involve the use of substances regulated under environmental laws, primarily in manufacturing processes. We cannot assure you that we have been or will be in full compliance with environmental and health and safety laws and regulations at all

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times. If we violate these laws, we could be fined, criminally charged or otherwise sanctioned by regulators. We believe that our operations currently comply in all material respects with applicable environmental laws and regulations.

Certain environmental laws assess strict (i.e., regardless of fault) and joint and several liability on current or previous owners of real property and current or previous owners or operators of facilities for the costs of investigation, removal or remediation of hazardous substances or materials at such properties or at properties at which parties have disposed of hazardous substances. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances.

In addition, from time to time, we have received notification from the EPA and from state environmental agencies in the U.S. that conditions at a number of sites where we and others disposed of hazardous substances require investigation, cleanup and other possible remedial actions. These agencies may require that we reimburse the government for costs incurred at these sites or otherwise pay for the cost of investigation and cleanup of these sites including compensation for damage to natural resources. We have projects underway at a number of current and former manufacturing facilities to investigate and remediate environmental contamination resulting from past operations. These projects relate to a variety of activities, including decontamination and decommissioning of radioactive materials and investigation and removal of hazardous substances from soil and groundwater. These projects involve both investigation and remediation expenses and capital expenditures.

We provide for expenses associated with environmental remediation obligations once we determine that a potential environmental liability at a particular site is probable and the amount can be reasonably estimated. We regularly assess current information and developments as the investigations and remediation activities proceed and adjust accruals, as necessary, to provide for the expected impact of these environmental matters.

The ultimate cost of investigation and cleanup at disposal sites and manufacturing facilities is difficult to predict given uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations and alternative cleanup methods. Based upon our experience, current information available and applicable laws, we believe that it is probable that we will incur investigation and remedial costs, including asset retirement obligations, of \$193.5 million, of which \$11.3 million is included in accrued and other current liabilities, \$134.7 million is included in environmental liabilities and \$47.5 million is included in other liabilities on our combined balance sheet at December 28, 2012. This amount includes \$94.7 million at December 28, 2012 relating to a site located in Orrington, Maine which will be a liability of a Covidien entity following the separation. For more information on our pro forma adjustments, see "Unaudited Pro Forma Condensed Combined Financial Statements." Note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement provide additional information regarding environmental matters, including asset retirement obligations. All accruals have been recorded without giving effect to any possible future insurance proceeds.

Environmental laws are complex, change frequently and generally have become more stringent over time. While we have planned for future capital and operating expenditures to comply with these laws and to address liabilities arising from past or future releases of, or exposures to, hazardous substances, we cannot assure you that our costs of complying with current or future environmental protection, health and safety laws and regulations will not exceed our estimates or have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Further, we cannot assure you that we will not be subject to additional environmental claims for personal injury or cleanup in the future based on our past, present or future business activities. While it is not feasible to predict the outcome of all pending environmental matters, it is reasonably probable that there will be a need for future provisions for environmental costs that, in management's opinion, are not likely to have a material adverse effect on our financial condition, but could be material to the results of operations in any one accounting period.

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Certain radiological licenses at certain manufacturing sites owned by us require the establishment of decommissioning programs which will require remediation in accordance with regulatory requirements upon cessation of operations at these sites.

### **Manufacturing**

We have 10 manufacturing sites, including seven located in the U.S., as well as sites in Canada, Ireland and the Netherlands, which handle production, assembly, quality assurance testing, packaging and sterilization of our products. We estimate that our manufacturing production by region in fiscal 2012 (as measured by cost of production) was approximately: U.S.–78%, Europe, Middle East and Africa–14% and Other–8%.

### **Sales, Marketing and Distribution**

We maintain distribution centers in over 20 countries. Products generally are delivered to these distribution centers from our manufacturing facilities and then subsequently delivered to the customer. In some instances, product, such as nuclear medicine, is delivered directly from our manufacturing facility to the customer. We contract with a wide range of transport providers to deliver our products by road, rail, sea and air.

### **Customers**

We market our branded and generic products and CMDS to physicians, pharmacists, pharmacy buyers, radiologists and radiology technicians. We distribute these products to major drug wholesalers, retail pharmacy chains, hospital networks and governmental agencies. In addition, we contract with GPOs and managed care organizations to improve access to our products.

We utilize our API to manufacture our own products. In addition, we sell and distribute API directly or through distributors to other pharmaceutical companies. In the U.S., we market and distribute our nuclear imaging products to radiopharmacies which, in turn, supply hospitals and standalone imaging centers with patient-customized doses. Outside the U.S., we market and distribute our nuclear imaging products to hospitals.

We often negotiate with parties that enter into supply contracts for the benefit of their member facilities, including GPOs, IDNs, large and medium size retail pharmacy chains, nuclear pharmacy chains, wholesalers, and solely outside the U.S., with governments through a tender process.

Cardinal Health, a distributor, represented 19%, 19% and 15% of our net sales in fiscal 2012, 2011 and 2010, respectively. McKesson, also a distributor, represented 14%, 13% and 11% of our net sales in fiscal 2012, 2011 and 2010, respectively. AmerisourceBergen Corporation, also a distributor, represented 9%, 10% and 8% of our net sales in fiscal 2012, 2011 and 2010, respectively. No other customer accounted for 10% or more of our net sales in the past three fiscal years.

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Net sales by geographic area, based on the location of the entity that records the transaction, are shown in the following table:

(Dollars in Millions)	Fiscal		
	2012	2011	2010
<b>U.S.:</b>			
Specialty Pharmaceuticals	\$ 880.6	\$ 784.8	\$ 756.3
Global Medical Imaging	466.8	505.8	621.5
	<u>1,347.4</u>	<u>1,290.6</u>	<u>1,377.8</u>
<b>Europe, Middle East and Africa<sup>(1)</sup>:</b>			
Specialty Pharmaceuticals	108.7	93.4	89.7
Global Medical Imaging	302.3	326.3	304.1
	<u>411.0</u>	<u>419.7</u>	<u>393.8</u>
<b>Other:</b>			
Specialty Pharmaceuticals	15.9	31.2	23.0
Global Medical Imaging	227.7	227.9	202.5
	<u>243.6</u>	<u>259.1</u>	<u>225.5</u>
<b>Total:</b>			
Specialty Pharmaceuticals	1,005.2	909.4	869.0
Global Medical Imaging	996.8	1,060.0	1,128.1
Net sales of operating segments	<u>2,002.0</u>	<u>1,969.4</u>	<u>1,997.1</u>
Net sales to related parties <sup>(2)</sup> :	54.2	52.4	50.5
	<u>\$2,056.2</u>	<u>\$2,021.8</u>	<u>\$2,047.6</u>

<sup>(1)</sup> There were no sales recorded in Ireland.

<sup>(2)</sup> Represents products that were sold to other Covidien businesses.

### Backlog

At September 28, 2012, the backlog of firm orders was less than 1% of net sales. We anticipate that substantially all of the backlog as of September 28, 2012 will be shipped during fiscal 2013.

### Seasonality

There are no significant seasonal aspects to our business; however, DEA quotas are allocated in each calendar year to companies and may impact our sales until the DEA grants additional quotas, if any.

### Employees

At September 28, 2012, we had approximately 5,300 employees, approximately 4,800 of which are based in the U.S.

### Properties

Our offices in the U.S. are located in a facility in Hazelwood, Missouri, which we own. As of September 28, 2012, we owned a total of 33 facilities in nine countries. Our owned facilities consist of approximately 2.7 million square feet, and our leased facilities consist of approximately 0.7 million square feet. We have ten manufacturing sites, six of which are used by our Global Medical Imaging segment, three of which are used by our Specialty Pharmaceuticals segment and one of which is shared by both segments. We have a manufacturing site in each of Canada, Ireland and the Netherlands and seven manufacturing sites in the U.S. We believe all of these facilities are well-maintained and suitable for the operations conducted in them.

## Legal Proceedings

We are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described below and in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement. We believe that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, management is of the opinion that their ultimate resolution should not have a material adverse effect on our competitive position, business, financial condition, cash flows or results of operations.

### **Governmental Proceedings**

On January 7, 2009, we received a subpoena from the U.S. Attorney's Office for the Northern District of California requesting production of documents relating to the sales and marketing of our Tofranil-PM, Restoril and Magnacet products. We are complying as required by the terms of the subpoena.

On November 30, 2011 and October 22, 2012, we received subpoenas from the DEA requesting production of documents relating to our SOM program. We are complying as required by the terms of the subpoenas.

### **Patent/Antitrust Litigation**

*Tyco Healthcare Group LP, et al. v. Mutual Pharmaceutical Company, Inc.* We filed a patent infringement suit in the U.S. District Court for the District of New Jersey against Mutual Pharmaceutical Co., Inc., et al. on March 20, 2007 pursuant to procedures set out in the Drug Price Competition and Patent Term Restoration Act of 1984, after Mutual submitted an ANDA to the FDA seeking to sell a generic version of our 7.5 mg Restoril sleep aid product. Mutual also filed antitrust and unfair competition counterclaims. The patents at issue have since expired or been found invalid. On January 18, 2013, the trial court issued an opinion and order granting our motion for summary judgment regarding Mutual's antitrust and unfair competition counterclaims. Mutual has the right to appeal this decision.

### **Pricing Litigation**

Two cases are pending against us that allege generally that we and numerous other pharmaceuticals companies reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs. These cases, brought by state Attorneys General in Utah and Louisiana, generally seek monetary damages and attorneys' fees. We are named as a defendant in *State of Utah v. Actavis US, Inc., et al.*, filed May 8, 2008, which is pending in the Third Judicial Circuit of Salt Lake County, Utah and in *State of Louisiana v. Abbott Laboratories Inc., et al.*, filed November 3, 2010, which is pending in the 19th Judicial District, Parish of East Baton Rouge, Louisiana. We intend to contest these cases and explore other options as appropriate.

### **Environmental Remediation and Litigation Proceedings**

We are involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites, including those described below.

*Crab Orchard National Wildlife Refuge Superfund Site, near Marion, Illinois.* Mallinckrodt US LLC, an entity included in our combined financial statements, is a successor in interest to International Minerals and Chemicals Corporation ("IMC"). Between 1967 and 1982, IMC leased portions of the Additional and Uncharacterized Sites ("AUS") Operable Unit at the Crab Orchard Superfund Site (the "Site") from the government and manufactured various explosives for use in mining and other operations. In March 2002, the DOJ, the U.S. Department of the Interior and the EPA (together, the "Government Agencies") issued a special notice letter to General Dynamics Ordnance and Tactical Systems, Inc. ("General Dynamics"), one of the other potentially responsible parties ("PRPs") at the Site, to compel General Dynamics to perform the remedial

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investigation and feasibility study (“RI/FS”) for the AUS Operable Unit. General Dynamics negotiated an Administrative Order on Consent with the Government Agencies to conduct an extensive RI/FS at the Site under the direction of the U.S. Fish and Wildlife Service. General Dynamics asserted in August 2004 that Mallinckrodt US LLC is jointly and severally liable, along with approximately eight other lessees and operators at the AUS Operable Unit, for alleged contamination of soils and groundwater resulting from historic operations and has threatened to file a contribution claim against Mallinckrodt US LLC and other parties for recovery of its costs incurred in connection with the RI/FS activities being conducted at the AUS Operable Unit. Mallinckrodt US LLC and other PRPs who received demand letters from General Dynamics have explored settlement alternatives, but have not reached settlement to date. Mallinckrodt US LLC and other PRPs are awaiting completion of the RI/FS by General Dynamics before the initiation of formal PRP negotiations to address resolution of these alleged claims.

*Mallinckrodt Veterinary, Inc., Millsboro, Delaware.* Mallinckrodt Veterinary, Inc. (“MVI”), an entity included in our combined financial statements, previously operated a plant in Millsboro, Delaware (the “Millsboro Site”) that manufactured various animal healthcare products. In 2005, the Delaware Department of Natural Resources and Environmental Control found trichloroethylene (“TCE”) in the Millsboro public water supply at levels that exceeded the federal drinking water standards. Further investigation to identify the TCE plume in the ground water indicated that the plume has extended to property owned by a third party near the Millsboro Site. We and other former owners assumed responsibility for the Millsboro Site cleanup under the Alternative Superfund Program administered by the EPA. We and other PRPs entered into an Administrative Order on Consent with the EPA on May 10, 2010 which was subsequently amended in November 2010 and January 2011 to investigate the potential source of TCE contamination and to evaluate options to abate, mitigate and/or eliminate the release or threat of release of hazardous substances at the Millsboro Site. We, along with other parties, continue to conduct the studies and prepare remediation plans in accordance with the amended Administrative Order on Consent.

*Coldwater Creek, St. Louis County, Missouri.* Mallinckrodt is one of several companies named as defendants in three tort complaints (*McClurg, et al. v. MI Holdings, Inc., et al.*, filed February 28, 2012; *Adams, et al. v. MI Holdings, Inc., et al.*, filed April 10, 2012 and *Steinman v. MI Holdings, Inc., et al.*, filed October 23, 2012) with numerous plaintiffs pending in the U.S. District Court for the Eastern District of Missouri. These cases allege personal injury for alleged exposure to radiological substances present in Coldwater Creek in Missouri. Plaintiffs lived in various locations in St. Louis County, Missouri near Coldwater Creek. Radiological residues which may have been present in the creek have been remediated by the U.S. Army Corps of Engineers. We believe that we have meritorious defenses to these complaints and are vigorously defending against them.

*Orrington, Maine and Penobscot River and Bay.* Note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement provide information regarding investigation and remediation of a site located in Orrington, Maine and the lawsuit styled *Maine People’s Alliance and Natural Resources Defense Council, Inc. v. HoltraChem Manufacturing Company, LLC and Mallinckrodt US LLC* regarding an investigation being conducted in the Penobscot River and Bay. The liability for such remediation has been included in our combined financial statements since the liability had historically been included in the Pharmaceuticals business of Covidien as it was historically managed as part of Covidien and its subsidiaries prior to completion of the separation. However, the entity with the liability for such investigation and remediation will not be transferred to Mallinckrodt as part of the separation. Accordingly, this will be a liability of a Covidien entity following the separation.

### **Products Liability Litigation**

We are one of four manufacturers of GBCAs, such as our Optimark product, involved in litigation alleging that administration of these agents causes development of nephrogenic systemic fibrosis in a small number of patients with advanced renal impairment. The complaints generally allege design and manufacturing defects, failure to warn, breach of warranty, fraud and violations of various state consumer protection laws. The litigation includes a federal multi-district litigation in the U.S. District Court for the Northern District of Ohio (*In re*



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*Gadolinium-Based Contrast Agents Product Liability Litigation*, which was established on February 27, 2008) and cases in various state courts. We believe that we have meritorious defenses to these complaints and are defending against them. When appropriate, we settle cases. As of January 31, 2013, there were four remaining cases in which the plaintiffs have either documented or specifically alleged use of our Optimark product.

Beginning with lawsuits brought in July 1976, we have also been named as a defendant in personal injury lawsuits based on alleged exposure to asbestos-containing materials. A majority of the cases involve product liability claims, based principally on allegations of past distribution of products containing asbestos. A limited number of the cases allege premises liability, based on claims that individuals were exposed to asbestos while on our property. Each case typically names dozens of corporate defendants in addition to us. The complaints generally seek monetary damages for personal injury or bodily injury resulting from alleged exposure to products containing asbestos. Our involvement in asbestos cases has been limited because we did not mine or produce asbestos. Furthermore, in our experience, a large percentage of these claims have never been substantiated and have been dismissed by the courts. We have not suffered an adverse verdict in a trial court proceeding related to asbestos claims, and intend to continue to defend these lawsuits. When appropriate, we settle claims; however, amounts paid to settle and defend all asbestos claims have been immaterial to date, and are not expected to be material in the future. As of January 31, 2013, there were approximately 11,600 asbestos-related cases pending against us.

### ***Other Matters***

We are a defendant in a number of other pending legal proceedings incidental to present and former operations, acquisitions and dispositions. We do not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with our audited combined financial statements and accompanying notes and our unaudited pro forma combined financial statements and accompanying notes included elsewhere in this information statement. The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those discussed in these forward-looking statements as a result of many factors, including, but not limited to, those discussed under headings "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements."

### Separation from Covidien

In December 2011, Covidien announced a plan to spin off its Pharmaceuticals business into a separate, publicly traded company. Upon separation, Mallinckrodt plc will be the parent company which will own the Pharmaceuticals business. The Pharmaceuticals business of Covidien, presented herein, represents a combined reporting entity comprising the assets and liabilities used in managing and operating Covidien's Pharmaceuticals business, including subsidiaries, branches and operations that have been carved out that relate to Covidien's Pharmaceuticals business. Certain subsidiaries have disposed of some of the operations previously owned. Where appropriate, these operations have been reflected as discontinued operations in our combined financial statements. Divestitures of product lines not representing businesses have been reflected in operating income.

Our combined financial statements have been prepared on a standalone basis in U.S. dollars, in accordance with GAAP and reflect our business as it was historically managed as part of Covidien and its subsidiaries prior to completion of the separation. These combined financial statements may not be indicative of our future performance and do not necessarily reflect what our combined results of operations, financial condition and cash flows would have been had we operated as a separate, publicly traded company during the periods presented, particularly since many changes will occur in our operations and capitalization as a result of our separation from Covidien.

Our combined financial statements include expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation. Management believes such allocations are reasonable; however, they may not be indicative of the actual expenses we would have incurred had we been operating as a separate, publicly traded company for the periods presented. Note 1 to our interim unaudited condensed combined financial statements and note 1 to our annual combined financial statements provide further information regarding allocated expenses. Following the separation, we will perform these functions using our own resources or purchased services. For an interim period, however, some of these functions will continue to be provided by Covidien under a transition services agreement, particularly in relation to areas outside the U.S. The terms and prices on which such services are rendered may differ from the terms and prices in effect prior to completion of the separation. We also may incur additional costs associated with being a separate, publicly traded company. These additional anticipated costs are not reflected in our historical combined financial statements. On an annual basis, we estimate these operating costs will be approximately \$40 million higher than the general corporate expenses historically allocated from Covidien to us.

### Overview

We are a global company that develops, manufactures, markets and distributes both branded and generic specialty pharmaceuticals, API and diagnostic imaging agents. Our products are found in almost every hospital,

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standalone diagnostic imaging center or pharmacy in the U.S. and we have a sales presence in approximately 50 countries. We believe our extensive commercial reach and chemistry expertise, coupled with our ability to deal with the highly regulated and technical nature of our business, have created compelling competitive advantages that we anticipate will sustain future revenue growth. We expect our investments in operating improvements to lead to cost efficiencies and continued margin expansion.

We operate our business through two segments:

- Specialty Pharmaceuticals produces and markets Brands, Generics and API; and
- Global Medical Imaging develops, manufactures and markets CMDS and Nuclear Imaging products.

### **Healthcare Reform**

In 2010, the Healthcare Reform Act was enacted into law in the U.S. This legislation imposes a \$28 billion fee on the branded pharmaceutical industry over nine years starting in 2011 and a \$2.8 billion annual fee on the branded pharmaceutical industry thereafter. The amount of the fee payable by each company is based upon market share. Our share of the fee was not significant in fiscal 2012 and 2011. In addition, beginning in 2011, the law requires pharmaceutical manufacturers to pay a 50% discount to Medicare Part D beneficiaries when they are in the Medicare Part D coverage gap (also known as the “doughnut hole”). The impact of this provision on both fiscal 2012 and fiscal 2011 net sales was insignificant. The law also increased mandated Medicaid rebates, which reduced net sales by \$11.2 million and \$13.1 million in fiscal 2012 and 2011, respectively.

The legislation also includes a provision that imposes a 2.3% excise tax on the sale of certain medical devices by a manufacturer, producer or importer of such devices in the U.S. starting after December 31, 2012. We do not expect this assessment to have a significant impact on our results of operations.

### **Product Launches**

On December 28, 2012, we received approval from the FDA to manufacture a generic version of CONCERTA (Methylphenidate HCl) extended-release Tablets USP for the treatment of ADHD in 27 mg, 36 mg and 54 mg dosages. We believe we hold a 180-day exclusivity period for each of the 27 mg, 36 mg and 54 mg dosage strengths, which begins upon the commercial launch of each dosage strength. We launched the 27 mg dosage strength upon FDA approval during the first quarter of fiscal 2013 and launched the 36 mg and 54 mg dosage strengths during the second quarter of fiscal 2013. In February 2013, we submitted a supplement to our approved ANDA for an 18 mg dosage strength. Sales of Methylphenidate HCl products were \$9.3 million during the first three months of fiscal 2013. While sales of these products are subject to our receipt of sufficient quota from the FDA, we currently expect sales of Methylphenidate HCl products to be at least \$125 million in fiscal 2013. However, sales of these products may subsequently decline in fiscal 2014, depending on a number of factors, including expiration of the exclusivity period.

### **Acquisitions**

In October 2012, we acquired CNS Therapeutics, a specialty pharmaceutical company focused on developing and commercializing products for site-specific administration to the central nervous system to treat neurological disorders and intractable chronic pain, for total consideration of \$95.0 million. The total consideration was comprised of an upfront cash payment of \$88.1 million (net of cash acquired) and the fair value of contingent consideration of \$6.9 million. This contingent consideration, which could potentially total a maximum of \$9.0 million, is primarily based on whether the FDA approves another dosage form of Gablofen on or before December 31, 2016. The acquisition of CNS Therapeutics expanded our branded pharmaceuticals portfolio and supports our strategy of leveraging our therapeutic expertise and core capabilities in manufacturing, regulatory and commercialization to serve patients.

In August 2012, we paid \$13.2 million under an agreement to acquire all of the rights to Roxicodone® from Xanodyne Pharmaceuticals, Inc., which was capitalized as an intangible asset. Roxicodone is an

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immediate-release oral formulation of oxycodone hydrochloride indicated for the management of moderate to severe pain where the use of an opioid analgesic is appropriate. Roxycodone is the RLD for one of our generic products and is important to our product pipeline. There are no ongoing royalty payments under this agreement.

In June 2009, we acquired the rights to market and distribute the pain management drug Exalgo in the U.S. for an upfront cash payment of \$10.0 million, which was included in R&D expenses during fiscal 2009. Under the license arrangement, we are obligated to make additional payments up to \$73.0 million based upon the successful completion of specified development and regulatory milestones. During fiscal 2009, \$10.0 million of such milestone payments were made and included in R&D expenses. During fiscal 2010, the FDA approved the Exalgo NDA for the 8 mg, 12 mg and 16 mg tablet dosage forms, resulting in additional payments of \$55.0 million, which were capitalized as an intangible asset. In addition, during fiscal 2012, we received FDA approval to market a 32 mg tablet dosage form. We are also required to pay royalties on sales of the product. During fiscal 2012, 2011 and 2010, we paid royalties of \$16.1 million, \$5.5 million and \$4.4 million, respectively. In addition, during the first three months of fiscal 2013 and 2012, we paid royalties of \$5.5 million and \$3.3 million, respectively.

### **License Agreements**

In October 2009, we licensed worldwide rights to utilize Depomed's Acuform gastric retentive drug delivery technology for the exclusive development of four products. Under this license agreement, we paid Depomed upfront and development payments of \$5.3 million during fiscal 2009. In addition to these payments, we may be obligated to pay up to \$64 million in additional development milestone payments. We will also pay Depomed a royalty on sales of products developed under this license agreement. During fiscal 2012 and 2010, an insignificant amount of milestone payments were expensed as incurred since regulatory approval had not yet been received. No milestone payments were made in fiscal 2011. In addition, no royalties have been paid through the first three months of fiscal 2013.

In June 2009, we entered into a license agreement which granted us rights to market and distribute PENNSAID® (diclofenac sodium topical solution) 1.5% w/w ("Pennsaid") and MNK-395, product candidates for the treatment of osteoarthritis for the knee(s). This license arrangement included an upfront cash payment of \$10.0 million, which was included in R&D expenses during fiscal 2009. We are also responsible for all future development activities and expenses. In addition, we may be required to make additional payments up to \$120 million based upon the successful completion of specified regulatory and sales milestones, and are required to pay royalties on sales of the products. During fiscal 2010, upon FDA approval of the Pennsaid NDA, we made a milestone payment of \$15.0 million, which was capitalized as an intangible asset. During fiscal 2012, we paid royalties of \$7.5 million associated with this product. The amount of royalties paid during fiscal 2011 and 2010 were insignificant, as were the amount of royalties paid during the first three months of fiscal 2013 and 2012. We submitted an NDA for MNK-395 in June 2012. In March 2013, the FDA requested additional information before the application can be considered for approval. In order to comply with this request, we are in the process of repeating a pharmacokinetic study. We anticipate that we will be able to submit the results from this study to the FDA in the third quarter of calendar 2013.

### **Divestitures**

During fiscal 2011, we sold the rights to market TussiCaps™, which are hydrocodone bitartrate and chlorpheniramine maleate extended-release capsules for use as a cough suppressant, for an upfront cash payment of \$11.5 million. As a result of this transaction, we recorded an \$11.1 million gain. The purchaser also may be obligated to make contingent payments to us of up to \$11.5 million from December 31, 2011 through September 30, 2015, payable in equal quarterly installments until such time as a new competitive generic product is introduced into the market. In addition, we would receive a \$1.0 million contingent payment if certain sales targets are achieved over the same time period. We received \$2.9 million of contingent payments during fiscal 2012 and an additional \$0.7 million during the first three months of fiscal 2013.

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During fiscal 2010, we sold our nuclear radiopharmacies in the U.S. for net cash proceeds of \$13.0 million. As a result of this transaction, we recorded a \$3.9 million net gain. In connection with this sale, we also entered into a supply agreement, under which the purchaser committed to annual purchase volumes through December 31, 2014.

### **Nuclear Imaging**

In November 2012, one of the research reactors we use to irradiate targets as part of our Mo-99 processing operation experienced an unscheduled shutdown. While we have been able to receive increased target irradiations at two other reactors and have purchased additional Mo-99 from other sources to continue meeting customer orders in the near term, the additional Mo-99 we are procuring from alternative sources comes at a higher than normal cost. While we expect the reactor to resume production in early June 2013, should this shutdown overlap the time period during which another reactor is planned to shut down for routine maintenance, there may be an impact on the amount of available Mo-99, which could result in global shortages, continued increased raw material costs and decreased sales. We will continue to work closely with reactor operators and other processors to provide maximum available coverage to meet our customer needs.

### **Business Factors Influencing the Results of Operations**

#### *Fiscal Year*

We report our results based on a “52-53 week” year ending on the last Friday of September. Fiscal 2012 and 2010 consisted of 52 weeks and ended on September 28, 2012 and September 24, 2010, respectively. Fiscal 2011 ended on September 30, 2011 and consisted of 53 weeks.

#### *New Products*

In March 2010, Exalgo extended-release tablets (8 mg, 12 mg and 16 mg) were approved by the FDA for the treatment of moderate to severe pain in opioid-tolerant patients requiring continuous around-the-clock opioid analgesia for an extended amount of time. We launched these three tablet strengths of Exalgo in late April 2010. Beginning in November 2013, a third party will have the right, pursuant to an agreement with us, to sell Exalgo tablets in the 8 mg, 12 mg and 16 mg dosages. In addition, our patents for these dosages expire in July 2014.

In August 2012, the FDA approved a 32 mg tablet of Exalgo which will further expand the patient population that Exalgo can effectively treat with a single daily dose. Exalgo was granted marketing exclusivity in the U.S. as a prescription medicine until March 2013 and is protected by two Orange Book-listed patents for a method of treating moderate to severe pain. Beginning in May 2014, a third party will have the right, pursuant to an agreement with us, to sell Exalgo tablets in the 32 mg dosage strength.

Sales of Exalgo were \$91.9 million in fiscal 2012, which we expect to increase in fiscal 2013. In addition, we expect sales of Exalgo to decrease in fiscal 2014 (as compared to fiscal 2013) when a third party enters the market pursuant to the agreement referred to above.

We launched Pennsaid into the U.S. market in late April 2010. Pennsaid was granted marketing exclusivity in the U.S. as a prescription medicine until November 2012 and is protected by an Orange Book-listed patent for the method of use of topical diclofenac on the knee and a second topical medication on the same knee which expires in July 2029.

In February 2010, we launched an oral transmucosal fentanyl citrate (“OTFC”) in the U.S. market, which is offered in 200, 400, 600, 800, 1,200 and 1,600 micrograms. OTFC is a generic alternative to the branded ACTIQ®, a trademark of Cephalon, Inc. or its affiliates.

In February 2011, we launched a fentanyl transdermal system (“FTS”) patch in the U.S. market, which is offered in 25 mcg/hr, 50 mcg/hr, 75 mcg/hr and 100 mcg/hr strengths. It is a transdermal formulation of fentanyl

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that is delivered slowly into the body through a patch worn on the skin. FTS is a generic alternative to the branded Duragesic® patch, a trademark of Johnson & Johnson or its affiliates.

Net sales of new products discussed above were \$50.2 million and \$40.5 million during the first three months of fiscal 2013 and 2012, respectively, and were \$191.6 million, \$114.5 million and \$42.3 million in fiscal 2012, 2011 and 2010, respectively.

### ***Restructuring Initiatives***

We continue to look for opportunities to improve our cost structure and achieve operating excellence and efficiencies. Under the 2009 restructuring program, we launched an initiative that closed a manufacturing facility in Chesterfield, U.K. The manufacturing facility produced API products and we transferred these processes to another manufacturing site creating operating and logistic efficiencies. Under the 2011 restructuring program, we announced a comprehensive initiative to renovate, upgrade and modernize key manufacturing operations at our St. Louis manufacturing facility. We began to realize benefits from this initiative in fiscal 2012. During the first three months of fiscal 2013 and 2012, we incurred net restructuring and related costs of \$1.0 million and \$5.9 million, respectively, which include accelerated depreciation costs of \$0.8 million and \$2.2 million during the first three months of fiscal 2013 and 2012, respectively. In addition, during fiscal 2012, 2011 and 2010, we incurred net restructuring and related costs of \$19.2 million, \$10.0 million and \$11.5 million, respectively, which include accelerated depreciation costs of \$8.0 million and \$1.6 million during fiscal 2012 and 2011, respectively. The restructuring charges incurred during all of these periods primarily related to severance and employee benefit costs.

### ***Research and Development Investment***

During the first three months of fiscal 2013, R&D expenses increased \$1.3 million, compared with the first three months of fiscal 2012. In addition, R&D expenses increased \$22.4 million in fiscal 2011 compared with fiscal 2010 and increased \$2.6 million in fiscal 2012, compared with fiscal 2011. We expect to continue to invest in internal R&D activities, as well as enter into license agreements to supplement our internal R&D initiatives. We intend to initially focus our R&D investments in the specialty pharmaceuticals area where we believe we have the greatest opportunity for growth and profitability. Accordingly, we plan to increase R&D expenditures to support our Brands business.

*Specialty Pharmaceuticals.* We devote significant resources to the R&D of our branded products. A number of our branded products are protected by patents and have enjoyed market exclusivity. Our R&D strategy focuses on branded product development in the area of pain and other central nervous system areas, such as spasticity. We are presently developing a number of branded products, some of which utilize novel drug-delivery systems, through a combination of internal and collaborative programs. As of January 31, 2013, we had one NDA under review in the U.S.

We are presently developing a number of generic products through a combination of internal and collaborative programs. From a product development perspective, we are focused on controlled substances and difficult-to-replicate pharmacokinetic profiles. In addition, we are focused on process improvements to increase yields and reduce costs. As of January 31, 2013, we had five ANDAs awaiting review in the U.S.

*Global Medical Imaging.* Our main focus for our Global Medical Imaging segment is to enhance our CMDS in terms of communicating with hospital information systems and developing specific devices targeting emerging markets. In our Nuclear Imaging business, we are expanding our portfolio of radioisotopes and better utilizing existing capacity.

### ***Legal Charges***

During fiscal 2012, we recorded a legal charge of \$4.3 million to settle a long-standing commercial dispute and charges of \$3.1 million related to product liability litigation, including legal fees. In addition, during fiscal

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2011 and 2010, we incurred legal charges of \$7.8 million and \$31.3 million, respectively, related to product liability litigation and related legal fees. All of the above charges are included in selling, general and administrative expenses.

### Results of Operations

#### Three Months Ended December 28, 2012 Compared to Three Months Ended December 30, 2011

##### Net Sales

Net sales by geographic area are as follows:

(Dollars in Millions)	Three Months Ended		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	December 28, 2012	December 30, 2011			
U.S.	\$ 336.1	\$ 325.0	3.4%	— %	3.4%
Europe, Middle East and Africa	93.6	103.8	(9.8)	(1.6)	(8.2)
Other	74.3	74.9	(0.8)	(1.9)	1.1
	<u>\$ 504.0</u>	<u>\$ 503.7</u>	0.1	(0.6)	0.7

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Our net sales of \$504.0 million for the first three months of fiscal 2013 were relatively level compared with net sales for the first three months of fiscal 2012. In the first three months of fiscal 2013, net sales in the U.S. increased \$11.1 million, or 3.4%, and net sales outside the U.S. decreased \$10.8 million, or 6.0%. The overall slight increase in net sales was primarily driven by increased sales within our Specialty Pharmaceuticals segment driven by an increase in sales of our Exalgo-branded products, the launch of Methylphenidate HCI and the impact of the CNS Therapeutics acquisition. These increases in net sales were partially offset by decreased sales of contrast media products within our Global Medical Imaging segment. Additional information regarding changes in our net sales is provided in “—Business Segment Results.”

##### Operating Income

**Gross profit.** Gross profit for the first three months of fiscal 2013 decreased \$1.3 million, or 0.6%, to \$233.5 million, compared with \$234.8 million in the first three months of fiscal 2012. Gross margin was 46.3% in the first three months of fiscal 2013, compared with 46.6% in the first three months of fiscal 2012. The decrease in gross profit was primarily attributable to increased manufacturing and raw material costs, partially offset by a more favorable product mix resulting from increased sales of our higher margin pharmaceutical products.

**Selling, general and administrative expenses.** Selling, general and administrative expenses for the first three months of fiscal 2013 increased \$16.7 million, or 12.8%, to \$146.8 million, compared with \$130.1 million in the first three months of fiscal 2012. The increase in selling, general and administrative expenses primarily resulted from \$9.1 million of costs incurred to build out our corporate infrastructure and higher legal costs. Selling, general and administrative expenses were 29.1% of net sales for the first three months of fiscal 2013, compared with 25.8% of net sales for the first three months of fiscal 2012.

**Research and development expenses.** R&D expenses increased \$1.3 million to \$38.4 million in the first three months of fiscal 2013, compared with \$37.1 million in the first three months of fiscal 2012. As a percentage of our net sales, R&D expenses were 7.6% and 7.4% in the first three months of fiscal 2013 and 2012, respectively.

**Separation costs.** During the first three months of fiscal 2013 and 2012, we incurred separation costs of \$12.0 million and \$4.0 million, respectively, primarily related to legal, accounting, tax and other professional fees. We expect to continue to incur costs related to the separation throughout fiscal 2013 and potentially beyond.

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*Restructuring and related charges, net.* During the first three months of fiscal 2013, we recorded \$1.0 million of net restructuring and related charges, of which \$0.8 million related to accelerated depreciation and was included in cost of goods sold. During the first three months of fiscal 2012, we recorded net restructuring and related charges of \$5.9 million, of which \$2.2 million related to accelerated depreciation and was included in cost of goods sold. The remaining \$3.7 million primarily related to severance and employee benefit costs incurred within our Global Medical Imaging segment.

*Gain on divestitures.* As discussed under “—Divestitures,” during the first three months of both fiscal 2013 and 2012, we recorded a \$0.7 million gain related to the sale of the rights to market TussiCaps extended-release capsules in fiscal 2011.

### **Non-Operating Items**

*Interest expense and interest income.* During the first three months of fiscal 2013, net interest expense was \$0.1 million, compared with net interest income of \$0.1 million during the first three months of fiscal 2012. We expect our annual interest expense to increase approximately \$43 million in fiscal 2013 primarily as a result of the financing arrangements that MIFSA has entered into in connection with our separation from Covidien.

*Other income.* During the first three months of fiscal 2013 and 2012, we recorded other income of \$0.2 million and \$0.5 million, respectively, which represents miscellaneous items, none of which are material.

*Income tax expense.* Income tax expense was \$17.1 million and \$24.6 million on income from continuing operations before income taxes of \$36.9 million and \$61.2 million for the first three months of fiscal 2013 and 2012, respectively. Our effective tax rate was 46.3% and 40.2% for the first three months of fiscal 2013 and 2012, respectively. The increase in the effective tax rate for the first three months of fiscal 2013, compared with the first three months of fiscal 2012, primarily resulted from the non-deductibility of certain professional fees incurred in connection with the separation as well as the expiration of the U.S. R&D tax credit on December 31, 2011, partially offset by an increase in earnings in lower-tax jurisdictions. Our pro forma adjusted tax rate is 34.3% for the first three months of fiscal 2013. See “Unaudited Pro Forma Condensed Combined Financial Statements—The Pharmaceuticals Business of Covidien plc Unaudited Pro Forma Condensed Combined Statement of Income.”

We expect sales of Methylphenidate HCl to increase our earnings in higher-tax jurisdictions, which will put upward pressure on our fiscal 2013 effective tax rate. However, in January 2013, the U.S. R&D tax credit was reenacted through December 31, 2013 and made retroactive to January 1, 2012. Based on the date of enactment of this law, the fiscal 2012 benefit for this credit will be recorded in the second quarter of fiscal 2013.

### **Fiscal Year Ended September 28, 2012 Compared to Fiscal Year Ended September 30, 2011**

#### **Net Sales**

Net sales by geographic area are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2012	2011			
U.S.	\$1,350.2	\$1,293.8	4.4%	—%	4.4%
Europe, Middle East and Africa	411.0	419.7	(2.1)	(5.6)	3.5
Other	295.0	308.3	(4.3)	(2.4)	(1.9)
	<u>\$2,056.2</u>	<u>\$2,021.8</u>	1.7	(1.5)	3.2

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”



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Our net sales for fiscal 2012 increased \$34.4 million, or 1.7%, to \$2,056.2 million, compared with \$2,021.8 million in fiscal 2011. In fiscal 2012, net sales in the U.S. increased \$56.4 million, or 4.4%, and net sales outside the U.S. decreased \$22.0 million, or 3.0%. The overall increase in net sales was primarily driven by a \$50.7 million increase in sales of our Exalgo-branded products within our Specialty Pharmaceuticals segment, partially offset by a \$22.7 million decrease in sales of our Optiray contrast product within our Global Medical Imaging segment. Additional information regarding changes in our net sales is provided in “—Business Segment Results.”

### **Operating Income**

*Gross profit.* Gross profit for fiscal 2012 increased \$49.9 million, or 5.5%, to \$964.8 million, compared with \$914.9 million in fiscal 2011. The increase in gross profit was primarily a result of overall higher net sales. Gross margin was 46.9% in fiscal 2012, compared with 45.3% in fiscal 2011. The increase in gross margin was primarily attributable to a more favorable product mix resulting from increased sales of our higher margin branded pharmaceutical products.

*Selling, general and administrative expenses.* Selling, general and administrative expenses for fiscal 2012 increased \$19.2 million, or 3.6%, to \$551.7 million, compared with \$532.5 million in fiscal 2011. The increase in selling, general and administrative expenses primarily resulted from higher legal and benefit costs. Selling, general and administrative expenses were 26.8% of net sales for fiscal 2012, compared to 26.3% of net sales for fiscal 2011.

*Research and development expenses.* R&D expenses increased \$2.6 million to \$144.1 million in fiscal 2012, compared with \$141.5 million in fiscal 2011. The increase primarily resulted from additional spending on our MNK-795 and MNK-155 branded products that are under development within our Specialty Pharmaceuticals segment and higher salary and benefit costs. As a percentage of our net sales, R&D expenses were 7.0% in both fiscal 2012 and 2011.

*Separation costs.* During fiscal 2012 and 2011, we incurred separation costs of \$25.5 million and \$2.9 million, respectively, primarily related to tax, accounting and other professional fees.

*Restructuring and related charges, net.* During fiscal 2012, we recorded \$19.2 million of net restructuring and related charges, of which \$8.0 million related to accelerated depreciation and were included in cost of goods sold. The accelerated depreciation resulted from the decision to shut down our plant in Chesterfield, U.K. The remaining \$11.2 million primarily related to severance and employee benefit costs due to a reduction in work force. During fiscal 2011, we recorded net restructuring and related charges of \$10.0 million, of which \$1.6 million related to accelerated depreciation and was included in cost of goods sold. The remaining \$8.4 million primarily related to severance and employee benefit costs incurred within our Specialty Pharmaceuticals segment.

*Gain on divestitures.* As discussed under “—Divestitures,” during fiscal 2011, we recorded an \$11.1 million gain on the sale of the rights to market TussiCaps extended-release capsules. We recorded an additional \$2.9 million gain related to this sale during fiscal 2012.

### **Non-Operating Items**

*Interest expense and interest income.* During fiscal 2012 and 2011, interest expense, net of interest income, was \$0.1 million and \$0.4 million, respectively. We expect our annual interest expense to increase approximately \$43 million in fiscal 2013 primarily as a result of the financing arrangements that MIFSA has entered into in connection with our separation from Covidien.

*Other income.* During fiscal 2012 and 2011, we recorded other income of \$1.0 million and \$2.9 million, respectively. These amounts primarily represent royalty payments from a subsidiary of Covidien for use of certain of our trademarks and technology.

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*Income tax expense.* Income tax expense was \$94.8 million and \$86.2 million on income from continuing operations before income taxes of \$236.1 million and \$243.2 million for fiscal 2012 and 2011, respectively. Our effective tax rate was 40.2% and 35.4% for fiscal 2012 and 2011, respectively. The increase in the effective tax rate for fiscal 2012, compared with fiscal 2011, resulted primarily from a decrease in earnings in lower-tax jurisdictions. The expiration of the U.S. R&D tax credit as of December 31, 2011 and the retroactive reenactment of the 2010 R&D tax credit during fiscal 2011 also contributed to the increase in the effective tax rate in fiscal 2012 as compared to fiscal 2011. Had the U.S. R&D tax credit been fully enacted during fiscal 2012, our effective tax rate would have been approximately 0.7% lower. In addition, in fiscal 2011, we reached a settlement with certain non-U.S. taxing authorities that favorably benefitted our fiscal 2011 effective tax rate.

### **Fiscal Year Ended September 30, 2011 Compared to Fiscal Year Ended September 24, 2010**

#### **Net Sales**

Net sales by geographic area are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2011	2010			
U.S.	\$1,293.8	\$1,380.5	(6.3)%	—%	(6.3)%
Europe, Middle East and Africa	419.7	393.8	6.6	3.2	3.4
Other	308.3	273.3	12.8	5.0	7.8
	<u>\$2,021.8</u>	<u>\$2,047.6</u>	(1.3)	1.2	(2.5)

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Our net sales for fiscal 2011 decreased \$25.8 million, or 1.3%, to \$2,021.8 million, compared with \$2,047.6 million in fiscal 2010. In fiscal 2011, net sales in the U.S. decreased \$86.7 million, or 6.3%, and net sales outside the U.S. increased \$60.9 million, or 9.1%. The overall decrease in net sales was primarily driven by a decline in Nuclear Imaging net sales within our Global Medical Imaging segment resulting from the divestiture of our nuclear radiopharmacies in the U.S. in May 2010, largely offset by increased sales of our Specialty Pharmaceuticals segment. Additional information regarding changes in our net sales is provided in “—Business Segment Results.”

#### **Operating Income**

*Gross profit.* Gross profit for fiscal 2011 decreased \$17.5 million, or 1.9%, to \$914.9 million, compared with \$932.4 million in fiscal 2010, primarily as a result of our lower overall net sales. Gross profit margins were 45.3% in fiscal 2011, compared with 45.5% in fiscal 2010. The decrease in gross profit margin was primarily attributable to a \$14.7 million increase in royalties largely associated with certain products within our Specialty Pharmaceuticals segment.

*Selling, general and administrative expenses.* Selling, general and administrative expenses for fiscal 2011 decreased \$32.8 million, or 5.8%, to \$532.5 million, compared with \$565.3 million in fiscal 2010. The decrease in selling, general and administrative expenses primarily resulted from decreased legal and benefit costs. These decreases were partially offset by an increase in selling and marketing expenses to support our Exalgo and Pennsaid product launches. Selling, general and administrative expenses were 26.3% of net sales for fiscal 2011, compared to 27.6% of net sales for fiscal 2010.

*Research and development expenses.* R&D expenses increased \$22.4 million to \$141.5 million in fiscal 2011, compared with \$119.1 million in fiscal 2010. This increase primarily resulted from additional spending on

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our MNK-795, MNK-155 and MNK-395 branded products that are under development within our Specialty Pharmaceuticals segment and the reformulation of existing products within our Global Medical Imaging segment. As a percentage of our net sales, R&D expenses were 7.0% for fiscal 2011, compared with 5.8% for fiscal 2010.

*Separation costs.* During fiscal 2011, we recorded \$2.9 million of separation costs.

*Restructuring and related charges, net.* During fiscal 2011, we recorded net restructuring and related charges of \$10.0 million, of which \$1.6 million related to accelerated depreciation and was included in cost of goods sold. The remaining \$8.4 million primarily related to severance and employee benefit costs incurred within our Specialty Pharmaceuticals segment. During fiscal 2010, we recorded \$11.5 million of net restructuring charges, which primarily related to severance and employee benefit costs incurred within our Global Medical Imaging segment.

*Gain on divestitures.* During fiscal 2011, we recorded an \$11.1 million gain on the sale of the rights to market TussiCaps extended-release capsules. During fiscal 2010, we recorded a \$3.9 million gain on the sale of our nuclear radiopharmacies in the U.S.

### **Non-Operating Items**

*Interest expense and interest income.* During fiscal 2011 and 2010, interest expense, net of interest income, was \$0.4 million and \$0.6 million, respectively.

*Other income.* During fiscal 2011 and 2010, we recorded other income of \$2.9 million and \$3.4 million, respectively. These amounts represent royalty payments from a subsidiary of Covidien for use of certain of our trademarks and technology.

*Income tax expense.* Income tax expense was \$86.2 million and \$97.3 million on income from continuing operations before income taxes of \$243.2 million for both fiscal 2011 and 2010, respectively. Our effective tax rate was 35.4% and 40.0% for fiscal 2011 and 2010, respectively. The decrease in the effective tax rate for fiscal 2011, compared with fiscal 2010, resulted primarily from a favorable settlement reached with certain non-U.S. taxing authorities and the release of certain U.S. and non-U.S. uncertain tax positions due to expiration of statutory limitation periods. In addition, the decrease in the effective tax rate resulted from an increase in earnings in lower-tax jurisdictions, the retroactive reenactment in December 2010 of the U.S. R&D tax credit as described above and the implementation of our tax planning strategies.

*Discontinued operations.* During fiscal 2010, we sold Mallinckrodt Baker, which was part of our Specialty Pharmaceuticals segment, because its products and customer bases were not aligned with our long-term strategic objectives. This business met the discontinued operations criteria, and accordingly is included in discontinued operations.

We received net cash proceeds of \$273.3 million and recorded a \$20.4 million pre-tax gain on the sale of Mallinckrodt Baker in fiscal 2010. Included within this gain is a \$17.7 million pre-tax charge associated with indemnification obligations to the purchaser. In addition, we paid \$30.0 million into an escrow account as collateral for these indemnification obligations. Additional information regarding these indemnification obligations is included in “—Commitments and Contingencies—Guarantees.”

During fiscal 2011, we recorded a \$9.1 million pre-tax loss on the sale of Mallinckrodt Baker, primarily for pension settlements related to its employees. In addition, during fiscal 2012, we recorded an additional \$6.7 million loss, primarily related to the indemnification obligations discussed above.

**Business Segment Results**

The businesses included within our Specialty Pharmaceuticals and our Global Medical Imaging segments are described below:

**Specialty Pharmaceuticals**

- *Brands*—includes branded pharmaceuticals for pain and spasticity.
- *Generics and API*—produces generic pharmaceutical products, medicinal opioids, synthetic controlled substances, acetaminophen and addiction treatment.

**Global Medical Imaging**

- *Contrast Media and Delivery Systems*—develops, manufactures and markets contrast media for diagnostic imaging applications, and power injectors to allow delivery of contrast media.
- *Nuclear Imaging*—manufactures and markets radioactive isotopes and associated pharmaceuticals used for the diagnosis and treatment of disease.

Management measures and evaluates our operating segments based on segment net sales and operating income. Management excludes corporate expenses from segment operating income. In addition, management evaluates the operating results of the segments excluding certain amounts that management considers to be non-recurring or non-operational. These items include revenues and expenses associated with related party sales of products to other Covidien businesses, intangible asset amortization, net restructuring and related charges, and separation costs. Although these amounts are excluded from segment operating income, as applicable, they are included in reported combined operating income and accordingly, are included in our discussion of our combined results of operations.

**Three Months Ended December 28, 2012 Compared to Three Months Ended December 30, 2011**

**Net Sales**

Net sales by segment are shown in the following table:

(Dollars in Millions)	Three Months Ended		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	December 28, 2012	December 30, 2011			
Specialty Pharmaceuticals	\$ 260.2	\$ 236.1	10.2%	0.1%	10.1%
Global Medical Imaging	229.7	254.7	(9.8)	(1.3)	(8.5)
Net sales of operating segments	489.9	490.8	(0.2)	(0.7)	0.5
Net sales to related parties <sup>(2)</sup>	14.1	12.9	9.3	—	9.3
Net sales	\$ 504.0	\$ 503.7	0.1	(0.6)	0.7

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

<sup>(2)</sup> Represents products that were sold to other Covidien businesses.

*Specialty Pharmaceuticals.* Net sales for the first three months of fiscal 2013 increased \$24.1 million, or 10.2%, to \$260.2 million, compared with \$236.1 million for the first three months of fiscal 2012. The increase in net sales was primarily driven by a \$12.5 million increase in sales of our Exalgo branded products, which was aided by the launch of a new dosage in August 2012; \$9.3 million in sales resulting from the launch of Methylphenidate HCl, which received FDA approval during the current period; and \$6.5 million of sales of intrathecal products resulting from the acquisition of CNS Therapeutics. These increases to net sales were partially offset by a decrease in sales of controlled substance API resulting from competitive pressure and timing of orders. We expect sales for our Specialty Pharmaceuticals segment to increase in fiscal 2013, compared to

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fiscal 2012, principally driven by our launch of Methylphenidate HCl (also known as generic Concerta). We also expect our Brands business to grow in fiscal 2013, compared to fiscal 2012, driven by increases in sales of Exalgo and intrathecal products (Gablofen), partially offset by a decrease in sales in our API business due to competitive pressures year over year and the planned shut-down of our Chesterfield, UK plant in fiscal 2012.

Net sales for Specialty Pharmaceuticals by geography are as follows:

(Dollars in Millions)	Three Months Ended		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	December 28, 2012	December 30, 2011			
U.S.	\$ 233.6	\$ 207.0	12.9%	— %	12.9%
Europe, Middle East and Africa	22.5	25.7	(12.5)	1.6	(14.1)
Other	4.1	3.4	20.6	(4.7)	25.3
	<u>\$ 260.2</u>	<u>\$ 236.1</u>	10.2	0.1	10.1

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Net sales for Specialty Pharmaceuticals by key products are as follows:

(Dollars in Millions)	Three Months Ended		Percentage Change
	December 28, 2012	December 30, 2011	
Acetaminophen (API) products	\$ 47.7	\$ 49.9	(4.4)%
Oxycodone (API) and oxycodone-containing tablets	37.3	28.0	33.2
Hydrocodone (API) and hydrocodone-containing tablets	31.6	42.4	(25.5)
Other controlled substances	24.7	26.6	(7.1)
Other	72.3	57.1	26.6
Generics and API	213.6	204.0	4.7
Exalgo	29.3	16.8	74.4
Other	17.3	15.3	13.1
Brands	46.6	32.1	45.2
Specialty Pharmaceuticals	<u>\$ 260.2</u>	<u>\$ 236.1</u>	10.2

*Global Medical Imaging.* Net sales for the first three months of fiscal 2013 decreased \$25.0 million, or 9.8%, to \$229.7 million, compared with \$254.7 million for the first three months of fiscal 2012. This decrease was largely due to a \$19.0 million decrease in sales of contrast media products. The decrease in sales of contrast media primarily resulted from a one-time order in the comparative prior year period. A decrease in sales of Optiray due to the renegotiation of a customer contract in the U.S. market and continued weakness in the U.S. also contributed to the sales decline. We expect CMDS to continue to experience weakness resulting from a decreasing number of procedures in developed markets and pricing pressure.

Net sales for Global Medical Imaging by geography are as follows:

(Dollars in Millions)	Three Months Ended		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	December 28, 2012	December 30, 2011			
U.S.	\$ 101.8	\$ 117.4	(13.3)%	— %	(13.3)%
Europe, Middle East and Africa	71.1	78.1	(9.0)	(2.8)	(6.2)
Other	56.8	59.2	(4.1)	(2.0)	(2.1)
	<u>\$ 229.7</u>	<u>\$ 254.7</u>	(9.8)	(1.3)	(8.5)

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

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Net sales for Global Medical Imaging by key products are as follows:

(Dollars in Millions)	Three Months Ended		Percentage Change
	December 28, 2012	December 30, 2011	
Optiray	\$ 79.4	\$ 87.3	(9.0)%
Optimark	11.9	11.0	8.2
Other	30.1	46.9	(35.8)
Contrast Media and Delivery Systems	121.4	145.2	(16.4)
Ultra-Technekow DTE	48.5	47.9	1.3
Octreoscan	19.1	18.8	1.6
Other	40.7	42.8	(4.9)
Nuclear Imaging	108.3	109.5	(1.1)
Global Medical Imaging	\$ 229.7	\$ 254.7	(9.8)

### Operating Income

Operating income by segment and as a percentage of segment net sales for the first three months of fiscal 2013 and 2012 is shown in the following table:

(Dollars in Millions)	Three Months Ended			
	December 28, 2012		December 30, 2011	
Specialty Pharmaceuticals	\$ 35.0	13.5%	\$ 38.8	16.4%
Global Medical Imaging	49.1	21.4	53.5	21.0
Segment operating income	84.1	17.2	92.3	18.8
Unallocated amounts:				
Corporate and allocated expenses	(25.4)		(15.0)	
Intangible asset amortization	(8.9)		(6.8)	
Restructuring and related charges, net	(1.0)		(5.9)	
Separation costs	(12.0)		(4.0)	
Total operating income	\$ 36.8		\$ 60.6	

*Specialty Pharmaceuticals.* Operating income for the first three months of fiscal 2013 decreased \$3.8 million to \$35.0 million, compared with \$38.8 million for the first three months of fiscal 2012. Our operating margin was 13.5% for the first three months of fiscal 2013, compared with 16.4% for the first three months of fiscal 2012. The decrease in operating income and margin was primarily due to increased manufacturing and raw material costs, partially offset by favorable product mix, resulting from increased sales of our higher margin branded products, and favorable pricing. Higher legal costs also contributed to the decline in operating income. We anticipate operating income for our Specialty Pharmaceuticals segment to increase in fiscal 2013, compared to fiscal 2012, as a result of the sales increases discussed above.

*Global Medical Imaging.* Operating income for the first three months of fiscal 2013 decreased \$4.4 million to \$49.1 million, compared with \$53.5 million for the first three months of fiscal 2012. Our operating margin was 21.4% for the first three months of fiscal 2013, compared with 21.0% for first three months of fiscal 2012. The decrease in operating income was primarily due to the decrease in sales discussed above and increased manufacturing and raw material costs, partially offset by a decrease in selling, general and administrative expenses. We expect operating income for our Global Medical Imaging segment to continue to decline in fiscal 2013 compared with fiscal 2012 due to negative market trends, including a decrease in the number of procedures performed in developed markets and pricing pressure. In addition, we expect to experience increased costs of raw materials partially as a result of the unscheduled shutdown of one of the reactors that supplies Mo-99, as discussed under “—Nuclear Imaging.”

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*Corporate and allocated expenses.* Corporate and allocated expenses were \$25.4 million and \$15.0 million for the first three months of fiscal 2013 and 2012, respectively. These amounts include allocations of \$11.9 million and \$10.8 million during the first three months of fiscal 2013 and 2012, respectively, for certain functions provided by Covidien, as described under “—Separation from Covidien.” These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. Excluding the \$1.1 million increase in the amount of allocated expenses, the remaining \$9.3 million increase in corporate expenses in the first three months of fiscal 2013, compared with the first three months of fiscal 2012, primarily resulted from \$9.1 million of costs incurred to build out our corporate infrastructure.

### **Fiscal Year Ended September 28, 2012 Compared to Fiscal Year Ended September 30, 2011**

#### **Net Sales**

Net sales by segment are shown in the following table:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2012	2011			
Specialty Pharmaceuticals	\$1,005.2	\$ 909.4	10.5%	(0.2)%	10.7%
Global Medical Imaging	996.8	1,060.0	(6.0)	(2.8)	(3.2)
Net sales of operating segments	2,002.0	1,969.4	1.7	(1.5)	3.2
Net sales to related parties <sup>(2)</sup>	54.2	52.4	3.4	—	3.4
Net sales	<u>\$2,056.2</u>	<u>\$2,021.8</u>	1.7	(1.5)	3.2

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

<sup>(2)</sup> Represents products that were sold to other Covidien businesses.

*Specialty Pharmaceuticals.* Net sales for fiscal 2012 increased \$95.8 million, or 10.5%, to \$1,005.2 million, compared with \$909.4 million in fiscal 2011. The increase in net sales was primarily driven by increased sales of our Exalgo and Pennsaid branded products. This increase was partially offset by the impact of the extra selling week in fiscal 2011 and a decrease in sales of oxycodone immediate-release tablets.

Net sales for Specialty Pharmaceuticals by geography are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2012	2011			
U.S.	\$ 880.6	\$784.8	12.2%	— %	12.2%
Europe, Middle East and Africa	108.7	93.4	16.4	(2.1)	18.5
Other	15.9	31.2	(49.0)	0.8	(49.8)
	<u>\$1,005.2</u>	<u>\$909.4</u>	10.5	(0.2)	10.7

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

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Net sales for Specialty Pharmaceuticals by key products are as follows:

(Dollars in Millions)	Fiscal		Percentage Change
	2012	2011	
Acetaminophen (API) products	\$ 217.7	\$ 222.2	(2.0)%
Oxycodone (API) and oxycodone-containing tablets	144.1	154.1	(6.5)
Hydrocodone (API) and hydrocodone-containing tablets	130.5	116.9	11.6
Other controlled substances	111.7	107.9	3.5
Other	244.8	223.6	9.5
Generics and API	848.8	824.7	2.9
Exalgo	91.9	41.2	123.1
Other	64.5	43.5	48.3
Brands	156.4	84.7	84.7
Specialty Pharmaceuticals	\$1,005.2	\$909.4	10.5

*Global Medical Imaging.* Net sales for fiscal 2012 decreased \$63.2 million, or 6.0%, to \$996.8 million, compared with \$1,060.0 million in fiscal 2011. This decrease was largely due to decreased sales of CMDS, primarily resulting from lower sales of Optiray due to the renegotiation of a customer contract in the U.S. market and discontinuance of a product, combined with unfavorable currency exchange rate fluctuations and other market-related challenges. In addition, fiscal 2012 sales growth was negatively impacted by the extra selling week in fiscal 2011.

Net sales for Global Medical Imaging by geography are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2012	2011			
U.S.	\$466.8	\$ 505.8	(7.7)%	— %	(7.7)%
Europe, Middle East and Africa	302.3	326.3	(7.4)	(6.7)	(0.7)
Other	227.7	227.9	(0.1)	(3.5)	3.4
	\$996.8	\$1,060.0	(6.0)	(2.8)	(3.2)

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Net sales for Global Medical Imaging by key products are as follows:

(Dollars in Millions)	Fiscal		Percentage Change
	2012	2011	
Optiray	\$352.2	\$ 374.9	(6.1)%
Optimark	48.0	50.3	(4.6)
Other	141.8	170.3	(16.7)
Contrast Media and Delivery Systems	542.0	595.5	(9.0)
Ultra-Technekow DTE	202.5	200.3	1.1
Octreoscan	78.7	76.9	2.3
Other	173.6	187.3	(7.3)
Nuclear Imaging	454.8	464.5	(2.1)
Global Medical Imaging	\$996.8	\$1,060.0	(6.0)



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### Operating Income

Operating income by segment and as a percentage of segment net sales for fiscal 2012 and 2011 is shown in the following table:

(Dollars in Millions)	Fiscal			
	2012		2011	
Specialty Pharmaceuticals	\$ 162.8	16.2%	\$ 121.5	13.4%
Global Medical Imaging	214.3	21.5	232.4	21.9
Segment operating income	377.1	18.8	353.9	18.0
Unallocated amounts:				
Corporate and allocated expenses	(69.9)		(73.3)	
Intangible asset amortization	(27.3)		(27.0)	
Restructuring and related charges, net	(19.2)		(10.0)	
Separation costs	(25.5)		(2.9)	
Total operating income	<u>\$ 235.2</u>		<u>\$ 240.7</u>	

*Specialty Pharmaceuticals.* Operating income for fiscal 2012 increased \$41.3 million to \$162.8 million, compared with \$121.5 million for fiscal 2011. Our operating margin was 16.2% for fiscal 2012, compared with 13.4% for fiscal 2011. The increase in operating income and margin was primarily due to favorable product mix resulting from increased sales of our higher margin branded products.

*Global Medical Imaging.* Operating income for fiscal 2012 decreased \$18.1 million to \$214.3 million, compared with \$232.4 million for fiscal 2011. Our operating margin was 21.5% for fiscal 2012, compared with 21.9% for fiscal 2011. The decrease in operating income and margin was primarily due to lower pricing and volume from renegotiated contracts with certain customer groups, which resulted in a switch to a dual source contract from a single source contract.

*Corporate and allocated expenses.* Corporate and allocated expenses were \$69.9 million and \$73.3 million for fiscal 2012 and 2011, respectively. These amounts include allocations of \$49.2 million and \$56.3 million during fiscal 2012 and 2011, respectively, for certain functions provided by Covidien, as described under “—Separation from Covidien.” Excluding the \$7.1 million decrease in the amount of allocated expenses, the remaining \$3.7 million increase in corporate expenses in fiscal 2012, compared with fiscal 2011, primarily resulted from \$10.7 million of costs incurred to build out our corporate infrastructure, partially offset by lower environmental and asbestos-related costs.

### Fiscal Year Ended September 30, 2011 Compared to Fiscal Year Ended September 24, 2010

#### Net Sales

Net sales by segment are show in the following table:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2011	2010			
Specialty Pharmaceuticals	\$ 909.4	\$ 869.0	4.6%	0.5%	4.1%
Global Medical Imaging	1,060.0	1,128.1	(6.0)	1.9	(7.9)
Net sales of operating segments	1,969.4	1,997.1	(1.4)	1.3	(2.7)
Net sales to related parties <sup>(2)</sup>	52.4	50.5	3.8	—	3.8
Net sales	<u>\$2,021.8</u>	<u>\$2,047.6</u>	(1.3)	1.2	(2.5)

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

<sup>(2)</sup> Represents products that were sold to other Covidien businesses.

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*Specialty Pharmaceuticals.* Net sales for fiscal 2011 increased \$40.4 million, or 4.6%, to \$909.4 million, compared with \$869.0 million in fiscal 2010. This increase was driven primarily by increased sales of generic pharmaceuticals, primarily the fentanyl patch and lozenge which are included within Other in the table of key products and product families below, and increased sales of acetaminophen within API. Increased sales of our Exalgo and Pennsaid branded products were more than offset by the decline in sales of our older branded products due to generic competition. Net sales in fiscal 2011 also benefitted from the extra selling week, which favorably impacted both product groups.

Net sales for Specialty Pharmaceuticals by geography are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(3)</sup>
	2011	2010			
U.S.	\$784.8	\$756.3	3.8%	— %	3.8%
Europe, Middle East and Africa	93.4	89.7	4.1	2.9	1.2
Other	31.2	23.0	35.7	10.0	25.7
	<u>\$909.4</u>	<u>\$869.0</u>	4.6	0.5	4.1

<sup>(3)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Net sales for Specialty Pharmaceuticals by key products and product families are as follows:

(Dollars in Millions)	Fiscal		Percentage Change
	2011	2010	
Acetaminophen (API) products	\$222.2	\$203.6	9.1%
Oxycodone (API) and oxycodone-containing tablets	154.1	170.2	(9.5)
Hydrocodone (API) and hydrocodone-containing tablets	116.9	116.7	0.2
Other controlled substances	107.9	106.8	1.0
Other	<u>223.6</u>	<u>184.5</u>	21.2
Generics and API	824.7	781.8	5.5
Exalgo	41.2	24.8	66.1
Other	43.5	62.4	(30.3)
Brands	<u>84.7</u>	<u>87.2</u>	(2.9)
Specialty Pharmaceuticals	<u>\$909.4</u>	<u>\$869.0</u>	4.6

*Global Medical Imaging.* Net sales for fiscal 2011 decreased \$68.1 million, or 6.0%, to \$1,060.0 million, compared with \$1,128.1 million in fiscal 2010. This decrease was driven primarily by a decline in Nuclear Imaging net sales resulting from the divestiture of our nuclear radiopharmacies within the U.S. during fiscal 2010. This decrease was partially offset by increased sales of Ultra-Technekow DTE generators. Net sales in fiscal 2011 also benefitted from the extra selling week.

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Net sales for Global Medical Imaging by geography are as follows:

(Dollars in Millions)	Fiscal		Percentage Change	Currency Impact	Operational Growth <sup>(1)</sup>
	2011	2010			
U.S.	\$ 505.8	\$ 621.5	(18.6)%	— %	(18.6)%
Europe, Middle East and Africa	326.3	304.1	7.3	3.3	4.0
Other	227.9	202.5	12.5	5.6	6.9
	<u>\$1,060.0</u>	<u>\$1,128.1</u>	(6.0)	1.9	(7.9)

<sup>(1)</sup> Operational growth is a non-GAAP financial measure which should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP. See “—Management’s Use of Non-GAAP Measures.”

Net sales for Global Medical Imaging by key products are as follows:

(Dollars in Millions)	Fiscal		Percentage Change
	2011	2010	
Optiray	\$ 374.9	\$ 357.7	4.8%
Optimark	50.3	48.8	3.1
Other	170.3	202.6	(15.9)
Contrast Media and Delivery Systems	595.5	609.1	(2.2)
Ultra-Technekow DTE	200.3	176.2	13.7
Octreoscan	76.9	65.2	17.9
Other	187.3	277.6	(32.5)
Nuclear Imaging	464.5	519.0	(10.5)
Global Medical Imaging	<u>\$1,060.0</u>	<u>\$1,128.1</u>	(6.0)

### Operating Income

Operating income by segment and as a percentage of segment net sales for fiscal 2011 and 2010 is shown in the following table:

(Dollars in Millions)	Fiscal			
	2011		2010	
Specialty Pharmaceuticals	\$ 121.5	13.4%	\$ 139.6	16.1%
Global Medical Imaging	232.4	21.9	221.5	19.6
Segment operating income	353.9	18.0	361.1	18.1
Unallocated amounts:				
Corporate and allocated expenses	(73.3)		(85.8)	
Intangible asset amortization	(27.0)		(23.4)	
Restructuring and related charges, net	(10.0)		(11.5)	
Separation costs	(2.9)		—	
Total operating income	<u>\$240.7</u>		<u>\$240.4</u>	

*Specialty Pharmaceuticals.* Operating income for fiscal 2011 decreased \$18.1 million to \$121.5 million, compared with \$139.6 million for fiscal 2010. Our operating margin was 13.4% for fiscal 2011, compared with 16.1% for fiscal 2010. The decrease in operating income and margin was primarily due to a \$14.9 million increase in R&D expenses and increased selling and marketing expenses to support product launches, partially offset by an \$11.1 million gain on the sale of the rights to market TussiCaps and decreased benefit costs.

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*Global Medical Imaging.* Operating income for fiscal 2011 increased \$10.9 million to \$232.4 million, compared with \$221.5 million for fiscal 2010. Our operating margin was 21.9% for fiscal 2011, compared with 19.6% for fiscal 2010. The increase in operating income was primarily due to a decrease in legal costs, partially offset by increased R&D expenses.

*Corporate and allocated expenses.* Corporate and allocated expenses were \$73.3 million and \$85.8 million for fiscal 2011 and 2010, respectively. These amounts include allocations of \$56.3 million and \$60.8 million during fiscal 2011 and 2010, respectively, for certain functions provided by Covidien, as described in “—Separation from Covidien.” Excluding the \$4.5 million decline in allocated expenses, the remaining \$8.0 million decrease in corporate expenses primarily resulted from lower legal and environmental costs and decreased equity-based compensation expense.

### **Liquidity and Capital Resources**

Significant factors driving our liquidity position include cash flows generated from operating activities, capital expenditures and cash paid in connection with acquisitions and license agreements. Historically, we have typically generated and expect to continue to generate positive cash flow from operations. As part of Covidien, our cash is swept regularly by Covidien at its discretion. Covidien also funds our operating and investing activities as needed. Cash flows related to financing activities reflect changes in Covidien’s investments in us. Transfers of cash to and from Covidien are reflected as a component of parent company investment within parent company equity on our combined balance sheets. As discussed further under “—Capitalization,” we have not reported cash or cash equivalents on our combined balance sheets for the periods presented.

Subsequent to the separation, we will no longer participate in cash management and funding arrangements with Covidien. Our ability to fund our capital needs will be affected by our ongoing ability to generate cash from operations and access to capital markets. We believe that our future cash from operations, borrowing capacity under the credit facility that we will be able to draw upon after the distribution and access to capital markets will provide adequate resources to fund our working capital needs, capital expenditures and strategic investments.

In March 2013, MIFSA entered into a \$250 million five-year unsecured senior revolving credit facility that matures in June 2018. Borrowings under the credit facility will initially bear interest at LIBOR plus 1.50% per annum (subject to adjustment based upon a ratings-based pricing grid). Our credit facility agreement contains customary covenants, including a financial maintenance covenant that limits our ratio of debt to earnings before interest, income taxes, depreciation and amortization, as adjusted for certain items, and another financial maintenance covenant that requires our ratio of earnings before interest, income taxes, depreciation and amortization, as adjusted for certain items, to interest expense to exceed certain thresholds. MIFSA will not be permitted to draw upon the credit facility until certain conditions are met, including completion of the distribution. In April 2013 MIFSA issued debt in the amount of approximately \$900 million through a notes offering, consisting of \$300 million of 3.50% senior notes due April 2018 and \$600 million of 4.75% senior notes due April 2023.

It is anticipated that, on the distribution date, we will have approximately \$168 million of cash. The separation and distribution agreement will provide for an adjustment payment to potentially be made following the distribution from Covidien to us, or from us to Covidien. The purpose of the adjustment payment is to compensate Mallinckrodt or Covidien, as applicable, to the extent that the aggregate of our cash, indebtedness and specified working capital accounts as of the distribution date, as well as the capital expenditures made with respect to our business during fiscal 2013 through the distribution date, deviates from a specified target. The target will be set assuming that the distribution date is June 28, 2013, that our business is conducted in the ordinary course through that date and that we will have approximately \$168 million of cash upon completion of the distribution. The actual amount of cash that we will have after giving effect to any adjustment payment, however, may be more or less than \$168 million.

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In fiscal 2013, we expect our total capital expenditures to be in the range of \$140 million to \$160 million, which includes \$20 million of non-recurring capital expenditures to build out our corporate infrastructure and information technology systems. While we intend to fund these capital expenditures with cash generated from operations, we also will have \$250 million of borrowing capacity under the credit facility after certain conditions are met, including the completion of the distribution. At September 28, 2012, we had capital expenditure commitments of \$3.8 million.

A summary of our cash flows from operating, investing and financing activities is provided in the following table:

(Dollars in Millions)	Three Months Ended		Fiscal		
	December 28, 2012	December 30, 2011	2012	2011	2010
Net cash (used in) provided by continuing:					
Operating activities	\$ (59.0)	\$ 19.6	\$ 255.8	\$ 370.2	\$ 379.4
Investing activities	\$ (130.2)	\$ (23.5)	\$ (152.2)	\$ (112.6)	\$ 114.3
Financing activities	\$ 189.2	\$ 3.9	\$ (103.6)	\$ (257.6)	\$ (505.2)

### **Operating Activities**

Net cash used in operating activities of \$59.0 million for the first three months of fiscal 2013 was primarily attributable to a \$116.5 million outflow from net investments in working capital, partially offset by income from continuing operations, as adjusted for depreciation and amortization. The working capital outflow was primarily driven by an \$83.4 million decrease in accrued and other liabilities and a \$41.7 million increase in inventory, partially offset by a \$12.1 million increase in income taxes payable, which was recorded in parent company investment. The decrease in accrued and other liabilities resulted largely from a \$37.5 million voluntary contribution to our pension plans and the annual payout of cash bonuses for performance in the prior fiscal year.

Net cash provided by operating activities of \$19.6 million for the first three months of fiscal 2012 was primarily attributable to income from continuing operations, as adjusted for depreciation and amortization, partially offset by a \$51.4 million outflow from net investments in working capital. The working capital outflow was primarily driven by a \$57.4 million decrease in accrued and other liabilities, including the payment of annual cash bonuses for performance in fiscal 2011 that were paid in fiscal 2012 and payments of various tax obligations other than income taxes, partially offset by a \$20.5 million increase in income taxes payable, which was recorded in parent company investment.

Net cash provided by operating activities of \$255.8 million in fiscal 2012 was primarily attributable to income from continuing operations, as adjusted for depreciation and amortization, partially offset by a \$25.4 million outflow from net investments in working capital. The working capital outflow was primarily driven by a \$62.8 million increase in inventory and a \$54.2 million decrease in accrued and other liabilities, partially offset by a \$79.4 million increase in income taxes payable, the latter of which was recorded in parent company investment. A build-up of inventory in advance of a planned plant closure contributed to the increase in inventory, while environmental payments contributed to the decrease in accrued and other liabilities.

Net cash provided by operating activities of \$370.2 million in fiscal 2011 was primarily attributable to income from continuing operations, as adjusted for depreciation and amortization, deferred income taxes and an increase in working capital of \$58.1 million. The increase in working capital was primarily driven by a \$36.0 million increase in income taxes payable, which was recorded in parent company investment.

Net cash provided by operating activities of \$379.4 million in fiscal 2010 was primarily attributable to income from continuing operations, as adjusted for depreciation and amortization and an increase in working capital of \$111.6 million. The increase in working capital was primarily driven by a \$99.5 million increase in income taxes payable, which was recorded in parent company investment.

### ***Investing Activities***

Net cash used in investing activities increased \$106.7 million to \$130.2 million for the first three months of fiscal 2013, compared with \$23.5 million for the first three months of fiscal 2012. This increase primarily resulted from an \$88.1 million payment made in fiscal 2013 to acquire CNS Therapeutics and a \$17.5 million increase in capital expenditures, including \$9.1 million of capital expenditures relating to the separation.

Net cash used in investing activities increased \$39.6 million to \$152.2 million in fiscal 2012, compared with \$112.6 million in fiscal 2011. This increase primarily resulted from a \$23.8 million increase in capital expenditures and a \$13.2 million payment made in fiscal 2012 to acquire rights to Roxicodone.

Net cash used in investing activities of \$112.6 million in fiscal 2011 was primarily due to capital expenditures of \$120.4 million, partially offset by net proceeds from divestitures.

Net cash provided by investing activities of \$114.3 million in fiscal 2010 primarily resulted from net cash proceeds of \$273.3 million from the divestiture of Mallinckrodt Baker, partially offset by capital expenditures of \$103.5 million and cash paid to acquire Exalgo and license Pennsaid.

### ***Financing Activities***

Net cash provided by financing activities increased \$185.3 million to \$189.2 million for the first three months of fiscal 2013, compared with \$3.9 million for the first three months of fiscal 2012. This resulted from an increase in net transfers from Covidien. Net transfers from Covidien were higher during the first three months of fiscal 2013 due to a decrease in operating cash flow and an increase in cash used in investing activities, primarily for the acquisition of CNS Therapeutics.

Net cash used in financing activities decreased \$154.0 million to \$103.6 million in fiscal 2012, compared with \$257.6 million in fiscal 2011. This resulted from a decrease in net transfers to Covidien. Net transfers to Covidien were lower in fiscal 2012 due to a decrease in operating cash flow and an increase in capital expenditures.

Net cash used in financing activities decreased \$247.6 million to \$257.6 million in fiscal 2011, compared with \$505.2 million in fiscal 2010. This resulted from a decrease in net transfers to Covidien. Net transfers to Covidien were higher in fiscal 2010 due to the transfer of the proceeds received from the sale of Mallinckrodt Baker.

### ***Capitalization***

The cash and cash equivalents held by Covidien at the corporate level are not specifically identifiable to us. Accordingly, cash and cash equivalents have not been allocated to us for any of the periods presented. In addition, Covidien's debt and the related interest expense have not been allocated to us for any of the periods presented since we are not the legal obligor of the debt and Covidien's borrowings were not directly attributable to our business. Debt incurred by us directly is included in our combined financial statements and totaled \$9.9 million at December 28, 2012.

### ***Dividends***

We currently intend to retain any earnings to finance R&D, acquisitions and the operation and expansion of our business and do not anticipate paying any cash dividends for the foreseeable future. The recommendation, declaration and payment of any dividends in the future by us will be subject to the sole discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt obligations, legal requirements, regulatory constraints and other factors deemed relevant by our board of directors. Moreover, if we determine to pay any dividends in the future, there can be no assurance that we will continue to pay such dividends. For more information, see "Dividends."

**Commitments and Contingencies****Contractual Obligations**

The following table summarizes our contractual obligations as of September 28, 2012.

(Dollars in Millions)	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations <sup>(1)</sup>	\$ 6.4	\$ 0.4	\$ 6.0	\$ —	\$ —
Capital lease obligations <sup>(1)</sup>	4.6	1.4	2.8	0.4	—
Operating leases <sup>(2)</sup>	54.3	11.3	18.2	12.1	12.7
Purchase obligations <sup>(3)</sup>	137.1	70.1	45.8	21.2	—
<b>Total contractual cash obligations</b>	<b>\$202.4</b>	<b>\$ 83.2</b>	<b>\$ 72.8</b>	<b>\$ 33.7</b>	<b>\$ 12.7</b>

<sup>(1)</sup> Interest on debt and capital lease obligations are projected for future periods using interest rates in effect as of September 28, 2012. Certain of these projected interest payments may differ in the future based on changes in market interest rates.

<sup>(2)</sup> Amounts exclude lease arrangements that we may enter into with Covidien at separation.

<sup>(3)</sup> Purchase obligations consist of commitments for purchases of goods and services made in the normal course of business to meet operational and capital requirements.

The table above excludes obligations that result from financing arrangements that MIFSA entered into in March and April 2013. In addition, the table above does not include other liabilities of \$504.3 million, primarily consisting of obligations under our pension and postretirement benefit plans, unrecognized tax benefits for uncertain tax positions and related accrued interest and penalties, environmental liabilities and asset retirement obligations, because the timing of their future cash outflow is uncertain. The most significant of these liabilities are discussed below.

As of September 28, 2012, we had net unfunded pension and postretirement benefit obligations of \$101.2 million and \$80.3 million, respectively. However, during the first three months of fiscal 2013, Covidien contributed \$37.5 million to our pension plans. While the timing and amounts of long-term funding requirements for pension and postretirement obligations are uncertain, in fiscal 2013, we expect an additional \$12.8 million will be contributed to our pension and postretirement benefit plans (1) by Covidien to the extent that the contribution occurs prior to completion of the separation and/or (2) by us to the extent that the contribution occurs after the separation.

We are involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. These projects relate to a variety of activities, including decontamination and decommissioning of radioactive materials and removal of solvents, metals and other hazardous substances from soil and groundwater. The ultimate cost of cleanup and timing of future cash outlays is difficult to predict given uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations and alternative cleanup methods. As of September 28, 2012, we believe that it is probable that we will incur investigation and remedial costs, including asset retirement obligations, of approximately \$197.9 million, of which \$15.2 million is included in accrued and other current liabilities, \$136.5 million is included in environmental liabilities and \$46.2 million is included in other liabilities on our combined balance sheet at September 28, 2012. This amount includes \$95.8 million at September 28, 2012 relating to a site located in Orrington, Maine which will be a liability of a Covidien entity following the separation. Note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement provides additional information regarding environmental matters, including asset retirement obligations.

### ***Legal Proceedings***

We are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described in “Business—Legal Proceedings” and in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement. We believe that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, management is of the opinion that their ultimate resolution should not have a material adverse effect on our financial condition, results of operations and cash flows.

### ***Guarantees***

In disposing of assets or businesses, we often provide representations, warranties and indemnities to cover various risks, including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. Except as discussed below, we generally do not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, we have no reason to believe that these uncertainties would have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

In connection with the sale of Mallinckrodt Baker in fiscal 2010, we agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to certain environmental, health and safety matters have a term of 17 years, while some of the other indemnification obligations have an indefinite term. The amount of the liability relating to all of these indemnification obligations included in other liabilities on our combined balance sheet at December 28, 2012 was \$22.4 million, of which \$18.3 million related to environmental, health and safety matters. The value of the environmental, health and safety indemnity was measured based on the probability-weighted present value of the costs expected to be incurred to address environmental, health and safety claims made under the indemnity. As of December 28, 2012, the maximum future payments we could be required to make under all of these indemnification obligations was \$76.1 million. We were required to pay \$30.0 million into an escrow account as collateral for all of these indemnification obligations to the purchaser, of which \$24.1 million remained in other assets on the combined balance sheet at December 28, 2012.

We have recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements. In addition, we are liable for product performance; however, in the opinion of management, such obligations will not have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, the separation and distribution agreement will provide for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Covidien’s remaining business with Covidien, among other indemnities. Specifically, each of Covidien and Mallinckrodt will indemnify, defend and hold harmless the other party, its subsidiaries and their respective directors, officers, employees and agents against any losses arising out of or resulting from:

- the liabilities that each such party assumed or retained pursuant to the separation and distribution agreement (which, in the case of Mallinckrodt, would include the Mallinckrodt Liabilities (as defined below) and, in the case of Covidien, would include the Excluded Liabilities (as defined below)); and
- any breach by such party of the separation and distribution agreement or the other transaction agreements.



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Also, we will indemnify, defend and hold harmless Covidien, its subsidiaries and their respective directors, officers, employees and agents from and against any losses arising out of or resulting from:

- except to the extent it relates to an Excluded Liability, the operation of our business;
- except to the extent it relates to an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Mallinckrodt or its subsidiaries by Covidien or any of its subsidiaries that survives following the distribution; and
- any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10 (as defined below), this information statement (as amended or supplemented), the offering memorandum for the April 2013 notes offering or any other disclosure document that describes the separation or the distribution or Mallinckrodt and its subsidiaries or primarily relates to the transactions contemplated by the separation and distribution agreement.

In addition, Covidien will indemnify, defend and hold harmless Mallinckrodt, its subsidiaries and their respective directors, officers, employees and agents from and against any losses arising out of or resulting from:

- Covidien's businesses other than the Pharmaceuticals business (except to the extent it relates to a Mallinckrodt Liability and other than the conduct of business, operations or activities for the benefit of Mallinckrodt or its subsidiaries pursuant to the separation and distribution agreement and the other transaction agreements); and
- the investigation and remediation of sites in Orrington, Maine and Penobscot River and Bay (as described in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement).

The separation and distribution agreement also will specify procedures with respect to claims subject to indemnification and related matters.

### ***Off-Balance Sheet Arrangements***

We are required to provide the NRC financial assurance demonstrating our ability to cover the cost of decommissioning our Maryland Heights, Missouri radiopharmaceuticals production facility upon closure, though we do not intend to close this facility. We have provided this financial assurance in the form of a \$58.0 million surety bond. In addition, as of December 28, 2012, we had a \$21.1 million letter of credit to guarantee decommissioning costs associated with our St. Louis, Missouri plant.

As of December 28, 2012, we had various other letters of credit and guarantee and surety bonds totaling \$15.7 million. In addition, at December 28, 2012, Covidien had outstanding letters of credit and guarantee and surety bonds totaling \$109.9 million, which supported multiple Covidien businesses, including our business.

### ***Concentration of Credit and Other Risks***

Financial instruments that potentially subject us to concentrations of credit risk primarily consist of accounts receivable. We do not require collateral from customers; however, concentrations of credit risk with respect to trade receivables are generally limited due to our large number of customers and their diversity across geographic areas. A portion of our trade accounts receivable outside the U.S., however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability of those countries' national economies and the creditworthiness of those countries' national governments. Deteriorating credit and economic conditions in parts of Western Europe, particularly in Spain and Italy, may continue to increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

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We routinely evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. While our accounts receivable, net of allowance for doubtful accounts in Greece, is insignificant, during fiscal 2012, we recorded a \$4.4 million charge to write down our outstanding accounts receivables in Greece. We have not incurred significant losses on any other government receivables; however, if the financial condition of customers or the countries' healthcare systems continue to deteriorate such that their ability to make payments is uncertain, additional allowances may be required in future periods.

Our accounts receivable, net of the allowance for doubtful accounts, in Spain and Italy at the end of each period are as follows:

(Dollars in Millions)	December 28, 2012	September 28, 2012	September 30, 2011
Spain	\$ 16.8	\$ 15.0	\$ 26.6
Italy	13.0	12.5	14.7

Net sales to customers in Spain and Italy totaled \$12.2 million and \$13.5 million for the three months ended December 28, 2012 and December 30, 2011, respectively, and \$55.0 million, \$60.2 million and \$58.7 million for fiscal 2012, 2011 and 2010, respectively.

The following table shows net sales attributable to distributors that accounted for 10% or more of our total net sales:

	Three Months Ended		Fiscal		
	December 28, 2012	December 30, 2011	2012	2011	2010
Cardinal Health, Inc.	22%	17%	19%	19%	15%
McKesson Corporation	15%	14%	14%	13%	11%
AmerisourceBergen Corporation	8%	13%	9%	10%	8%

The following table shows accounts receivable attributable to distributors that accounted for 10% or more of our gross accounts receivable at the end of each period:

	December 28, 2012	September 28, 2012	September 30, 2011
Cardinal Health, Inc.	22%	19%	19%
McKesson Corporation	18%	20%	16%
AmerisourceBergen Corporation	9%	10%	12%

The following table shows net sales attributable to products that accounted for 10% or more of our total net sales:

	Three Months Ended		Fiscal		
	December 28, 2012	December 30, 2011	2012	2011	2010
Optiray (CMDS)	16%	17%	17%	19%	17%
Acetaminophen products (API)	9%	10%	11%	11%	10%

Mo-99 is a key raw material in our Ultra-Technekow DTE technetium generators that are sold by our Global Medical Imaging segment. There are only eight suppliers of this raw material worldwide. We have agreements to obtain Mo-99 from three nuclear research reactors and we rely predominantly on two of these reactors for our Mo-99 supply. Accordingly, a disruption in the commercial supply or a significant increase in the cost of this material from these sources could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

## **Management's Use of Non-GAAP Measures**

Operational growth, a non-GAAP financial measure, measures the change in sales between current and prior year periods using a constant currency, the exchange rate in effect during the applicable prior year period. We have provided this non-GAAP financial measure because we believe it provides meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses this non-GAAP financial measure, in addition to GAAP financial measures, to evaluate our operating results. It is also one of the performance metrics that determines management incentive compensation. This non-GAAP financial measure should be considered supplemental to and not a substitute for our reported financial results prepared in accordance with GAAP.

## **Critical Accounting Policies and Estimates**

The preparation of our combined financial statements in conformity with accounting principles generally accepted in the U.S. requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management's estimates are based on the relevant information available at the end of each period.

### ***Revenue Recognition***

We recognize revenue for product sales when title and risk of loss have transferred from us to the buyer, which may be upon shipment or upon delivery to the customer site, based on contract terms or legal requirements in non-U.S. jurisdictions. We sell products direct to retail pharmacies and end user customers and through distributors who resell the products to retail pharmacies, institutions and end user customers. We establish contracts with wholesalers, chain stores, government agencies, institutions, managed care organizations and GPOs that provide for rebates, sales incentives, Distribution Service Agreements ("DSAs") fees, fees for services and administration fees. Direct rebates and fees are paid based on direct customer's purchases from us, including DSA fees paid to wholesalers under our DSAs. Indirect rebates and fees are paid based on products purchased from a wholesaler under a contract with us. We enter into agreements with some indirect customers to establish contract pricing for certain products. These indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, we may enter into agreements with wholesalers at a contract price to offer our products to other indirect customers. Under either arrangement, we provide credit to the wholesaler for any difference between the contracted price with the indirect customer and the wholesaler's invoice price. Such credit is called a chargeback.

When we recognize net sales, we simultaneously record an adjustment to revenue for estimated chargebacks, rebates, product returns and other sales deductions. These provisions are estimated based upon: historical experience, estimated future trends, estimated customer inventory levels, current contracted sales terms with customers, level of utilization of our products and other competitive factors. We adjust reserves for rebates and chargebacks, product returns and other sales deductions to reflect differences between estimated and actual experience. Such adjustments impact the amount of sales we recognize in the period of adjustment.

Sales return reserves for new products are estimated and primarily based on our historical sales return experience with similar products, such as those within the same product line or those within the same or similar therapeutic category. In limited circumstances, where the new product is not an extension of an existing product line or where we have no historical experience with products in a similar therapeutic category (such that we cannot reliably estimate expected returns), we would defer recognition of revenue until the right of return no longer exists or until we have developed sufficient historical experience to estimate sales returns. When establishing sales return reserves for new products, we also consider estimated levels of inventory in the distribution channel and projected demand.

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The following table reflects activity in our sales reserve accounts (dollars in millions):

	<b>Rebates and Chargebacks</b>	<b>Product Returns</b>	<b>Other Sales Deductions</b>	<b>Total</b>
Balance at September 25, 2009	\$ 207.0	\$ 21.4	\$ 11.4	\$ 239.8
Provisions	1,164.3	36.2	57.3	1,257.8
Payments or credits	(1,166.0)	(25.1)	(56.8)	(1,247.9)
Balance at September 24, 2010	205.3	32.5	11.9	249.7
Provisions	1,218.8	40.5	47.1	1,306.4
Payments or credits	(1,200.1)	(39.1)	(45.7)	(1,284.9)
Balance at September 30, 2011	224.0	33.9	13.3	271.2
Provisions	1,085.9	30.0	41.9	1,157.8
Payments or credits	(1,077.7)	(29.2)	(42.3)	(1,149.2)
Balance at September 28, 2012	<u>\$ 232.2</u>	<u>\$ 34.7</u>	<u>\$ 12.9</u>	<u>\$ 279.8</u>

### **Goodwill and Other Intangible Assets**

**Goodwill**—In performing goodwill assessments, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and market place data. There are inherent uncertainties related to these factors and judgment in applying them to the analysis of goodwill impairment. Since judgment is involved in performing goodwill valuation analyses, there is risk that the carrying value of our goodwill may be overstated or understated. We calculate our goodwill valuations using an income approach based on the present value of future cash flows of each reporting unit. This approach incorporates many assumptions including future growth rates, discount factors and income tax rates. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairment in future periods.

We test goodwill during the fourth quarter of each year for impairment, or more frequently if certain indicators are present or changes in circumstances suggest that impairment may exist. We utilize a two-step approach. The first step requires a comparison of the carrying value of the reporting units to the fair value of these units. We estimate the fair value of our reporting units through internal analyses and valuation, using an income approach based on the present value of future cash flows. If the carrying value of a reporting unit exceeds its fair value, we will perform the second step of the goodwill impairment to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill with its carrying value. To determine the implied fair value of goodwill, we allocate the fair value of a reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the value of a reporting unit over the amounts assigned to its assets and liabilities represents the implied fair value of goodwill. The results of our annual goodwill impairment test for fiscal 2012 showed that the fair value of each of our reporting units significantly exceeded their respective carrying values.

**Other Intangible Assets**—Intangible assets include completed technology, licenses, trademarks and in-process research and development (“IPR&D”). We record intangible assets at cost and amortize certain of such assets using the straight-line method over five to thirty years. We review intangible assets for impairment by comparing the fair value of the assets, estimated using an income approach, with their carrying value. If the carrying value exceeds the fair value of the intangible asset, the amount recognized for impairment is equal to the difference between the carrying value of the asset and the present value of future cash flows. We assess the remaining useful life and the recoverability of finite-lived intangible assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Indefinite-lived intangible assets are tested for impairment at least annually.

### ***Contingencies***

We are involved, both as a plaintiff and a defendant, in various legal proceedings that arise in the ordinary course of business, including, without limitation, patent infringement, product liability and environmental matters, as further discussed in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements. Accruals recorded for various contingencies, including legal proceedings, self-insurance and other claims, are based on judgment, the probability of losses and, where applicable, the consideration of opinions of internal and/or external legal counsel, internal and/or external technical consultants and actuarially determined estimates. When a range is established but a best estimate cannot be made, we record the minimum loss contingency amount. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are reevaluated each accounting period, as additional information is available. When we are initially unable to develop a best estimate of loss, we record the minimum amount of loss, which could be zero. As information becomes known, additional loss provision is recorded when either a best estimate can be made or the minimum loss amount is increased. When events result in an expectation of a more favorable outcome than previously expected, our best estimate is changed to a lower amount. We record receivables from third-party insurers up to the amount of the related liability when we have determined that existing insurance policies will provide reimbursement. In making this determination, we consider applicable deductibles, policy limits and the historical payment experience of the insurance carriers. Receivables are not netted against the related liabilities for financial statement presentation.

### ***Pension and Postretirement Benefits***

Our pension expense and obligations are developed from actuarial valuations. Two critical assumptions in determining pension expense and obligations are the discount rate and expected long-term return on plan assets. We evaluate these assumptions at least annually. Other assumptions reflect demographic factors such as retirement, mortality and turnover and are evaluated periodically and updated to reflect our actual experience. Actual results may differ from actuarial assumptions. The discount rate is used to calculate the present value of the expected future cash flows for benefit obligations under our pension plans. For our U.S. plans, we use a broad population of Moody's AA-rated corporate bonds to determine the discount rate assumption. All bonds are non-callable, denominated in U.S. dollars and have a minimum amount outstanding of \$250 million. This population of bonds was used to generate a yield curve and associated spot rate curve, to discount the projected benefit payments for the U.S. plans. The discount rate is the single level rate that produces the same result as the spot rate curve. For our non-U.S. plans, the discount rate is generally determined by reviewing country- and region-specific government and corporate bond interest rates. A decrease in the discount rate increases the present value of pension benefit obligations and increases pension expense. A 50 basis point decrease in the discount rate would increase our present value of pension obligations by approximately \$34.0 million.

We consider the current and expected asset allocations of our pension plans, as well as historical and expected long-term rates of return on those types of plan assets, in determining the expected long-term return on plan assets. In determining the expected return on pension plan assets, we consider the relative weighting of plan assets by class and individual asset class performance expectations as provided by external advisors in reaching our conclusions on appropriate assumptions. The investment strategy for the pension plans has been governed by Covidien. Covidien's overall investment objective is to obtain a long-term return on plan assets that is consistent with the level of investment risk that is considered appropriate. Investment risks and returns are reviewed regularly against benchmarks to ensure objectives are being met. A 50 basis point decrease in the expected long-term return on plan assets would increase our annual pension expense by approximately \$1.9 million.

### ***Income Taxes***

In determining income for financial statement purposes, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

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Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in the most recent years and our forecast of future taxable income. In estimating future taxable income, we develop assumptions including the amount of future state, federal and international pre-tax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we use to manage the underlying businesses.

We determine whether it is more likely than not that a tax position will be sustained upon examination. The tax benefit of any tax position that meets the more-likely-than-not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the uncertainty. To the extent a full benefit is not realized on the uncertain tax position, an income tax liability is established. We adjust these liabilities as a result of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. A significant portion of our potential tax liabilities are recorded in non-current income taxes payable, which is included in other liabilities on our combined balance sheets as payment is not expected within one year.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes, however, which would have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We believe that we will generate sufficient future taxable income in the appropriate jurisdictions to realize the tax benefits related to the net deferred tax assets on our combined balance sheets. However, any reduction in future taxable income, including any future restructuring activities, may require that we record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in such period and could have a significant impact on our future earnings. Our income tax expense recorded in the future may also be reduced to the extent of decreases in our valuation allowances.

### **Quantitative and Qualitative Disclosure about Market Risk**

Our operations include activities in the U.S. and countries outside of the U.S. These operations expose us to a variety of market risks, including the effects of changes in interest rates and currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program.

#### ***Interest Rate Risk***

MIFSA has entered into a new revolving credit facility that bears interest at a floating rate. As a result, we will be exposed to fluctuations in interest rates to the extent of our borrowings under the revolving credit facility. Our long-term debt portfolio is expected to primarily consist of fixed-rate instruments.

#### ***Currency Risk***

We are exposed to currency exchange rate fluctuations that affect transactions not denominated in the functional currency of our U.S. and non-U.S. operations. We may from time to time use financial derivatives, which may include forward currency exchange contracts and currency options, to hedge this risk. However, gains and losses on these contracts would be offset by the gains or losses on the revaluation or settlement of the underlying transaction. We do not use derivative financial instruments to hedge investments in non-U.S. subsidiaries since such investments are long-term in nature.

**MANAGEMENT****Executive Officers Following the Separation**

Upon completion of the separation, none of our executive officers will be executive officers or employees of Covidien. The following table sets forth information regarding individuals who are expected to serve as our executive officers, including their positions after the separation.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mark Trudeau	51	President, Chief Executive Officer and Director
Matthew Harbaugh	42	Senior Vice President and Chief Financial Officer
Thomas Berry	62	Senior Vice President, Product Supply
David Silver	60	Senior Vice President, Portfolio Management, Strategy, and Business Development and Licensing
Peter Edwards	51	Senior Vice President and General Counsel
Steve Carchedi	51	Senior Vice President and President, Commercial Operations (North America)
Meredith Fischer	60	Senior Vice President, Communications and Public Affairs
Stephen Merrick	52	Senior Vice President and President, Commercial Operations (International)
Ian Watkins	50	Senior Vice President and Chief Human Resources Officer

Mr. Trudeau will be named President and Chief Executive Officer of Mallinckrodt and is expected to serve on our board of directors. Mr. Trudeau joined the Pharmaceuticals segment of Covidien in February 2012 as a Senior Vice President and President of its Pharmaceuticals business. He joined Covidien from Bayer HealthCare Pharmaceuticals LLC USA, the U.S. healthcare business of Bayer AG, where he served as Chief Executive Officer. He simultaneously served as President of Bayer HealthCare Pharmaceuticals, the U.S. organization of Bayer's global pharmaceuticals business. In addition, he served as Interim President of the global specialty medicine business unit from January to August 2010. Prior to joining Bayer in 2009, Mr. Trudeau headed the Immunoscience Division at Bristol-Myers Squibb. During his 10-plus years at Bristol-Myers Squibb, he served in multiple senior roles, including President of the Asia/Pacific region, President and General Manager of Canada and General Manager/Managing Director in the United Kingdom. Mr. Trudeau was also with Abbott Laboratories, serving in a variety of executive positions, from 1988 to 1998. Mr. Trudeau holds a Bachelor's degree in chemical engineering and a M.B.A., both from the University of Michigan. Having worked as the President of Covidien's Pharmaceuticals business for over a year, Mr. Trudeau is familiar with all aspects of our business.

Mr. Harbaugh will be named Senior Vice President and Chief Financial Officer of Mallinckrodt. Mr. Harbaugh currently serves as Vice President, Finance of Covidien's Pharmaceuticals business, a position he has held since July 2008. He also served as Interim President of Covidien's Pharmaceuticals business from November 2010 to January 2012. Mr. Harbaugh joined Covidien's Pharmaceuticals business in August 2007 as its Vice President and Controller, Global Finance for the Global Medical Imaging business. Mr. Harbaugh was a Lead Finance Executive with Cerberus Capital Management, L.P. from April 2007 until August 2007. Mr. Harbaugh worked for Monsanto from 1997 to 2007 serving in senior U.S. roles in treasury, investor relations, financial planning and analysis and strategy in addition to two international assignments in Canada and Argentina.

Mr. Berry will be named Senior Vice President, Product Supply of Mallinckrodt. Mr. Berry currently serves as Vice President, Product Supply of Covidien's Pharmaceuticals business, a position he has held since February 2010. Mr. Berry was Senior Vice President of Global Manufacturing for the Fort Dodge Animal Health division of Wyeth Pharmaceuticals from October 2006 until February 2010.

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Mr. Silver will be named Senior Vice President, Portfolio Management, Strategy and Business Development and Licensing of Mallinckrodt. Mr. Silver currently serves as Vice President, Portfolio Management, Strategy and Business Development and Licensing of Covidien's Pharmaceuticals, a position he has held since July 2007. He also served as Interim General Manager for Generics from August 2011 to October 2012. Mr. Silver was a Principal of Argent Rx Solutions Consulting, which provided strategic and commercial analytics consulting to pharmaceutical companies, from May 2006 until July 2007.

Mr. Edwards will be named Senior Vice President and General Counsel of Mallinckrodt. Mr. Edwards joined Covidien's Pharmaceuticals business in May 2010 as Vice President and General Counsel. Mr. Edwards joined Covidien from the Solvay Group in Brussels, Belgium, where he served as Executive Vice President and General Counsel for the global pharmaceuticals business from June 2007 until April 2010.

Mr. Carchedi will be named Senior Vice President and President of Commercial Operations (North America) of Mallinckrodt. Mr. Carchedi joined Covidien's Pharmaceuticals business in October 2012 as Vice President and President of Commercial Operations (North America). Mr. Carchedi served from May 2010 to May 2012 as Chief Marketing Officer of General Electric Healthcare where he was responsible for leading worldwide marketing for GE's Medical Diagnostics business. From April 2009 to May 2010, Mr. Carchedi served as Senior Vice President in charge of the specialty pharmaceuticals business at Endo Pharmaceuticals. From May 2008 to April 2009, Mr. Carchedi served as Senior Vice President, Commercial Operations at Enzon Pharmaceuticals.

Ms. Fischer will be named Senior Vice President, Communications and Public Affairs of Mallinckrodt. Ms. Fischer joined Covidien's Pharmaceuticals business in February 2013 as Vice President, Communications and Public Affairs of Covidien's Pharmaceuticals business. Ms. Fischer was employed by Bayer Corporation from December 2001 until February 2013, where she served as Vice President of Communications and Public Policy for Bayer HealthCare and Bayer HealthCare Pharmaceuticals, North America. In that role, she supported Bayer HealthCare's U.S. pharmaceutical and animal health divisions and the company's global medical care and consumer care businesses.

Mr. Merrick will be named Senior Vice President and President of Commercial Operations (International) of Mallinckrodt. Mr. Merrick joined Covidien's Pharmaceuticals business in February 2013 as Vice President and President of Commercial Operations (International). Mr. Merrick was employed by Bristol-Myers Squibb Company, where he served as Vice President, Strategic Projects – Intercontinental Region from September 2012 until February 2013, President and General Manager – Brazil from December 2009 until September 2012 and as Vice President – Distributor Markets and Geographic Optimization from November 2007 until December 2009.

Mr. Watkins will be named Senior Vice President and Chief Human Resources Officer of Mallinckrodt. Mr. Watkins joined Covidien's Pharmaceuticals business in September 2012 as the Chief Human Resources Officer. Mr. Watkins served as Vice President, Global Human Resources at Synthes, Inc. from June 2007 to September 2012, which was recently acquired by Johnson & Johnson. Mr. Watkins served as Senior Vice President, Human Resources from 2003 to 2006 for Andrx Corporation, which is now part of Watson/Actavis.



**Board of Directors Following the Separation**

The following table sets forth information with respect to those persons who are expected to serve on our board of directors following the completion of the separation. We may name additional directors prior to completion of the separation.

<b>Name</b>	<b>Age</b>	<b>Title</b>
Melvin D. Booth	67	Chairman of the Board
Mark C. Trudeau	51	President, Chief Executive Officer and Director
David R. Carlucci	58	Director
J. Martin Carroll	63	Director
Diane H. Gulyas	56	Director
Nancy S. Lurker	55	Director
JoAnn A. Reed	57	Director
Kneeland C. Youngblood, M.D.	57	Director
Joseph A. Zaccagnino	66	Director

Mr. Booth has been a director of Catalent Pharma Solutions since 2010, a director of PRA International since 2004 and a director of eResearch Technologies since 2012. Mr. Booth has also been a strategic advisor in life sciences to Genstar Capital (a private equity firm) since 2005. Mr. Booth's previous public company board experience includes serving as Lead Director of Millipore, a life science research company, from 2004 to 2010, and as a member of the boards of MedImmune from 1998 to 2005 and of Human Genome Sciences from 1995 to 1998. Mr. Booth was President of MedImmune from 1998 until his retirement at the end of 2003. Mr. Booth was President of Human Genome Sciences from 1995 to 1998. He held a variety of domestic and international positions with Syntex from 1981 to 1995, including serving as President of its U.S. pharmaceuticals business. Mr. Booth has been active in U.S. pharmaceutical industry organizations and is a past Chairman of the Pharmaceuticals Manufacturers Association of Canada. Mr. Booth received a B.S. degree in accounting from Northwest Missouri State University where he was also awarded an honorary Doctor of Science degree. He is also a Certified Public Accountant. Mr. Booth's qualifications to serve on our board include his significant experience in leadership positions at pharmaceutical companies.

Mr. Carlucci was President and Chief Operating Officer of IMS Health from October 2002 until January 2005, when he was named Chief Executive Officer and President. He became Chairman and Chief Executive Officer the following year. Mr. Carlucci retired from IMS Health in December 2010. Mr. Carlucci held several senior executive level positions at IBM from 1976 to 2002, including operations and management positions in the U.S., Canada, Latin America and Asia Pacific. Mr. Carlucci has been a director and Chairman of the Human Resources and Compensation Committee for MasterCard International since 2006. Mr. Carlucci also served as a member of the advisory board of Mitsui USA, one of the world's most diversified comprehensive trading, investment and service companies. Mr. Carlucci received a B.A. in political science from the University of Rochester. Mr. Carlucci's qualifications to serve on our board include his significant experience as an executive and/or board member of publicly traded and private companies.

Mr. Carroll served as President and Chief Executive Officer of Boehringer Ingelheim Corporation and of Boehringer Pharmaceuticals, Inc. from 2003 until 2012. Mr. Carroll currently serves as the head of corporate strategy and development for Boehringer Ingelheim's U.S. operations and remains a director of Boehringer Ingelheim Corporation. Mr. Carroll joined the organization in 2002 as President of Boehringer Pharmaceuticals, Inc. Mr. Carroll worked at Merck & Company, Inc. from 1976 to 2001. From 1972 to 1976, Mr. Carroll served in the United States Air Force where he attained the rank of Captain. Mr. Carroll received a B.A. in accounting & economics from the College of the Holy Cross and a M.B.A. from Babson College. Mr. Carroll's qualifications to serve on our board include his significant experience in leadership positions at pharmaceutical companies.

Ms. Gulyas has worked at E. I. du Pont de Nemours and Company since 1978 and has been the President of DuPont's Performance Polymers division since 2009. She is also the Vice Chairman of the DuPont-Teijin Films

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global joint venture. From 2009 until 2012, Ms. Gulyas served as a director and as a member of the Finance Committee of Navistar International Corporation, a leading manufacturer of commercial trucks, buses, RVs, defense vehicles and engines. Ms. Gulyas received her B.S. in chemical engineering from the University of Notre Dame. Ms. Gulyas' qualifications to serve on our board include her extensive executive experience with chemical and manufacturing companies.

Ms. Lurker has been serving as a director and Chief Executive Officer of PDI Inc. since 2008. Prior to joining PDI, Ms. Lurker served as Senior Vice President and Chief Marketing Officer of Novartis Pharmaceuticals Corporation from 2006 to 2008. Prior to that, she was President and Chief Executive Officer of ImpactRx, Inc. from 2003 to 2006. From 1998 to 2003, Ms. Lurker served as Group Vice President – Global Primary Care Products for Pharmacia Corporation. She was also a member of Pharmacia's U.S. Executive Management Committee from 1998 to 2003. Ms. Lurker began her career at Bristol-Myers Squibb, where she worked for 14 years. Ms. Lurker also has served as a director of Auxilium Corporation since 2011. Ms. Lurker served as a director of ConjuChem Biotechnologies, Inc. from 2004 to 2006 and as a director of Elan Corporation from 2005 to 2006. Ms. Lurker received a B.S. magna cum laude in biology from Seattle Pacific University and a M.B.A. from the University of Evansville. Ms. Lurker's qualifications to serve on our board include her significant experience in leadership positions at pharmaceutical companies.

Ms. Reed is a healthcare services consultant. Ms. Reed served as an advisor to the Chief Executive Officer of Medco Health Solutions from April 2008 to April 2009. From 2002 to March 2008, Ms. Reed served as Senior Vice President, Finance and Chief Financial Officer of Medco Health Solutions. From 1992 to 2002, she served as Senior Vice President, Finance of Medco Health Solutions. She joined Medco Containment Services, Inc. in 1988. Ms. Reed has been a director of American Tower Corporation since 2007, a director of Waters Corporation since 2006 and a trustee of St. Mary's College of Notre Dame since 2006. Ms. Reed received a B.B.A. in business administration from St. Mary's College. She received her M.B.A. in finance and international marketing cum laude from Fordham University. Ms. Reed's qualifications to serve on our board include her experience as a healthcare services consultant and her financial expertise experience and knowledge of financial statements, corporate finance and accounting matters.

Dr. Youngblood is a founding partner of Pharos Capital Group, a private equity firm that focuses on providing growth and expansion capital/buyouts in healthcare, business services and opportunistic investments. Dr. Youngblood served as a director of iStar Financial from 1998 to 2001, a director of Starwood Hotels and Resorts from 2001 to 2012, a director of Burger King Corporation from 2004 to 2010 and a director of the Gap Inc. from 2006 to 2012. Dr. Youngblood has been serving as a director of Energy Future Holdings Corp, an electric utility provider, since 2007. Dr. Youngblood is a physician by training, with over 15 years of experience in emergency medicine. He is also a member of the Council on Foreign Relations. Dr. Youngblood earned a B.A. in politics from Princeton University and an M.D. from the University of Texas Southwestern Medical School. Dr. Youngblood's qualifications to serve on our board include his extensive experience in healthcare practice, policy and business.

Mr. Zaccagnino, who has been a director of Covidien since its spin-off from Tyco International in 2007 and serves on its Compliance and Transactions Committees and as Chairman of the Nominating and Governance Committee. Mr. Zaccagnino has served as President, Chief Executive Officer and director of Yale New Haven Health System and its flagship Yale-New Haven Hospital from 1991 until his retirement in 2005. He has also served as a director of NewAlliance Bancshares, Inc. from 1991 until it was acquired in 2010. Mr. Zaccagnino has served on the board of the National Committee for Quality Healthcare from 1995 until 2005, and was elected Chairman of the Board in 2003. From 1999 until 2006 he served as a director and from 2004 to 2006 as Chairman of the Board of VHA Inc., a provider member cooperative of community owned health systems and their physicians which provides supply chain and group purchasing services through their subsidiaries, Novation and Provista. Mr. Zaccagnino received a B.S. (business administration) from the University of Connecticut and a M.P.H. (healthcare management) from Yale University School of Medicine. Mr. Zaccagnino's qualifications to serve on our board include his broad healthcare management and governance experience and his knowledge of

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healthcare policy and regulation, patient care delivery and financing and of clinical research and medical technology assessment, all of which will provide our board with unique insights and a keen perspective on the complexities of the healthcare sector and on the priorities of and challenges facing our company and the purchasers of our products.

At the time of completion of the separation, we expect that our board of directors will consist of the directors set forth above. At any meeting of shareholders for the election of directors at which a quorum is present, directors will be elected by the affirmative vote of a majority of the votes cast and will serve for one-year terms. Any nominee for director who does not receive a majority of the votes cast will not be elected to the board, except as described in “Description of Mallinckrodt’s Share Capital—Election of Directors.”

### **Independence of Directors**

A majority of our board of directors will be comprised of directors who are “independent” as defined by the rules of the NYSE and the corporate governance guidelines to be adopted by the board. The criteria to be adopted by our board to assist it in making determinations regarding the independence of its members, summarized below, are consistent with the NYSE listing standards regarding director independence. To be considered independent, the board will have to determine that a director does not have a material relationship, directly or indirectly, with Mallinckrodt. In assessing independence, the board will consider all relevant facts and circumstances. In particular, when assessing the materiality of a director’s relationship with the company, the board will consider the issue not just from the standpoint of the director, but also from that of the persons or organizations with which the director has an affiliation. A director will not be considered independent if he or she, at the time of determination:

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

The board will consider the independence of its members in light of these independence criteria. Based on these considerations, we expect that each of our directors, other than Mr. Trudeau, will satisfy the criteria. Each

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independent director is expected to notify the Chair of the Nominating and Governance Committee, as soon as reasonably practicable, of changes in his or her personal circumstances that may affect the board's evaluation of his or her independence.

### **Director Nominations Process**

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

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

Our Corporate Governance Guidelines will provide that:

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

The Committee will assess independence and also monitor compliance by the members of the board with the requisite qualifications under NYSE listing standards for populating the Audit, Compensation and Human Resources and Nominating and Governance Committees. Directors may not serve on more than four public company boards of directors (including Mallinckrodt) or, if the director is employed as chief executive officer of a publicly traded company, no more than three public company boards of directors (including Mallinckrodt). No person may stand for election as a director after reaching age 72.

Our articles of association will contain provisions that address the process by which a shareholder may nominate an individual to stand for election to the board of directors. The Nominating and Governance Committee's charter will include procedures by which the Committee will consider nominations submitted by shareholders.

The Nominating and Governance Committee will consider suggestions for director candidates from board members and, in its discretion, may employ a third-party search firm to assist in identifying candidates for director. In evaluating candidates for director, the Committee will use the guidelines described above, and will evaluate shareholder candidates in the same manner as candidates proposed from all other sources.

## **Committees of the Board of Directors**

Effective upon the completion of the separation, our board of directors will have the following standing committees: an Audit Committee, a Compensation and Human Resources Committee, a Nominating and Governance Committee and a Compliance Committee. Our board of directors will adopt a written charter for each of these committees, which will be posted on our website, [www.mallinckrodt.com](http://www.mallinckrodt.com).

### ***Audit Committee***

The Audit Committee will monitor the integrity of our financial statements, the independence and qualifications of the independent auditors, the performance of our internal auditors and independent auditors, our compliance with certain legal and regulatory requirements and the effectiveness of our internal controls. The Audit Committee will be responsible for selecting, retaining, evaluating, setting the remuneration of and, if appropriate, recommending the termination of our independent auditors. The members of the Audit Committee are expected to be Ms. Reed, Mr. Booth and Ms. Gulyas, each of whom is expected to be determined by the board to be independent under SEC rules and NYSE listing standards applicable to audit committee members. Additionally, at least one member of the Audit Committee is expected to be an audit committee financial expert under SEC rules and the NYSE listing standards applicable to audit committees. Ms. Reed is expected to serve as the Chair of the Audit Committee.

### ***Compensation and Human Resources Committee***

The Compensation and Human Resources Committee will review and approve compensation and benefits policies and objectives, determine whether our officers and employees are compensated according to those objectives and carry out the board's responsibilities relating to the compensation of our executives. The members of the Compensation and Human Resources Committee are expected to be Mr. Carlucci, Ms. Gulyas and Ms. Lurker, each of whom is expected to be determined by the board to be independent under SEC rules and NYSE listing standards applicable to compensation committee members. Mr. Carlucci is expected to serve as the Chair of the Compensation and Human Resources Committee.

### ***Nominating and Governance Committee***

The Nominating and Governance Committee will be responsible for identifying individuals qualified to become board members, recommending to the board the director nominees for election at the Annual General Meeting, developing and recommending to the board a set of corporate governance guidelines, and taking a general leadership role in our corporate governance. The members of the Nominating and Governance Committee are expected to be Mr. Zaccagnino, Mr. Carroll and Dr. Youngblood, each of whom is expected to be determined by the board to be independent under NYSE listing standards. Mr. Zaccagnino is expected to serve as the Chair of the Nominating and Governance Committee.

### ***Compliance Committee***

The Compliance Committee will assist the board in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect us. The members of the Compliance Committee are expected to be Mr. Carroll, Dr. Youngblood and Mr. Zaccagnino, each of whom is expected to be determined by the board to be independent under NYSE listing standards. Mr. Carroll is expected to serve as the Chair of the Compliance Committee.

## **Compensation Committee Interlocks and Insider Participation**

During fiscal 2012, Mallinckrodt was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who

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currently serve as our executive officers were made by Covidien, as described in “Compensation Discussion and Analysis.”

### **Board Leadership Structure**

At completion of the separation, the positions of Chairman of the Board and Chief Executive Officer will be held by separate people. The Chairman of the Board will provide leadership to the board and work with the board to define its structure and activities in the fulfillment of its responsibilities. The Chairman of the Board will set the board agendas with board and management input, facilitate communication among directors, provide an appropriate information flow to the board and preside at meetings of the board of directors and shareholders. The Chairman of the Board will work with other board members to provide strong, independent oversight of the company’s management and affairs. Future modification of the board leadership structure will be made at the sole discretion of our board of directors. A more detailed description of the role and responsibilities of the Chairman of the Board will be set forth in our Corporate Governance Guidelines.

### **Corporate Governance Guidelines**

Our board will adopt governance guidelines designed to assist the company and our board in implementing effective corporate governance practices. The governance guidelines will be reviewed regularly by the Nominating and Governance Committee in light of changing circumstances in order to continue serving our best interests and the best interests of our shareholders.

### **Code of Ethics**

We will adopt a Guide to Business Conduct, which will apply to all of our employees, officers and directors and will meet the requirements of a “code of ethics” as defined by SEC regulations. The Guide to Business Conduct also will meet the requirements of a code of business conduct and ethics under the listing standards of the NYSE. The Guide to Business Conduct will be posted on our website, [www.mallinckrodt.com](http://www.mallinckrodt.com). We will disclose any material amendments to the Guide to Business Conduct, as well as any waivers for executive officers or directors, on our website.

### **Board Risk Oversight**

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

While the board of directors will have the ultimate oversight responsibility for the risk management process, various committees of the board also will have responsibility for risk management. In particular, the Audit Committee will focus on financial risk, including internal controls, and will receive an annual risk assessment report from our internal auditors. Our Compliance Committee will assist the board of directors in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect us and work closely with our legal and regulatory groups. In addition, in setting compensation, the Compensation and Human Resources Committee will strive to create incentives that encourage a level of risk-taking behavior consistent with our business strategy.

### **Communications with the Board of Directors**

The board will establish a process for interested parties to communicate with members of the board. If you have a concern, question or complaint regarding our compliance with any policy or law, or would otherwise like to contact the board, you will be able to reach the board via email. A direct link to this email address will be found on our website. You also will be able to submit communications in writing to a special address or by phone to a toll-free number that will be published on our website. You will be able to submit inquiries anonymously and confidentially. All concerns and inquiries will be received and reviewed promptly by the Office of the General Counsel. Any significant concerns relating to accounting, internal controls or audit matters will be reviewed with the Audit Committee.

All concerns will be addressed by the Office of the General Counsel unless otherwise instructed by the Audit Committee or the Chairman of the Board. The status of all outstanding concerns will be reported to the Chairman of the Board and the Audit Committee on a quarterly basis, and any concern that is determined to (1) pose an immediate threat to the company or (2) concern a senior company official (any executive officer or any direct report to the President and Chief Executive Officer) will be immediately communicated to the Chair of the Audit Committee. The Chairman of the Board or the Audit Committee will determine if certain matters should be presented to the full board and will be able to direct the retention of outside counsel or other advisors in connection with any concern addressed to them. Our Guide to Business Conduct will prohibit any employee from retaliating against anyone for raising or helping to resolve an integrity question.

### **Application of Non-U.S. Corporate Governance Codes**

Our corporate governance guidelines and general approach to corporate governance as reflected in our memorandum and articles of association and our internal policies and procedures are guided by U.S. practice and applicable federal securities laws and regulations and NYSE requirements. Although we are an Irish public limited company, we are not subject to the listing rules of the Irish Stock Exchange or the listing rules of the U.K. Listing Authority and we are therefore not subject to, nor have we adopted, the U.K. Corporate Governance Code or any other non-statutory Irish or U.K. governance standards or guidelines. While there are many similarities and overlaps between the U.S. corporate governance standards applied by us and the U.K. Corporate Governance Code and other Irish/U.K. governance standards or guidelines, there are differences, in particular relating to the extent of the authorization to issue share capital and effect share repurchases that may be granted to the board and the criteria for determining the independence of directors.

## COMPENSATION DISCUSSION AND ANALYSIS

The Pharmaceuticals business is currently part of Covidien and not an independent company and the Mallinckrodt Compensation and Human Resources Committee (our “Compensation Committee”) has not yet been formed. Decisions as to the past compensation of those who currently serve as executive officers of the Pharmaceuticals business, and who will serve as our named executive officers upon the separation, have been made by Covidien. This Compensation Discussion and Analysis discusses these historical compensation practices and describes certain aspects of our anticipated compensation structure for our named executive officers following the separation. While we have discussed our anticipated programs and policies with Covidien and the Compensation and Human Resources Committee of the Covidien board of directors (“Covidien Compensation Committee”), our Compensation Committee may decide to change such policies and programs following the completion of the separation.

For purposes of the following Compensation Discussion and Analysis and executive compensation disclosures, the individuals listed below are referred to collectively as our “named executive officers.” They are our President and Chief Executive Officer, our Chief Financial Officer and our other three most highly compensated executive officers, based on fiscal 2012 compensation from Covidien.

- *Mark Trudeau, Mallinckrodt President and Chief Executive Officer.* Prior to completion of the separation, Mr. Trudeau served as President of Covidien’s Pharmaceuticals business.
- *Matthew Harbaugh, Mallinckrodt Senior Vice President and Chief Financial Officer.* Prior to completion of the separation, Mr. Harbaugh served as Vice President, Finance of Covidien’s Pharmaceuticals business.
- *Thomas Berry, Mallinckrodt Senior Vice President, Product Supply.* Prior to completion of the separation, Mr. Berry served as Vice President, Operations of Covidien’s Pharmaceuticals business.
- *David Silver, Mallinckrodt Senior Vice President, Portfolio Management, Strategy and Business Development and Licensing.* Prior to completion of the separation, Mr. Silver served as Vice President, Strategy and Portfolio Management of Covidien’s Pharmaceuticals business.
- *Peter Edwards, Mallinckrodt Senior Vice President and General Counsel.* Prior to completion of the separation, Mr. Edwards served as Vice President and General Counsel of Covidien’s Pharmaceuticals business.

Additional information about our expected senior executive team following the separation is set forth in “Management—Executive Officers Following the Separation.” Initially, our compensation policies will be largely the same as those adopted by Covidien. Our Compensation Committee will review these policies and, it is expected, will make adjustments to support our strategies and to remain competitive in the marketplace.

The following sections of this Compensation Discussion and Analysis describe Covidien’s compensation philosophy, policies and practices as they applied to our named executive officers listed above during fiscal 2012.

### Introduction

#### *Historically*

Covidien and the Covidien Compensation Committee have established a compensation philosophy that is designed to attract, retain and motivate its executive officers. The core principles of that compensation philosophy are as follows:

- Compensation should strongly align the interests of executive officers and shareholders.
- Compensation should support effective governance.



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- Compensation should be based on a total rewards perspective with an explicit role for each element.
- Compensation should be competitive, but not excessive, in order to attract and retain talented executive officers who can achieve Covidien's long-term strategic goals and create shareholder value.
- Compensation should support Covidien's business strategy in the areas of customer focus, globalization, operational excellence and innovation, as well as Covidien's talent strategy.
- The reward elements should be balanced, with an emphasis on performance-based compensation.
- Compensation goals and practices should be transparent and easy to communicate, both internally and externally.
- Target setting is a key activity and should be done in a rigorous manner resulting in targets that reflect stretch, yet are achievable.

There are three major components to Covidien's executive compensation program: base salary, annual incentive compensation, and long-term incentive awards. All of these components are designed to work together to drive a complementary set of behaviors and outcomes.

*Base salary.* Base salary is intended to reflect the market value of the executive officer's role, with differentiation for individual capability and experience.

*Annual incentive compensation.* Annual incentive compensation in the form of a market-competitive, performance-based cash bonus is designed to focus executive officers on pre-set objectives each year and drive specific behaviors that foster short- and long-term growth and profitability.

*Long-term incentive compensation.* Long-term incentive compensation, which consists of awards of stock options, restricted units and performance units, is designed to recognize executive officers for their contributions to Covidien, to highlight the strategic significance of each executive's role, to promote retention and to align the interests of executive officers with the interests of shareholders in long-term growth and stock performance, rewarding executive officers for shareholder value creation.

### **Going Forward**

*Base salary.* Our Compensation Committee will establish the base salary for named executive officers after the separation. We expect any adjustments to base salary will be reflective of factors such as each named executive officer's post-separation level of responsibility and market data for similar positions at companies in our peer group. A discussion of our peer group is contained in "—How Executive Pay Decisions Are Made—Going Forward—Peer Group."

*Annual incentive compensation.* In connection with the separation, we will adopt an annual incentive plan with terms that are expected to be similar to those of Covidien's annual incentive plan. Following the separation, our Compensation Committee will establish performance goals and target bonus opportunities for our named executive officers that are consistent with the then-current market practices and competitive market levels and that are based on our peer group.

*Long-term incentive awards.* Prior to completion of the separation, we will adopt, subject to the approval of our current shareholders, the Mallinckrodt Stock and Incentive Plan ("Mallinckrodt SIP"), which will be substantially similar to the Covidien Stock and Incentive Plan. The Mallinckrodt SIP will permit us to grant stock options, stock appreciation rights, restricted stock, restricted units, performance units, other share-based awards and cash awards. The values of long-term incentive compensation awards issued to named executive officers following the separation are expected to be set based on each named executive officer's post-separation level of responsibility and market data for similar positions at companies in our peer group, which is set forth under "—How Executive Pay Decision Are Made—Going Forward—Peer Group."

## How Executive Pay Decisions Are Made

### *Historically*

As noted above, during fiscal 2012, the named executive officers participated in Covidien's executive compensation programs. In determining executive compensation packages for fiscal 2012, Covidien and the Covidien Compensation Committee sought to strike an appropriate balance between fixed and variable compensation and between short- and long-term compensation. Because Covidien believes that making a significant portion of its named executive officers' compensation variable and long-term supports its pay-for-performance executive compensation philosophy, the majority of compensation is provided in the form of long-term incentive compensation (*i.e.*, equity awards). Covidien believes this encourages strategies and levels of risk-taking that correlate with the long-term best interests of Covidien and its shareholders. Covidien emphasizes share-based compensation, in combination with executive share ownership guidelines, to promote long-term ownership, long-term shareholder perspective and responsible practices, encouraging significant and sustainable performance over the longer term. Covidien's long-term incentive compensation program includes a mix of vehicles to mitigate the risk of over-emphasis on any one element and includes a cap on performance units. Covidien equity awards include claw-back provisions which apply to certain monetary gains on equity grants realized by executives whose employment is terminated for cause. Finally, in assessing the contributions of a particular named executive officer, Covidien and the Covidien Compensation Committee look not only to results-oriented performance, but also to how those results were achieved—whether the decisions and actions leading to the results were consistent with Covidien values—and the long-term impact of those decisions. Based on these principles, Covidien and, where applicable, the Covidien Compensation Committee established the compensation payable to the named executive officers as described below.

Covidien utilizes a Talent and Leadership Review ("TLR") process to manage its talent and organizational capability with the goal of maximizing organizational excellence and business success. As part of the TLR process, each employee's manager, in conjunction with a human resources representative, assigns to each employee a rating on two discrete dimensions: leadership competencies and results. For fiscal 2012, three possible ratings could be assigned in each of these two dimensions: exceptional, effective and not yet effective. These performance ratings impact base salary decisions, as well as decisions regarding the individual award target established for the employee pursuant to the annual incentive plan and the value of long-term incentive compensation awards.

Mr. Trudeau, who is a named executive officer of Covidien for fiscal 2012 and who is expected to be a named executive officer of Mallinckrodt, commenced employment with Covidien during fiscal 2012. As a new hire, Mr. Trudeau's compensation was not established through the TLR process—as a Covidien named executive officer, his compensation was set by the Covidien Compensation Committee. To establish the compensation payable to Mr. Trudeau, the Covidien Compensation Committee considered a market study prepared by its independent compensation consultant, Steven Hall & Partners. This market study included information regarding base salary, annual cash incentive awards and the value of equity awards and compiled data derived from a number of sources, including the 2011 Radford Global Technology Survey, the 2011 Towers Watson U.S. General Industry Executive Database, the 2011 Hewitt U.S. General Industry/Retail Total Compensation Measurement, the Towers Watson 2010/2011 Survey Report on Top Management Compensation, and the 2011 U.S. Mercer Benchmark Database—Executive. The Covidien Compensation Committee's independent compensation consultant weighted each of these surveys based on company revenue and industry in order to utilize survey data for companies that replicate, in particular, the revenue generated by Covidien's Pharmaceuticals business. Given the anticipated separation and the hiring of Mr. Trudeau to serve as our President and Chief Executive Officer upon separation, the Covidien Compensation Committee benchmarked Mr. Trudeau's position as the President and Chief Executive Officer of a standalone pharmaceuticals company. The Covidien Compensation Committee then established Mr. Trudeau's compensation based on the results of that process and with the explicit intent to allow for increases in such compensation upon his becoming our President and Chief Executive Officer and to provide our Compensation Committee latitude in establishing Mr. Trudeau's compensation following separation.

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Mr. Harbaugh served as interim-President of Covidien's Pharmaceuticals business from December 2, 2010 through February 1, 2012. At the time he was appointed interim-President, the Covidien Compensation Committee established a supplemental compensation package to reflect his increased responsibilities. This supplemental compensation was provided to Mr. Harbaugh after his compensation for serving as Vice President, Finance of Covidien's Pharmaceuticals business was set through the TLR process and only for the period of time that he performed additional services as interim-President.

The following discusses the decision-making criteria for each component of compensation.

*Base Salary.* With respect to named executive officers other than Mr. Trudeau, base salary for fiscal 2012 was established through the TLR process and was based on individual performance and an assessment of the value of the individual to Covidien, particularly given the pending separation. Mr. Harbaugh received an additional monthly allowance of \$10,000 in his base salary as part of the supplemental compensation package approved by the Covidien Compensation Committee. The Covidien Compensation Committee established Mr. Trudeau's base salary in connection with his hiring utilizing the process discussed above.

*Annual Incentive Compensation.* During fiscal 2012, each named executive officer participated in the Covidien 2012 Annual Incentive Plan ("Covidien 2012 AIP"), which is a component of the Covidien 2007 Stock and Incentive Plan. At the beginning of the fiscal year, the Covidien Compensation Committee established performance measures and goals, which included various core financial and strategic focus metrics, performance targets for each metric, including minimum threshold performance requirements to earn an award, and maximum performance scores. As discussed under the heading "2012 Annual Incentive Awards" below, each named executive officer had core financial metrics of sales growth and operating income of Covidien's Pharmaceuticals business and each named executive officer other than Mr. Trudeau had a strategic focus metric which was based on core competencies and individual performance goals, while Mr. Trudeau's strategic focus metric was based on the gross margin of Covidien's Pharmaceuticals business. Covidien set individual award targets, expressed as a percentage of base salary, for each named executive officer, other than Messrs. Trudeau and Harbaugh, based on the executive's level of responsibility and performance review through the TLR process. The individual award target for Mr. Trudeau was set by the Covidien Compensation Committee in connection with his hiring utilizing the process discussed above, while the individual award target for Mr. Harbaugh was set as part of the supplemental compensation package approved by the Covidien Compensation Committee.

After the close of the fiscal year, the Covidien Compensation Committee received a report from management regarding the performance of Covidien's Pharmaceuticals business against the pre-established performance goals. Awards were based on each named executive officer's individual award target percentage and the performance of Covidien's Pharmaceuticals business relative to the specific performance goals, as certified by the Covidien Compensation Committee, and, with respect to named executive officers other than Mr. Trudeau, considering attainment of each officer's individual performance goals.

*Long-Term Incentive Compensation.* During fiscal 2012, named executive officers were eligible to receive long-term incentive compensation awards pursuant to the Covidien 2007 Stock and Incentive Plan. In establishing the value of the fiscal 2012 long-term incentive compensation awards for each named executive officer other than Mr. Trudeau, the Covidien Compensation Committee considered the recommendations of Covidien's management, which were based upon individual performance, including TLR performance ratings, the officer's total compensation and mix of compensation for the previous fiscal year, the resulting compensation mix projected for fiscal 2012, the officer's level of responsibility and previous equity grants. With respect to Mr. Trudeau, the Covidien Compensation Committee utilized the process discussed above to select a value for the long-term incentive award, which it then adjusted to reflect both a pro-rated amount based upon the number of days during fiscal 2012 that Mr. Trudeau was employed by Covidien as well as amounts that he forfeited upon leaving his prior employer. With respect to Mr. Harbaugh, as part of the supplemental compensation package, the Covidien Compensation Committee approved the accumulation of an additional \$40,000 for each month that he served as interim-President, with such accumulated amount to be delivered in the form of a long-term incentive compensation award at the time of the next following annual equity award cycle and at the time he ceased

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serving as interim-President. During fiscal 2012, in addition to the annual long-term incentive compensation award which was determined through the TLR process, the Covidien Compensation Committee awarded to Mr. Harbaugh supplemental long-term incentive compensation awards with a total value reflective of his entire period of service as interim-President.

### **Going Forward**

The executive compensation programs that we initially adopt will be similar to those in place at Covidien immediately prior to completion of the separation. Following the separation, our Compensation Committee will continue to consider and develop our compensation structure, practices, and procedures in order to effectively meet our business needs and goals.

*Compensation Consultant.* Our Compensation Committee will engage an independent compensation consultant to assist it with the review and development of our compensation structure, practices and procedures.

*Peer Group.* The Covidien Compensation Committee utilized a Mallinckrodt peer group, which it developed with the assistance of its independent compensation consultant, Steven Hall & Partners, to set compensation payable to individuals hired in connection with the separation and who Covidien retained to serve as employees of Mallinckrodt following the separation. Steven Hall & Partners did not provide any other services to the Covidien Compensation Committee. The Covidien Compensation Committee identified our peer group based on similar criteria used for selecting the Covidien peer group, namely that the company is in the same industry (for this purpose, the pharmaceuticals industry) and has revenue of between one-half and two times the revenue generated by Covidien's Pharmaceuticals business. The companies listed below comprise the Mallinckrodt peer group utilized by the Covidien Compensation Committee.

- Actavis, Inc. (formerly Watson Pharmaceuticals, Inc.)
- Endo Health Solutions, Inc.
- Forest Laboratories, Inc.
- Hospira, Inc.
- Medicis Pharmaceutical Corp.
- Par Pharmaceutical Companies, Inc.
- Perrigo Company
- Valeant Pharmaceuticals International, Inc.
- Warner Chilcott Ltd.

Going forward, we expect that our Compensation Committee will review the peer group utilized by Covidien and determine, with the assistance of its independent compensation consultant, whether to continue with such peer group or modify it as it deems appropriate.

## **2012 Annual Incentive Awards**

### **Historically**

Covidien's payment of fiscal 2012 annual incentive awards to the named executive officers was subject to the achievement of core financial and strategic focus metrics established pursuant to the Covidien 2012 AIP. For fiscal 2012, there were two core financial metrics which were weighted 35% each and which accounted for, in the aggregate, 70% of the performance multiplier. The strategic focus metric accounted for the remaining 30% of the performance multiplier. The following describes the core financial and strategic focus metrics applicable to each named executive officer for fiscal 2012 as well as the process employed by Covidien to calculate the performance multiplier and final payouts to named executive officers under the Covidien 2012 AIP.

*Core Financial Metrics.* The two core financial metrics for fiscal 2012 were operating income and sales growth of Covidien's Pharmaceuticals business.

*Strategic Focus Metric.* The strategic focus metric for Mr. Trudeau was gross margin of Covidien's Pharmaceuticals business. The strategic focus metric for the other named executive officers consisted of core competencies established by Covidien and individual performance goals approved by the manager of each named executive officer according to the process described below.

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At the start of fiscal 2012, Covidien established six core competencies, which are company-wide initiatives that Covidien utilizes to assess a portion of certain employees' performance during fiscal 2012. Also at the start of fiscal 2012, each named executive officer's manager established goals for the departments over which such executive has responsibility. After these departmental goals were established, each named executive officer proposed his own individual performance goals which supported and furthered the various departmental goals and assigned to each goal a particular weighting, with the total weighting equaling 100%. Each named executive officer's manager then reviewed and approved the individual performance goals and weightings proposed by the named executive officer after either adjusting the goals and/or weightings to further refine the objective of supporting the departmental goals or accepting the goals and/or weightings proposed by the named executive officer.

The following chart summarizes the Covidien 2012 AIP design, including the performance targets and performance scores for the core financial metrics for each named executive officer as well as the performance target and performance score for the strategic focus metric for Mr. Trudeau. Please refer to the discussion that immediately follows this chart for more detail regarding the calculation of the performance scores for the strategic focus metric for named executive officers other than Mr. Trudeau, as well as the final payout under the Covidien 2012 AIP for each named executive officer.

### Fiscal 2012 Annual Incentive Plan Design Summary

<u>Executive Officer</u>	<u>Performance Metric</u>	<u>Weight</u>	<u>Performance Target<sup>(1)</sup></u> <i>(dollars in millions)</i>	<u>Performance Results</u>	<u>Performance Multiplier</u>	<u>Weighted Performance Score</u>
<i>Mark Trudeau</i>	Operating Income <i>(Pharmaceuticals)</i>	35%	\$ 350	\$ 360	1.283x	45%
	Sales Growth <i>(Pharmaceuticals)</i>	35%	2.6%	3.3%	1.201x	42%
	Gross Margin <i>(Pharmaceuticals)</i>	30%	43.6%	45.6%	2x	60%
<b>Performance Multiplier and Score Total</b>					<b>1.47x</b>	<b>147%</b>
<i>Matthew Harbaugh</i>	Operating Income <i>(Pharmaceuticals)</i>	35%	\$ 350	\$ 360	1.283x	N/A
<i>Thomas Berry</i>	Sales Growth <i>(Pharmaceuticals)</i>	35%	2.6%	3.3%	1.201x	N/A
<i>David Silver</i>						
<i>Peter Edwards</i>						
<b>Performance Multiplier for Core Financial Metrics Only</b>					<b>1.242x</b>	<b>N/A</b>

<sup>(1)</sup> The performance metrics used for compensation purposes include non-GAAP financial measures which exclude the effects of anticipated one-time, generally non-recurring items which the Covidien Compensation Committee believes may mask the underlying operating results and/or business trends of the business segment. The categories of these anticipated extraordinary items are identified at the beginning of the fiscal year when the performance measure is approved and, for the Covidien 2012 AIP, included certain restructuring charges, revenue adjustments related to businesses exited or sold, acquisitions, goodwill or other intangible asset impairment charges, shareholder and other litigation charges and certain legacy tax matters.

For the Covidien 2012 AIP, the performance targets were calculated as follows:

- Operating income is the operating income of Covidien's Pharmaceuticals business, calculated using the currency exchange rate applied in setting Covidien's Pharmaceuticals business's annual operating plan in order to eliminate the effect of currency exchange rate fluctuations.
- Sales growth is the total change in net trade sales for fiscal 2012 in U.S. dollars, calculated using fiscal 2011 currency exchange rates divided by fiscal 2011 net trade sales.
- Gross margin is gross margin dollars divided by net sales dollars, where gross margin dollars is calculated by adjusting sales primarily for product costs, variances in plant, freight costs, royalties, warehousing, inventory adjustments and currency exchange rate fluctuations.

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The operating income and sales growth of Covidien's Pharmaceuticals business exceeded the Covidien 2012 AIP target performance level, while gross margin exceeded the maximum performance level. Payout under the Covidien 2012 AIP to Mr. Trudeau was made at 147% of target performance level (*i.e.*, by application of a performance multiplier of 1.47).

With respect to the other named executive officers, a preliminary payout under the Covidien 2012 AIP was determined solely on the results of the core financial metrics—that is, it was based on a performance multiplier of 1.242, which represents an equal weighting of the 1.283 and 1.201 performance multipliers for the operating income and sales growth core financial metrics, respectively. Accordingly, 70% of the fiscal 2012 payout for named executive officers other than Mr. Trudeau was based on a performance multiplier of 1.242, while the remaining 30% was based upon the performance multiplier for the strategic focus metric, determined through the process described below.

As stated above, the strategic focus metric for named executive officers other than Mr. Trudeau consisted of core competencies established by Covidien and individual performance goals approved by each named executive officer's manager. For purposes of the following discussion regarding the calculation of the strategic focus metric, named executive officer refers to all of the named executive officers other than Mr. Trudeau.

For fiscal 2012, Covidien established the following six core competencies:

- Adaptability
- Creative Problem Solving
- Cross-Cultural Respect
- Customer Focus
- Drive for Results
- Interpersonal Relationships

For fiscal 2012, the individual performance goals approved for named executive officers by his respective manager were as follows:

### *Mr. Harbaugh*

- Meet or Exceed Budget Commitments
- Drive Global Customer Focus
- Sustainable Productivity
- Develop Global Leaders and Capabilities

### *Mr. Berry*

- Achieve Target Objectives for Manufacturing Dashboard
- Reduced Operations Cost
- Complete Facility Restructuring
- Achieve Key Project Milestones
- Improve Supply and Operations Process

### *Mr. Silver*

- Support the Spin-Off Transaction
- Coordinate and Prepare Portfolio Business Review and Strategic Plan
- Shepherd Pipeline Products to Registration
- Oversee Market Research and Commercial Analytics
- Effectively Manage the Specialty Pharmaceuticals Generics Business

### *Mr. Edwards*

- Build-Out Legal Team
- Support Transition of New President
- Sustainable Productivity
- Support the Spin-Off Transaction
- Promote Diversity Initiatives
- Maintain High-Quality Services During Spin

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Immediately after the conclusion of fiscal 2012, each named executive officer's manager conducted a performance evaluation for such executive officer by assessing the executive officer's performance during fiscal 2012 against each of the six core competencies and each of the respective individual performance goals. During this process, each named executive officer's manager categorized the respective executive officer's performance as either exceeding, achieving, partially achieving or not achieving the stated objective. Each of these categories was assigned a numerical score, with the numerical scores assigned to each of the six core competencies being equally weighted and the numerical scores assigned to each of the underlying individual performance goals being weighted according to the predetermined weighting approved by the named executive officer's manager at the beginning of fiscal 2012. Once the scores for the core competencies and individual performance goals were calculated, they were weighted equally to determine a preliminary performance multiplier for the strategic focus metric component of the Covidien 2012 AIP. At that time, Covidien also calculated a preliminary payout for each named executive officer based on both the core financial metrics and the strategic focus metric. Each named executive officer's manager then reviewed the preliminary payout and adjusted, if appropriate, the amount of the payout based on individualized performance, additional contributions by the named executive officer that were not captured within the parameters of the core competencies or individual performance goals, and the amount of the payout calculated solely based on the core financial metrics in order to align more closely the final payout with the financial performance of Covidien's Pharmaceuticals business.

The following chart lists the performance multiplier for the core financial metrics only, the payout based only on the performance multiplier for the core financial metrics, the performance multiplier for both the core financial metrics and the strategic focus metric, the preliminary payout amount determined by application of the performance multiplier for both the core financial metrics and the strategic focus metric and the final payout made to each named executive officer. The chart also lists, for Mr. Trudeau, the performance multiplier applicable to his payout and his final payout amount.

<u>Executive Officer</u>	<u>Performance Multiplier for CFM Only</u>	<u>Payout Based on CFM Performance Multiplier Only ("Funded Amount")</u>	<u>Performance Multiplier for CFM and SFM</u>	<u>Preliminary Payout Based on CFM and SFM Performance Multiplier</u>	<u>Final 2012 Annual Incentive Payout</u>
Mark Trudeau	N/A	N/A	1.47x	N/A	\$ 507,252
Matthew Harbaugh	1.242x	\$ 205,547	1.17x	\$ 193,539	\$ 205,543
Thomas Berry	1.242x	\$ 199,705	1.17x	\$ 188,039	\$ 188,039
David Silver	1.242x	\$ 148,632	1.17x	\$ 139,949	\$ 149,998
Peter Edwards	1.242x	\$ 181,825	1.32x	\$ 193,167	\$ 181,825

Pursuant to the terms of the Covidien 2012 AIP, the amount allocated to making payouts under such plan (the "funded amount") was determined based upon the performance multiplier for the core financial metrics only. Accordingly, if the performance multiplier for both the core financial metrics and the strategic focus metric resulted in a preliminary payout for a named executive officer that exceeded the funded amount, and the named executive officer's manager desired to provide the named executive officer with that higher payout amount, such manager was required to reallocate amounts from preliminary payouts for other employees in order to provide the higher payout to the named executive officer. However, if the performance multiplier for both the core financial metrics and the strategic focus metric resulted in a preliminary payout for a named executive officer that was less than the funded amount, and the named executive officer's manager desired to provide the named executive officer with a payout that was equal to the funded amount, such manager was required to adjust the preliminary payout up to the funded amount, but did not have to reallocate amounts from preliminary payouts for other employees to do so. Each respective manager for Messrs. Harbaugh, Silver and Edwards adjusted the payout amounts to provide a final payout that was close or equal to the funded amount.

### ***Going Forward***

Our Compensation Committee will develop a process for establishing financial and non-financial performance goals that initially will be similar to that of Covidien.

## **Retention Benefits**

Covidien implemented a retention program for key employees of its Pharmaceuticals business, including the named executive officers. At the time of implementation, Covidien was considering a sale or spin-off transaction for its Pharmaceuticals business and deemed the retention of these key employees as being essential to the ultimate consummation of a transaction and the smooth transition of such business to a purchaser or an independent company, as applicable. While Covidien has entered into retention agreements with each named executive officer, we expect that we will assume each agreement in connection with the separation and will be responsible for satisfying any obligations with respect to the retention benefits provided therein. For more information about these retention benefits, see “Executive Compensation—Potential Payments Upon Termination—Covidien Retention Agreements.”

## **Other Benefits**

### ***Historically***

Each of the benefits described below was chosen to support Covidien’s philosophy of providing a total rewards perspective to compensating its employees. Collectively, these benefits are intended to be competitive with Covidien’s peer companies.

***Retirement Benefits.*** Covidien maintains six defined benefit pension plans for the benefit of U.S. employees associated with its Pharmaceuticals business. These pension plans have been frozen with respect to all future benefit accruals and will be sponsored and maintained by us immediately upon the separation. No named executive officer is eligible to participate in any of these defined benefit plans because all such plans were frozen before each executive officer commenced employment with Covidien. However, the named executive officers are eligible to participate in the Covidien Retirement Savings and Investment Plan (“Covidien Retirement Savings Plan”), Covidien’s 401(k) plan, which is available to all eligible U.S. employees, and the Covidien Supplemental Savings and Retirement Plan (“Covidien Supplemental Savings Plan”), Covidien’s non-qualified deferred compensation plan in which executive officers and other senior employees may participate. For more information regarding the Covidien Supplemental Savings Plan, see “Executive Compensation—Non-Qualified Deferred Compensation.”

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

***Perquisites.*** Although Covidien does not have a perquisite program, it maintains an executive physical program which offers comprehensive and coordinated annual physical examinations to certain senior-level employees. This program is available to Mr. Trudeau, but not the other named executive officers.

***Employee Stock Purchase Plan.*** Covidien maintains a broad-based employee stock purchase plan that provides eligible employees, including the named executive officers, with the opportunity to purchase Covidien ordinary shares. Eligible employees authorize payroll deductions to be made for the purchase of Covidien ordinary shares and Covidien provides a 15% matching contribution on up to \$25,000 of an employee’s payroll deductions in any calendar year. All shares are purchased on the open market by a designated broker.

***Severance Benefits.*** Covidien maintains an executive severance plan which provides benefits to Covidien senior executives upon an involuntary termination of employment for any reason other than cause, permanent disability or death. Severance benefits, in the form of base salary continuation, bonus and health benefits are generally payable for 18 months (24 months for Covidien’s President and Chief Executive Officer) following termination of employment. For fiscal 2012, under the Covidien executive severance plan, Mr. Trudeau was eligible for 18 months of severance benefits while the other named executive officers were eligible for 12 months of severance benefits. Receipt of these benefits is conditioned upon the named executive officer signing a release of any claims against Covidien.



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*Change in Control Benefits.* Covidien maintains a change in control plan which provides benefits to certain Covidien senior executives upon an involuntary termination of employment or good reason resignation that occurs during a period shortly before and continuing after a change in control (a double trigger arrangement). Benefits are generally payable following termination of employment in a lump-sum cash payment equal to two times (2.99 times for Covidien’s President and Chief Executive Officer) the sum of the executive’s base salary and the average of the executive’s bonus for the previous three fiscal years. Additional benefits provided upon a change in control termination include full vesting of outstanding equity awards, continued subsidy for health plan premiums for a 24-month period (36 months for Covidien’s President and Chief Executive Officer) and outplacement services. For fiscal 2012, Mr. Trudeau was eligible for change in control severance benefits under the Covidien Change in Control Plan, but the other named executive officers were not eligible for such benefits. Receipt of change in control severance benefits is conditioned upon the executive signing a release of any claims against Covidien.

### ***Going Forward***

We expect to maintain the various benefits mentioned above immediately following the separation. Going forward, we expect that our Compensation Committee will consider and determine whether to adopt, modify or terminate any of these benefits.

## **Executive Compensation Recoupment Policy**

### ***Historically***

Covidien maintains an Executive Compensation Recoupment Policy (“Recoupment Policy”) which requires that Covidien recoup portions of incentive compensation paid to its executive officers if there is a restatement of Covidien’s financial statements due to material noncompliance with financial reporting requirements under applicable securities laws or regulations and the amount of incentive compensation that was awarded to an executive officer during the three fiscal years immediately preceding the date of the restatement (or such other period as required under applicable securities laws or regulations) is higher than the amount of incentive compensation that would have been awarded to the executive officer had the financial results subject to the restatement been properly reported. For this purpose, incentive compensation includes annual incentive compensation, certain long-term incentive awards, and any other compensation determined to be incentive compensation pursuant to regulations to be issued by the SEC. In addition, Covidien’s equity awards are subject to a claw-back provision, pursuant to which Covidien may recover the amount of any profit the named executive officer realized upon the exercise of options or vesting of other equity awards during the 12-month period that occurs immediately prior to the executive officer’s involuntary termination of employment for cause.

### ***Going Forward***

Our executive compensation recoupment policy, including the inclusion of any claw-back provisions in equity awards, will be developed in consultation with our Compensation Committee, taking into account market practice and any applicable laws.

## **Share Ownership Guidelines**

### ***Historically***

To reinforce the alignment of management and shareholder interests, the Covidien Compensation Committee adopted share ownership guidelines. Under these guidelines, Covidien named executive officers are expected to hold Covidien equity with a value expressed as a multiple of base salary as follows:

President and Chief Executive Officer	5 times base salary
Other Named Executive Officers	3 times base salary

In determining an executive’s ownership, shares held directly as well as shares underlying restricted units and their accompanying dividend equivalent units are included. Shares underlying unexercised stock options and unvested performance units and their accompanying dividend equivalent units are not included in the calculation.

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Executives are required to achieve the requisite ownership position within five years of first becoming subject to the share ownership guidelines. Covidien's Insider Trading Policy prohibits employees, including named executive officers, from engaging in transactions in puts, calls, cashless collars, options or similar rights and obligations involving Covidien securities, other than the exercise of a Covidien-issued stock option.

### ***Going Forward***

We expect our share ownership guidelines for named executive officers and insider trading policy to be developed taking into account market practice and any applicable laws.

## **Deductibility of Executive Compensation**

### ***Historically***

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

### ***Going Forward***

We expect our Compensation Committee to adopt a similar practice with respect to minimizing the adverse effect of Section 162(m) of the Code (once applicable) on the deductibility of compensation expense following the separation.

## **Compensation Risk Assessment**

### ***Historically***

At the Covidien Compensation Committee's direction, representatives of Covidien's human resources and legal departments conducted a risk assessment of Covidien's compensation policies and practices during fiscal 2012. This risk assessment consisted of a review of cash and equity compensation provided to Covidien employees, including named executive officers, with a focus on compensation payable to senior executives and incentive compensation plans which provide variable compensation to other employees based upon Covidien and individual performance. The Covidien Compensation Committee and its independent compensation consultant reviewed the findings of this assessment and agreed with the conclusion that Covidien's compensation programs are designed with the appropriate balance of risk and reward in relation to Covidien's overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on Covidien. The following characteristics of Covidien's compensation programs support this finding:

- The use of different types of compensation vehicles that provide a balance of short- and long-term incentives with fixed and variable components;
- The cap on awards to limit windfalls;
- The practice of looking beyond results-oriented performance in assessing the contributions of a particular executive;
- The share ownership guidelines;
- The executive compensation recoupment policy;
- The claw-back policy for equity awards; and
- The ability of the Covidien Compensation Committee to reduce incentive payouts if deemed appropriate.

### ***Going Forward***

Our Compensation Committee will take into account risk-management practices and risk-taking incentives as it considers and develops our employee and executive compensation programs and it will adopt a risk assessment process relating to compensation policies and practices initially similar to that in place at Covidien.

**EXECUTIVE COMPENSATION**

**Summary Compensation**

The information included in the Summary Compensation Table below reflects compensation earned during fiscal 2012 by individuals who we expect to serve as our executive officers and who could serve as our named executive officers upon the separation. As we continue to build-out the infrastructure necessary to continue as a standalone publicly traded company after the separation, we expect to retain the services of other individuals who also could serve as its named executive officers upon the separation. We refer to the individuals listed in the table below collectively as the “named executive officers.” For a more complete understanding of the table, please read the narrative disclosures that follow the table.

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position (A)</b>	<b>Fiscal Year (B)</b>	<b>Salary (\$) (C)</b>	<b>Bonus (\$) (D)</b>	<b>Stock Awards (\$) (E)</b>	<b>Option Awards (\$) (F)</b>	<b>Non-Equity Incentive Plan Compensation (\$) (G)</b>	<b>Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$) (H)</b>	<b>All Other Compensation (\$) (I)</b>	<b>Total (\$) (J)</b>
<i>Mark Trudeau, President and Chief Executive Officer</i>	2012	\$420,000	\$225,000	\$945,965	\$623,096	\$ 507,252	—	\$ 109,730	\$2,831,044
<i>Matthew Harbaugh, Senior Vice President and Chief Financial Officer</i>	2012	\$334,723	—	\$428,537	\$364,707	\$ 205,543	—	\$ 34,295	\$1,367,804
<i>Thomas Berry, Senior Vice President, Product Supply</i>	2012	\$317,910	\$ 76,947	\$145,637	\$ 79,458	\$ 188,039	—	\$ 28,220	\$ 836,211
<i>David Silver, Senior Vice President, Portfolio Management, Strategy, and Business Development and Licensing</i>	2012	\$296,881	—	\$211,517	\$115,335	\$ 149,998	—	\$ 21,985	\$ 795,716
<i>Peter Edwards, Senior Vice President and General Counsel</i>	2012	\$322,827	—	\$149,465	\$ 81,535	\$ 181,825	—	\$ 23,522	\$ 759,174

The discussion below sets forth a description of the elements of compensation reported in the columns of the Summary Compensation Table.

**Salary (Column C)**

With respect to Mr. Harbaugh, the Covidien Compensation Committee approved an additional \$10,000 per month in base salary as part of his supplemental compensation package for serving as interim-President. Amounts reported in this column for Mr. Harbaugh reflect \$289,723 paid as base salary and \$45,000 paid as the additional monthly allowance.

**Bonus (Column D)**

This column reflects a one-time sign-on bonus paid to Mr. Trudeau in connection with his commencement of employment with Covidien on February 1, 2012 and a retention bonus paid to Mr. Berry in connection with the retention program Covidien implemented for key employees of its Pharmaceuticals business.

***Stock Awards (Column E) and Option Awards (Column F)***

These columns represent the aggregate grant date fair value, computed in accordance with Accounting Standards Codification 718 *Compensation—Stock Compensation*, of restricted unit, performance unit and stock option awards issued to each named executive officer during fiscal 2012. Further information regarding the 2012 awards is included in the Fiscal 2012 Grants of Plan-Based Awards Table and the Outstanding Equity Awards at 2012 Fiscal Year End Table.

In the case of performance unit awards issued to named executive officers (other than Mr. Trudeau) as part of Covidien's 2012 annual equity award, the grant date fair value is based on the probable outcome of the market-based performance conditions, calculated based on the application of a Monte Carlo simulation model. The actual amounts which vest are determined at the end of the three-year performance cycle and are based on total shareholder return for Covidien as compared to total shareholder return of companies comprising a healthcare industry index. Depending upon whether or to what extent the performance conditions are met, twice as many performance units may vest, or none may vest at all. Amounts in these columns do not correspond to the actual value that may be recognized by the named executive officers, which may be higher or lower based on a number of factors, including Covidien's performance, stock price fluctuations and applicable vesting. For additional information relating to assumptions made in the valuation for current year awards reflected in these columns, see note 17 to the annual combined financial statements included elsewhere in this information statement.

***Non-Equity Incentive Plan Compensation (Column G)***

The amounts reported in Column G represent annual incentive cash awards paid to the named executive officers under the Covidien 2012 AIP. The amount of Mr. Harbaugh's annual incentive cash award was calculated by taking into account the additional monthly allowance and increased target bonus opportunity percentage that was provided to him as part of his supplemental compensation package, but only for the period during which he served as interim-President. For information regarding the calculation of these awards, see "Compensation Discussion and Analysis."

***Change in Pension Value and Non-Qualified Deferred Compensation Earnings (Column H)***

No named executive officer is eligible to participate in a Mallinckrodt or Covidien defined benefit pension plan because all such plans were frozen before each executive officer commenced employment with Covidien.

[Table of Contents](#)**All Other Compensation (Column I)**

The amounts reported in Column I represent the aggregate dollar amount for each named executive officer for employer contributions to the Covidien Retirement Savings Plan, employer credits to the Covidien Supplemental Savings Plan, relocation benefits, and tax reimbursements attributable to relocation benefits. The following table shows the specific amounts included in Column I of the Summary Compensation Table for fiscal 2012. For a more complete understanding of the table, please read the narrative disclosures that follow the table.

**ALL OTHER COMPENSATION**

<u>Name and Principal Position (A)</u>	<u>Covidien Contributions to Retirement Savings Plan (B)</u>	<u>Covidien Credits to Supplemental Savings Plan (C)</u>	<u>Relocation Benefits (D)</u>	<u>Tax Reimbursements on Relocation Benefits (E)</u>	<u>Total (F)</u>
<i>Mark Trudeau, President and Chief Executive Officer</i>	\$ 7,500	\$ 2,975	\$ 65,599	\$ 33,656	\$ 109,730
<i>Matthew Harbaugh, Senior Vice President and Chief Financial Officer</i>	\$ 9,066	\$ 25,229	—	—	\$ 34,295
<i>Thomas Berry, Senior Vice President, Product Supply</i>	\$ 15,041	\$ 13,179	—	—	\$ 28,220
<i>David Silver, Senior Vice President, Portfolio Management, Strategy, and Business Development and Licensing</i>	\$ 10,939	\$ 11,046	—	—	\$ 21,985
<i>Peter Edwards, Senior Vice President and General Counsel</i>	\$ 10,610	\$ 12,911	—	—	\$ 23,522

**Relocation Benefits (Column D)**

This column reflects relocation benefits paid by Covidien during fiscal 2012.

**Tax Reimbursements on Relocation Benefits (Column E)**

This column reflects reimbursements for taxes associated with relocation benefits paid by Covidien during fiscal 2012.

**Grants of Plan-Based Awards**

The following table provides information concerning the annual incentive cash awards and equity incentive awards granted to each of the named executive officers in fiscal 2012.

- “AIP” is the annual incentive cash award payable pursuant to the Covidien 2012 AIP.
- “PSUs” are restricted unit awards subject to performance-based vesting, which we refer to as “performance units.”
- “RSUs” are restricted unit awards subject to time-based vesting, which we refer to as “restricted units.”
- “Options” are nonqualified stock options subject to time-based vesting.

For a more complete understanding of the table, please read the related narrative.

**FISCAL 2012 GRANTS OF PLAN-BASED AWARDS**

Name (A)	Grant Date (B)	Date of Committee Action (C)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All other Stock Awards: Number of Shares of Stock or Units (#) (I)	All other Option Awards: Number of Securities Underlying Options (#) (J)	Exercise or Base Price of Option Awards (\$/Sh) (K)	Grant Date Fair Value of Stock and Option Awards (\$) (L)
			Threshold (\$) (C)	Target (\$) (D)	Maximum (\$) (E)	Threshold (#) (F)	Target (#) (G)	Maximum (#) (H)				
<b>Mark Trudeau</b>												
AIP			\$ 260,000	\$520,000	\$1,040,000				18,115			\$ 945,965
RSUs	02/1/2012	11/28/2011										\$ 623,096
Options	02/1/2012	11/28/2011								51,900	\$ 52.22	
<b>Matthew Harbaugh</b>												
AIP			\$ 82,411	\$164,821	\$ 329,643							
PSUs	12/1/2011	11/16/2011				775	1,550	3,100				\$ 95,037
RSUs	12/1/2011	11/16/2011							5,942			\$ 311,458
Supplemental RSUs	02/1/2012								1,101			\$ 57,495
Options	12/1/2011	11/16/2011								30,555	\$ 46.45	\$ 309,672
Supplemental Options	02/1/2012									5,010	\$ 52.22	\$ 55,035
<b>Thomas Berry</b>												
AIP			\$ 80,410	\$160,819	\$ 321,638							
PSUs	12/1/2011	11/16/2011				862	1,723	3,446				\$ 105,644
RSUs	12/1/2011	11/16/2011							861			\$ 39,993
Options	12/1/2011	11/16/2011								7,840	\$ 46.45	\$ 79,458
<b>David Silver</b>												
AIP			\$ 59,853	\$119,707	\$ 239,414							
PSUs	12/1/2011	11/16/2011				1,251	2,502	5,004				\$ 153,408
RSUs	12/1/2011	11/16/2011							1,251			\$ 58,109
Options	12/1/2011	11/16/2011								11,380	\$ 46.45	\$ 115,335
<b>Peter Edwards</b>												
AIP			\$ 73,210	\$146,421	\$ 292,841							
PSUs	12/1/2011	11/16/2011				884	1,768	3,536				\$ 108,403
RSUs	12/1/2011	11/16/2011							884			\$ 41,062
Options	12/1/2011	11/16/2011								8,045	\$ 46.45	\$ 81,535

**Non-Equity Incentive Plan Awards (Columns C through E)**

The amounts reported in Columns C through E reflect threshold, target and maximum award amounts for fiscal 2012 pursuant to the Covidien 2012 AIP, which is an element of the Covidien 2007 Stock and Incentive Plan. With respect to Mr. Harbaugh, the supplemental compensation package approved by the Covidien Compensation Committee set his target bonus percentage under the 2012 AIP at 65% of base salary (which, for this purpose, *includes* the additional monthly allowance awarded as part of his supplemental compensation package) for the period of time during fiscal 2012 that he served as interim-President and at 50% of base salary (which, for this purpose, *excludes* the additional monthly allowance awarded as part of his supplemental compensation package) for the remainder of fiscal 2012. Mr. Harbaugh served as interim-President for four out of twelve months in fiscal 2012, resulting in his fiscal 2012 bonus being calculated by applying an effective target bonus percentage of 55% (*i.e.*, the weighted-average of a 65% target bonus percentage for one-third of fiscal 2012 and a 50% target bonus percentage for the remaining two-thirds of fiscal 2012). Accordingly, the threshold, target and maximum award amounts reported in Columns C through E for Mr. Harbaugh represent the respective potential payments when applying the effective target bonus percentage (*i.e.*, 55%) for fiscal 2012 to a weighted-average of his base salary during fiscal 2012. The actual amounts earned by each named executive officer pursuant to such awards are set forth in Column G of the Summary Compensation Table.

**Equity Incentive Plan Awards (Columns F through H)**

The amounts reported in Columns F through H reflect threshold, target and maximum award amounts for the fiscal 2012—2014 performance cycle pursuant to performance unit awards issued as part of Covidien’s fiscal 2012

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annual equity awards. The actual amounts, if any, earned by each named executive officer pursuant to such awards are determined by the Covidien Compensation Committee at the end of the three-year performance cycle and are based upon total shareholder return for Covidien as compared to the total shareholder return of companies comprising a healthcare industry index (*i.e.*, relative total shareholder return). Threshold, target and maximum award amounts are payable upon achievement of relative total shareholder return in the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile, respectively. Dividend equivalent units will be credited on performance unit awards only if, and to the extent that, dividends are payable on ordinary shares, and will vest only if the applicable performance criteria are satisfied.

### ***Stock Awards and Option Awards (Columns I and J)***

The amounts reported in Column I and Column J reflect the number of shares underlying restricted unit awards and stock option awards, respectively, that were granted as part of Covidien's fiscal 2012 annual equity awards, which vest one-quarter annually beginning on the first anniversary of the grant date. Dividend equivalent units will be credited on restricted unit awards only if, and to the extent that, dividends are payable on ordinary shares, and will vest according to the same schedule as the underlying restricted units.

*Mr. Harbaugh.* With respect to Mr. Harbaugh, amounts reported in these columns for the December 1, 2011 restricted unit and stock option awards reflect Mr. Harbaugh's annual equity incentive award and an additional 775 restricted units and 7,050 stock options, each valued at \$71,451, that were awarded as part of his supplemental compensation package for serving as interim-President through November 2011. Due to an administrative error, it was discovered shortly after the issuance of the annual equity awards that this December 2011 award issued to Mr. Harbaugh understated the value of the award that he should have received. Amounts reported in these columns for the February 1, 2012 restricted unit and stock option awards reflect the difference between what Mr. Harbaugh received in December 2011 and what he should have received absent the administrative error plus an additional 766 restricted units and 3,485 stock options, valued at \$40,001 and \$38,283, respectively, that were awarded as part of his supplemental compensation package for serving as interim-President during December 2011 and January 2012. Mr. Harbaugh's service as interim-President ended upon Mr. Trudeau's commencement of employment with Covidien on February 1, 2012.

### ***Grant Date Fair Value (Column L)***

In the case of performance unit awards issued as part of Covidien's 2012 annual equity awards, the grant date fair value is based on the probable outcome of the market-based performance conditions, calculated based on the application of a Monte Carlo simulation model. Depending upon whether or to what extent the respective performance conditions are met, the number of shares for which the performance units are settled may range from zero to 200%.

**Outstanding Equity Awards at Fiscal Year End**

The following table provides information regarding outstanding stock option awards and unvested restricted unit awards and, if applicable, performance unit awards held by each named executive officer as of September 28, 2012. Restricted unit awards and performance unit awards listed in the table include dividend equivalent units credited on such awards. Dividend equivalent units vest according to the same schedule as the underlying restricted unit award or, in the case of performance unit awards, if the applicable performance criteria are satisfied. For a more complete understanding of the table, please read the footnotes that follow the table. Unless otherwise specified, the market value of outstanding stock awards in the table below is calculated by multiplying the number of unvested restricted or performance units by \$59.42, the closing price of Covidien shares on September 28, 2012.

**OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR END**

Name (A)	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) (B)	Number of Securities Underlying Unexercised Options (#) (C)	Option Exercise Price (\$) (D)	Option Expiration Date (E)	Number of Shares or Units of Stock That Have Not Vested (#) (F)	Market Value of Shares or Units of Stock That Have Not Vested (G)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (H)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (I)
Mark Trudeau	0	51,900 <sup>(1)</sup>	\$52.2200	01/31/2022	18,261 <sup>(10)</sup>	\$1,085,069	0	\$ 0
Matthew Harbaugh	1,800	0	\$40.2600	09/03/2017	488 <sup>(11)</sup>	\$ 28,997	2,364 <sup>(19)</sup>	\$ 142,218
	3,155	3,155 <sup>(2)</sup>	\$34.1500	11/30/2018	591 <sup>(12)</sup>	\$ 35,117	2,576 <sup>(20)</sup>	\$ 153,066
	2,295	4,590 <sup>(3)</sup>	\$47.6000	11/30/2019	965 <sup>(13)</sup>	\$ 57,340	3,138 <sup>(21)</sup>	\$ 186,460
	2,708	8,127 <sup>(4)</sup>	\$42.9400	11/30/2020	6,014 <sup>(14)</sup>	\$ 357,352		
	0	30,555 <sup>(5)</sup>	\$46.4500	11/30/2021	1,109 <sup>(15)</sup>	\$ 65,897		
	0	5,010 <sup>(6)</sup>	\$52.2200	01/31/2022				
Thomas Berry	2,265	2,265 <sup>(7)</sup>	\$50.4800	03/31/2020	580 <sup>(16)</sup>	\$ 34,464		
	2,457	7,373 <sup>(4)</sup>	\$42.9400	11/30/2020	876 <sup>(13)</sup>	\$ 52,052	2,336 <sup>(20)</sup>	\$ 138,805
	0	7,840 <sup>(5)</sup>	\$46.4500	11/30/2021	871 <sup>(14)</sup>	\$ 51,755	3,488 <sup>(21)</sup>	\$ 207,257
David Silver	0	1,617 <sup>(2)</sup>	\$34.1500	11/30/2018	250 <sup>(11)</sup>	\$ 14,855		
	0	565 <sup>(8)</sup>	\$32.3600	04/30/2019	174 <sup>(17)</sup>	\$ 10,339	2,528 <sup>(19)</sup>	\$ 152,084
	0	4,910 <sup>(3)</sup>	\$47.6000	11/30/2019	632 <sup>(12)</sup>	\$ 37,553	2,548 <sup>(20)</sup>	\$ 151,402
	0	8,037 <sup>(4)</sup>	\$42.9400	11/30/2020	956 <sup>(13)</sup>	\$ 56,806	5,064 <sup>(21)</sup>	\$ 300,903
	0	11,380 <sup>(5)</sup>	\$46.4500	11/30/2021	1,266 <sup>(14)</sup>	\$ 75,226		
Peter Edwards	0	2,895 <sup>(9)</sup>	\$41.2400	05/31/2020	740 <sup>(18)</sup>	\$ 43,971		
	0	7,617 <sup>(4)</sup>	\$42.9400	11/30/2020	905 <sup>(13)</sup>	\$ 53,775	2,414 <sup>(20)</sup>	\$ 143,440
	0	8,045 <sup>(5)</sup>	\$46.4500	11/30/2021	894 <sup>(14)</sup>	\$ 53,121	3,578 <sup>(21)</sup>	\$ 212,605

Unless otherwise specified, stock option and restricted unit awards vest one-quarter annually, beginning on the first anniversary of the grant date.

- <sup>(1)</sup> Represents stock options granted on February 1, 2012 to Mr. Trudeau in connection with his commencement of employment with Covidien.
- <sup>(2)</sup> Represents stock options granted on December 1, 2008.
- <sup>(3)</sup> Represents stock options granted on December 1, 2009.
- <sup>(4)</sup> Represents stock options granted on December 1, 2010.
- <sup>(5)</sup> Represents stock options granted on December 1, 2011.
- <sup>(6)</sup> Represents stock options granted on February 1, 2012 to Mr. Harbaugh as a supplemental award. For more information about this award, see the Fiscal 2012 Grants of Plan-Based Awards Table and related narrative under the "Stock Awards and Option Awards (Columns I and J)" heading.



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- (7) Represents stock options granted on April 1, 2010 to Mr. Berry in connection with his commencement of employment with Covidien.
- (8) Represents stock options granted on May 1, 2009 to Mr. Silver in connection with a promotion.
- (9) Represents stock options granted on June 1, 2010 to Mr. Edwards in connection with his commencement of employment with Covidien.
- (10) Represents restricted units granted on February 1, 2012 to Mr. Trudeau in connection with his commencement of employment as President of Covidien's Pharmaceuticals business; 6,756 of which vest one-third annually, beginning on the first anniversary of the grant date and 11,505 of which vest one-quarter annually, beginning on the first anniversary of the grant date.
- (11) Represents restricted units granted on December 1, 2008.
- (12) Represents restricted units granted on December 1, 2009.
- (13) Represents restricted units granted on December 1, 2010.
- (14) Represents restricted units granted on December 1, 2011.
- (15) Represents restricted units granted on February 1, 2012 to Mr. Harbaugh as a supplemental award. For more information about this award, see the Fiscal 2012 Grants of Plan-Based Awards Table and related narrative under the "Stock Awards and Option Awards (Columns I and J)" heading.
- (16) Represents restricted units granted on April 1, 2010 to Mr. Berry in connection with his commencement of employment with Covidien.
- (17) Represents restricted units granted on May 1, 2009 to Mr. Silver in connection with a promotion.
- (18) Represents restricted units granted on June 1, 2010 to Mr. Edwards in connection with his commencement of employment with Covidien.
- (19) Represents performance units granted on December 1, 2009 that vested on October 4, 2012, shortly after the end of the fiscal 2010—2012 performance cycle. The amounts reported in Column I and J are based on actual achievement, which was two hundred percent (200%) of target, and are valued by using the closing price of Covidien stock on the vesting date, which was \$60.16.
- (20) Represents performance units granted on December 1, 2010 that vest at the end of the fiscal 2011—2013 performance cycle if the applicable performance criteria have been satisfied. The amounts reported in this column are based on achievement of maximum performance through the end of fiscal 2012.
- (21) Represents performance units granted on December 1, 2011 that vest at the end of the fiscal 2012—2014 performance cycle if the applicable performance criteria have been satisfied. The amounts reported in this column are based on achievement of maximum performance through the end of fiscal 2012.

### Option Exercises and Stock Vested

The following table provides information regarding the number of Covidien stock options that were exercised by named executive officers during fiscal 2012 and the value realized from the exercise of such awards. The table also provides information regarding the vesting of restricted unit and performance unit awards during fiscal 2012.

#### FISCAL 2012 OPTION EXERCISES AND STOCK VESTED

Name (A)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (B)	Value Realized on Exercise (\$) (C)	Number of Shares Acquired on Vesting (#) (D)	Value Realized on Vesting (\$) (E)
Mark Trudeau	0	\$ 0	0	\$ 0
Matthew Harbaugh	0	\$ 0	2,894	\$ 130,228
Thomas Berry	0	\$ 0	577	\$ 29,180
David Silver	12,751	\$ 216,474	1,967	\$ 90,820
Peter Edwards	5,433	\$ 73,896	667	\$ 32,539

### Pension Benefits

No named executive officer is eligible to participate in a Mallinckrodt or Covidien defined benefit pension plan because all such plans were frozen before each executive officer commenced employment with Covidien.

**Non-Qualified Deferred Compensation**

The following table provides information with respect to fiscal 2012 non-qualified deferred compensation for each named executive officer. For more information regarding information contained in the table and the material terms of Covidien’s non-qualified deferred compensation plan, please read the related narrative and footnotes that follow the table.

**FISCAL 2012 NON-QUALIFIED DEFERRED COMPENSATION**

Name (A)	Executive Contributions in Last FY (\$) (B)	Covidien Contributions in Last FY (\$) (C)	Aggregate Earnings in Last FY (\$) (D)	Aggregate Withdrawals/ Distributions (\$) (E)	Aggregate Balance at Last FYE (\$) (F)
Mark Trudeau	\$ 51,000	\$ 2,975	\$ 10,775	—	\$ 64,750
Matthew Harbaugh	\$ 0	\$ 25,229	\$ 8,033	—	\$ 53,407
Thomas Berry	\$ 87,638	\$ 13,179	\$ 15,268	—	\$ 127,078
David Silver	\$ 0	\$ 11,046	\$ 19,168	—	\$ 92,647
Peter Edwards	\$ 0	\$ 12,911	\$ 1,388	—	\$ 14,300

**Executive Contributions in Last Fiscal Year (Column B)**

Of the amounts reported in this column, the following amounts reflect deferrals from fiscal 2012 base salary that also are reported in Column C (Salary) of the Summary Compensation Table: Mr. Trudeau, \$51,000 and Mr. Berry, \$9,537. The remaining amount in this column for Mr. Berry relates to the deferral of Covidien 2011 Annual Incentive Plan bonus payments paid in fiscal 2012.

**Covidien Contributions in Last Fiscal Year (Column C)**

The amounts reported in Column C are included in Column I of the Summary Compensation Table for fiscal 2012.

**Aggregate Earnings in Last Fiscal Year (Column D)**

The amounts reported in Column D include earnings credited to the named executive officer’s account in the Covidien Supplemental Savings Plan. Earnings on amounts credited to the Covidien Supplemental Savings Plan are determined by investment selections made by each named executive officer in investment alternatives that generally mirror investment choices offered under the Covidien Retirement Savings Plan.

Under the Covidien Supplemental Savings Plan, participants, including the named executive officers, may defer up to 50% of their base salary and 100% of their annual bonus. Covidien provides matching credits based on the participant’s deferred base salary and bonus at the same rate such participant is eligible to receive matching contributions under the Covidien Retirement Savings Plan (the Covidien 401(k) plan) and employer credits on any cash compensation (i.e., base and bonus) that the participant earns during a calendar year in excess of applicable IRS limits (\$245,000 for 2011 and \$250,000 for 2012). Under the Covidien Retirement Savings Plan, Covidien makes an automatic contribution of three percent (3%) of an employee’s eligible pay, irrespective of whether the employee contributes to such plan. Additionally, Covidien matches fifty cents (\$0.50) for every one dollar (\$1.00) employees contribute, up to the first six percent (6%) of eligible pay. Participants are fully vested in matching and employer credits (including earnings on such credits) upon completion of two years of service. The Covidien Supplemental Savings Plan is a non-qualified deferred compensation plan that is maintained as an unfunded “top-hat” plan and is designed to comply with Section 409A of the Code. Amounts credited to the Covidien Supplemental Savings Plan as participant deferrals or employer credits may also be credited with earnings (or losses) based upon investment selections made by each participant from investments that generally mirror

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investments offered under the Covidien Retirement Savings Plan. Participants may elect whether they will receive a distribution of their Covidien Supplemental Savings Plan account balances upon termination of employment or at a specified date. Distributions can be made in a lump sum or in up to 15 annual installments.

### **Potential Payments Upon Termination**

#### ***Covidien Severance Plan***

During fiscal 2012, for all of the named executive officers in the table below, severance benefits were payable pursuant to the Covidien Severance Plan for U.S. Officers and Executives (the “Covidien Severance Plan”). Under the Covidien Severance Plan, benefits are payable to eligible executives, including named executive officers, upon an involuntary termination of employment for any reason other than cause, permanent disability or death. With respect to the named executive officers, severance benefits consist of:

- continuation of base salary for a period of 12 months (18 months for Mr. Trudeau);
- payment, over a 12-month period, of one times the average of the named executive officer’s bonus for the previous three fiscal years (1.5 times the average of the previous three fiscal year bonuses paid over an 18-month period for Mr. Trudeau);
- continuation of health and dental benefits at active employee rates for up to 12 months (18 months for Mr. Trudeau);
- 12 months accelerated vesting of unvested stock options and 12 months to exercise vested stock options (unless a longer period is provided in the applicable award agreement);
- payment of a pro-rata portion of the named executive officer’s annual incentive cash award for the fiscal year in which the applicable employment termination date occurs; and
- outplacement services, in Covidien’s discretion, for up to 12 months.

Upon a termination of employment other than for cause, including an involuntary termination of employment where the named executive officer becomes eligible for severance benefits, named executive officers forfeit all unvested restricted unit awards and performance unit awards and any stock options which do not vest within 12 months after the applicable employment termination date.

#### ***Covidien Change in Control Plan***

For Mr. Trudeau, change in control severance benefits are payable pursuant to the Covidien Change in Control Severance Plan for Certain U.S. Officers and Executives (the “Covidien Change in Control Plan”). Under the Covidien Change in Control Plan, benefits are payable to eligible senior executives only if the executive experienced an involuntary termination of employment or good reason resignation during a period that begins 60 days before and ends two years after a change in control. No other named executive officer was eligible for change in control benefits under the Covidien Change in Control Plan during fiscal 2012. However, named executive officers other than Mr. Trudeau were eligible for severance benefits under the Covidien Severance Plan in the event of an involuntary termination of employment following a change in control. Also, as described below under “—Other Termination Benefits,” the terms of the Covidien 2012 AIP and outstanding equity awards issued pursuant to the Covidien equity plan provide for certain benefits upon an involuntary termination of employment following a change in control. All named executive officers were eligible for these benefits during fiscal 2012. For purposes of the following, we list the benefits that would be provided upon an involuntary termination of employment after a change in control for all named executive officers other than Mr. Trudeau. For Mr. Trudeau, we list the benefits that would be provided if he became eligible for benefits pursuant to the Covidien Change in Control Plan.

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With respect to named executive officers, the change in control benefits consist of:

- continuation of base salary for a period of 12 months (a single lump-sum payment equal to 24 months of base salary for Mr. Trudeau pursuant to the Covidien Change in Control Plan);
- payment, over a 12-month period, of one times the average of the named executive officer's bonus for the previous three fiscal years (a single lump-sum payment equal to two times the average of his bonus for the previous three fiscal years for Mr. Trudeau under the Covidien Change in Control Plan);
- continuation of health and dental benefits at active employee rates for a period of up to 12 months (18 months for Mr. Trudeau plus a lump-sum payment equal to six months of the employer portion of the applicable premium under the Covidien Change in Control Plan);
- full vesting of unvested stock options and 12 months to exercise vested stock options (unless a longer period is provided in the applicable option agreement) and full vesting of unvested restricted unit awards and performance unit awards;
- payment of a pro-rata portion of the annual incentive plan bonus for the fiscal year during which the applicable employment termination date occurs; and
- outplacement services, in Covidien's discretion, for up to 12 months.

The payment of benefits under the Covidien Severance Plan and the Covidien Change in Control Plan is conditioned upon the named executive officer executing a release of claims against Covidien and is subject to the terms of the Non-Competition, Non-Solicitation, and Confidentiality Agreement by and between the named executive officer and Covidien, under which the named executive officer agreed not to disclose confidential information at any time and not to compete with Covidien or solicit Covidien employees or customers for a period of one year following termination of employment. Covidien may cancel benefits that are payable or seek to recover benefits previously paid if the named executive officer does not comply with these provisions or violates the release of claims. Payments may be delayed until six months after termination of employment if necessary to comply with Section 409A of the Code.

Upon a termination of employment for cause, named executive officers are not eligible for severance benefits under the Covidien Severance Plan or the Covidien Change in Control Plan and forfeit all unvested stock options, restricted unit and performance unit awards. In addition, the stock option, restricted unit and performance unit awards include a "claw-back" feature pursuant to which Covidien may recover the amount realized by the named executive officer upon the vesting of any stock award during the 12-month period that occurs immediately prior to the officer's involuntary termination for cause.

### ***Other Termination Benefits***

The terms of the Covidien Annual Incentive Plan and Covidien 2007 Stock and Incentive Plan provide for certain benefits upon a named executive officer's termination of employment due to death, disability or retirement. For this purpose, normal retirement occurs where an executive officer terminates employment after attaining age 60 and the sum of the executive's age and years of service equals at least 70 and early retirement occurs where an executive officer terminates employment after attaining age 55 and the sum of the executive's age plus years of service equals at least 60. Under the Covidien Annual Incentive Plan, named executive officers are eligible to receive a pro-rated annual incentive cash award based on the number of days that the executive officer was employed by Covidien during the fiscal year upon death, disability or normal or early retirement. Under the Covidien 2007 Stock and Incentive Plan, named executive officers are eligible to receive full vesting of stock options, restricted units and performance units upon death, disability, normal retirement or an involuntary termination of employment after a change in control and pro-rated vesting of such awards upon early retirement, based on the number of whole months that the executive officer was employed by Covidien during the applicable vesting period. As of the end of fiscal 2012, Messrs. Berry and Silver had satisfied the requirements for early retirement.

### ***Covidien Retention Agreements***

The following describes the retention benefits that Covidien has agreed to provide to each named executive officer as part of its retention program.

*Mr. Trudeau.* The retention agreement that Covidien entered into with Mr. Trudeau provides for benefits in the event of a sale of Covidien's Pharmaceuticals business, including a sale bonus, a sale price bonus and an enhanced severance benefit. The sale bonus, which is payable upon a sale, equals the sum of Mr. Trudeau's then-current base salary and the average of his annual incentive bonus for the previous three fiscal years. If Mr. Trudeau has not received three annual incentive bonus payments, the average of his annual incentive bonus amounts equals the average of all actual bonuses paid to him pursuant to the Covidien Annual Incentive Plan. The sale price bonus is payable only if the sale proceeds received by Covidien exceed a threshold amount and is capped at \$1 million. The enhanced severance benefit, which is payable if, in connection with a sale, Covidien involuntarily terminates Mr. Trudeau's employment, the purchaser does not offer Mr. Trudeau a position after consummation of the sale, or Mr. Trudeau resigns from employment for good reason within 12 months after consummation of a sale, equals the severance Mr. Trudeau would be entitled to under the Covidien executive severance plan plus 1.5 times the sum of Mr. Trudeau's then-current base salary and the average of Mr. Trudeau's annual incentive bonus for the previous three fiscal years.

*Messrs. Harbaugh and Silver.* The retention agreements that Covidien entered into with Messrs. Harbaugh and Silver provide for benefits in the event of a sale or, in the alternative, a spin-off of Covidien's Pharmaceuticals business. In the event of a sale, Messrs. Harbaugh and Silver are eligible to receive a retention bonus and a sale price bonus; in the event of a spin-off, each is eligible to receive a spin bonus or termination bonus. The retention bonus, which is payable on the six-month anniversary of a sale if the respective executive remains continuously employed by the purchaser through such date or, if before such anniversary date, the purchaser involuntarily terminates the executive's employment, the purchaser does not offer the executive a comparable position after consummation of the sale, the executive resigns from employment for good reason, or the executive dies or becomes permanently disabled, equals \$750,000 for Mr. Harbaugh and \$1 million for Mr. Silver. The sale price bonus is payable only if the sale proceeds received by Covidien exceed a threshold amount and is capped at \$500,000 for each executive. The spin bonus, which is payable on the six-month anniversary of the completion of the separation if the respective executive remains continuously employed by us through such anniversary date, equals \$139,755 for Mr. Harbaugh and \$145,256 for Mr. Silver. The termination bonus, which is payable if, before the six-month anniversary of the completion of the separation, we involuntarily terminate the executive's employment, the executive resigns from employment for good reason, or the executive dies or becomes permanently disabled, equals \$750,000 for Mr. Harbaugh and \$1 million for Mr. Silver.

*Mr. Berry.* The retention agreement that Covidien entered into with Mr. Berry provides for a retention bonus, a sale bonus and benefits in the event of a spin-off of Covidien's Pharmaceuticals business, which include a spin bonus or termination bonus. The retention bonus consists of two payments of \$76,947 each, with the first payment having been made on the one-year anniversary of the retention agreement's effective date (this payment was made on August 1, 2012) and with the second payment being payable on the 18-month anniversary of the retention agreement's effective date (*i.e.*, on February 1, 2013). The retention agreement includes a claw-back feature which requires that Mr. Berry repay any amounts paid pursuant to the retention agreement if he voluntarily terminates employment before a sale or spin-off. The sale bonus, which is payable on the six-month anniversary of a sale if Mr. Berry remains continuously employed by the purchaser through such date or, if before such anniversary date, the purchaser involuntarily terminates Mr. Berry's employment, the purchaser does not offer Mr. Berry a comparable position after consummation of the sale, Mr. Berry resigns from employment for good reason, or Mr. Berry dies or becomes permanently disabled, equals \$307,788, but is reduced by the amount of the retention bonus paid to Mr. Berry. The spin bonus, which is payable on the six-month anniversary of the completion of the separation if Mr. Berry remains continuously employed by us through such anniversary date, equals \$153,894. The termination bonus, which is payable if, before the six-month anniversary of the completion of the separation, we involuntarily terminate Mr. Berry's employment, Mr. Berry resigns from employment for good reason, or Mr. Berry dies or becomes permanently disabled, equals \$307,788.

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*Mr. Edwards.* The retention agreement that Covidien entered into with Mr. Edwards provides for benefits in the event of a sale or, in the alternative, a spin-off of Covidien's Pharmaceuticals business. In the event of a sale, Mr. Edwards is eligible to receive a sale bonus; in the event of a spin-off, Mr. Edwards is eligible to receive a spin bonus or termination bonus. The sale bonus, which is payable on the six-month anniversary of a sale if Mr. Edwards remains continuously employed by the purchaser through such date or, if before such anniversary date, the purchaser involuntarily terminates Mr. Edwards' employment, the purchaser does not offer to Mr. Edwards a comparable position after consummation of the sale, Mr. Edwards resigns from employment for good reason, or Mr. Edwards dies or becomes permanently disabled, equals \$500,000. The spin bonus, which is payable on the six-month anniversary of the completion of the separation if Mr. Edwards remains continuously employed by us through such anniversary date, equals \$157,951. The termination bonus, which is payable if, before the six-month anniversary of the completion of the separation, we involuntarily terminate Mr. Edwards' employment, Mr. Edwards resigns from employment for good reason, or Mr. Edwards dies or becomes permanently disabled, equals \$500,000.

All of the retention agreements discussed above require the forfeiture of retention benefits in the event that Covidien (or the purchaser or Mallinckrodt, as applicable) terminates the named executive officer's employment for cause. The retention agreements also subject the payment of retention benefits to the named executive officer complying with the Covidien Guide to Business Conduct (or successor guide to business conduct), preserving confidentiality on the terms and conditions of any transaction or the status of any negotiations relating to any transaction, and cooperating with efforts surrounding a sale or spin-off transaction.

For purposes of the Covidien Severance Plan, the Covidien Change in Control Plan and the retention agreements, "cause" means substantial failure or refusal of the named executive officer to perform the duties and responsibilities of his job as required by Covidien, violation of any fiduciary duty owed to Covidien, conviction of a felony or misdemeanor, dishonesty, theft, violation of Covidien rules or policy, including a violation of the Covidien Guide to Business Conduct, or other egregious conduct that has or could have a serious and detrimental impact on Covidien and its employees.

For purposes of the Covidien Change in Control Plan and the retention agreements, "good reason" means any retirement or termination of employment by the named executive officer that is not initiated by Covidien and that is caused by any one or more of the following events, in each case, without the named executive officer's written consent: (i) assignment to the named executive officer of any duties inconsistent in any material respect with the named executive officer's authority, duties or responsibilities as in effect immediately prior to the change in control or effective date of the retention agreement, as applicable; (ii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the named executive officer is required to report as in effect immediately prior to the change in control or effective date of the retention agreement, as applicable; (iii) a material change in the geographic location at which the named executive officer must perform services to a location which is more than 50 miles from the named executive officer's principal place of business immediately preceding the change in control or effective date of the retention agreement, as applicable; (iv) a material reduction in the named executive officer's compensation and benefits, taken as a whole, as in effect immediately prior to the change in control or effective date of the retention agreement, as applicable; (v) solely with respect to the Covidien Change in Control Plan, Covidien's failure to obtain a satisfactory agreement from any successor to assume and agree to perform Covidien's obligations to the named executive officer under such plan; or (vi) a material diminution in the budget over which the named executive officer retains authority. Additionally, "good reason" will only exist if the named executive officer provides written notice stating the good reason event, Covidien does not cure such event, and the named executive officer terminates employment within a certain period of time after the end of the cure period.

### ***Potential Payments Upon Termination Table***

The table below reflects the amount of compensation that would become payable to each named executive officer under the Covidien Severance Plan and, with respect to Mr. Trudeau, the Covidien Change in Control Plan, if the named executive officer's employment had terminated on September 28, 2012, the last day of

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Covidien's 2012 fiscal year, given the named executive's service level as of such date and, if applicable, based on Covidien's closing stock price as of that date, which was \$59.42. These benefits are in addition to benefits available before the occurrence of a termination of employment, including under then-exercisable stock options and benefits available generally to salaried employees, such as distributions under the Covidien Retirement Savings Plan.

The actual amounts that would be paid upon a named executive officer's termination of employment or in connection with a change in control can be determined only at the time of any such event. Due to a number of factors that may affect the amount of any benefits provided upon the events discussed below, actual amounts paid or distributed may be higher or lower than indicated in the table. Factors that could affect these amounts include the timing during the year of any such event, Covidien's stock price, the executive's age and years of service, the attained level of achievement for performance units, and any additional agreements or arrangements entered into in connection with any change in control or termination of employment. For a more complete understanding of the table, please read the narrative that follows the table.

### POTENTIAL PAYMENTS UPON TERMINATION

<u>Name and Termination Scenario</u> <u>(A)</u>	<u>Cash</u> <u>Severance</u> <u>(B)</u>	<u>Bonus</u> <u>(C)</u>	<u>Option</u> <u>Awards</u> <u>(D)</u>	<u>Stock</u> <u>Awards</u> <u>(E)</u>	<u>Welfare</u> <u>Benefits and</u> <u>Outplacement</u> <u>(F)</u>	<u>Total</u> <u>(G)</u>
<b>Mark Trudeau</b>						
<i>Involuntary Termination (other than for cause)</i>	\$1,735,878	\$507,252	\$ 93,420	—	\$ 43,659	\$2,390,684 <sup>(1)</sup>
<i>Death or Disability</i>	—	\$507,252	\$373,680	\$1,085,009	—	\$1,976,416 <sup>(1)</sup>
<i>Change in Control Termination</i>	\$2,314,504	\$507,252	\$373,680	\$1,085,009	\$ 49,296	\$4,340,216 <sup>(1)</sup>
<b>Matthew Harbaugh</b>						
<i>Involuntary Termination (other than for cause)</i>	\$ 458,014	\$205,543	\$259,577	\$ 0	\$ 37,756	\$ 960,890
<i>Death or Disability</i>	—	\$205,543	\$700,284	\$1,026,447	—	\$1,932,274
<i>Change in Control Termination</i>	\$ 458,014	\$205,543	\$700,284	\$1,026,447	\$ 37,756	\$2,428,044
<b>Thomas Berry</b>						
<i>Involuntary Termination (other than for cause)</i>	\$ 461,798	\$188,039	\$ 76,049	—	\$ 37,756	\$ 763,642
<i>Voluntary Termination (early retirement)</i>	—	—	\$ 35,445	\$ 102,896	—	\$ 138,341
<i>Death or Disability</i>	—	\$188,039	\$243,441	\$ 484,332	—	\$ 915,813
<i>Change in Control Termination</i>	\$ 461,798	\$188,039	\$243,441	\$ 484,332	\$ 37,756	\$1,415,366
<b>David Silver</b>						
<i>Involuntary Termination (other than for cause)</i>	\$ 418,667	\$149,998	\$166,218	\$ 283,957	\$ 37,756	\$1,056,597
<i>Voluntary Termination (early retirement)</i>	—	\$149,998	\$ 90,616	\$ 283,957	—	\$ 524,571
<i>Death or Disability</i>	—	\$149,998	\$394,235	\$ 799,168	—	\$1,343,401
<i>Change in Control Termination</i>	\$ 418,667	\$149,998	\$394,235	\$ 799,168	\$ 37,756	\$1,799,825
<b>Peter Edwards</b>						
<i>Involuntary Termination (other than for cause)</i>	\$ 507,204	\$181,825	\$ 94,232	—	\$ 37,756	\$ 821,017
<i>Death or Disability</i>	—	\$181,825	\$282,503	\$ 506,912	—	\$ 971,240
<i>Change in Control Termination</i>	\$ 507,204	\$181,825	\$282,503	\$ 506,912	\$ 37,756	\$1,516,200

<sup>(1)</sup> Also includes \$7,500 in employer contributions to the Covidien Retirement Savings Plan and \$2,975 in employer credits to the Covidien Supplemental Savings Plan that will become fully vested upon an involuntary termination of employment (other than for cause), death or disability or a change in control termination. All other named executive officers are fully vested in employer contributions and credits.

#### Cash Severance (Column B)

*Involuntary Termination (other than for cause)*. For all named executive officers other than Mr. Trudeau, the cash severance amount in this scenario represents continuation of the named executive officer's base salary, as of September 28, 2012, for a 12-month severance period plus the average of the named executive officer's annual incentive cash awards for the previous three fiscal years (i.e., fiscal 2011, 2010 and 2009), payable during

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the 12-month severance period and on Covidien's normal payroll schedule. With respect to Messrs. Berry and Edwards, who commenced employment with Covidien during fiscal 2010 and who received a pro-rated annual incentive bonus for such year, the average of their respective annual incentive cash awards has been adjusted to reflect the period of time that they were employed by Covidien through the end of fiscal 2012. For Mr. Trudeau, the amount represents continuation of his base salary, as of September 28, 2012, for an 18-month severance period, plus an amount equal to 1.5 times his annual incentive cash award for fiscal 2012, payable during the 18-month severance period and on Covidien's normal payroll schedule. If Mr. Trudeau's involuntary termination of employment (other than for cause) was in connection with a sale of Covidien's Pharmaceuticals business, such an event would have increased the cash severance payable to Mr. Trudeau to \$3,471,756, and resulted in a total potential payment of \$4,126,562. While all of the other amounts payable under this scenario and listed in columns C, D and F would have remained the same, upon a sale of Covidien's Pharmaceuticals business, Mr. Trudeau would be eligible for a sale bonus and a sale price bonus. For more information about the enhanced severance benefit and the sale bonus and the sale price bonus, please read the section above for Mr. Trudeau under "—Covidien Retention Agreements."

*Change in Control Termination.* For Mr. Trudeau, who is the only named executive officer eligible for benefits under the Covidien Change in Control Plan, the amount in this scenario represents a lump-sum payment equal to two times his base salary as of September 28, 2012 plus his annual incentive cash award for fiscal 2012. For all other named executive officers, we assume that such executive officers experience an involuntary termination of employment (other than for cause) after the change in control which renders them eligible for benefits under the Covidien Severance Plan. Accordingly, the cash severance amount for named executive officers other than Mr. Trudeau in this scenario equals the cash severance amount set forth under the "Involuntary Termination (other than for cause)" scenario.

### **Bonus (Column C)**

*Involuntary Termination (other than for cause).* In the case of an involuntary termination of employment (other than for cause), executive officers are entitled to a pro-rata payment of the annual incentive cash award based on the number of days they were employed by Covidien during the fiscal year. Because we have assumed that the applicable terminations of employment occurred on the last day of Covidien's 2012 fiscal year, the amounts reported in Column C for this scenario represent the full annual incentive cash award payable to each named executive officer for fiscal 2012.

*Voluntary Termination (early retirement).* Because Messrs. Berry and Silver have satisfied the requirements for early retirement under the Covidien 2012 AIP, in the event of a voluntary termination of employment, each is entitled to a pro-rata payment of the annual incentive cash award based on the number of days that they, respectively, were employed by Covidien during the fiscal year. Because we have assumed that the applicable terminations of employment occurred on the last day of Covidien's 2012 fiscal year, the amounts reported in Column C for this scenario represent the full annual incentive cash award payable to Messrs. Silver and Berry, respectively, for fiscal 2012.

*Death or Disability and Change in Control Termination.* The bonus amount represents the pro-rata payment of the annual incentive cash award based on the number of days that the named executive officer was employed with Covidien's Pharmaceuticals business during the fiscal year. Because we have assumed that the applicable termination of employment occurred on the last day of our 2012 fiscal year, the amounts reported in Column C for this scenario represent the full annual incentive cash award payable to each named executive officer for fiscal 2012.

### **Option Awards (Column D)**

*Involuntary Termination (other than for cause).* For all named executive officers, the option award amount represents the value as of September 28, 2012 of outstanding options held by the named executive officer that would have vested during the 12-month period that immediately follows September 28, 2012 (*i.e.*, from September 28, 2012 to September 28, 2013).



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*Voluntary Termination (early retirement).* As of September 28, 2012, Messrs. Berry and Silver satisfied the requirements for early retirement under Covidien's equity plan. The amounts reported in Column D for this scenario represent the value attributable to the portion of the following stock option awards that would have vested on September 28, 2012 had Messrs. Berry and Silver voluntarily terminated employment on such date: for Mr. Berry, the April 2010 and December 2010 option awards; and for Mr. Silver, the December 2008, May 2009, December 2009 and December 2010 option awards. Messrs. Berry and Silver did not satisfy the requirements for early retirement with respect to the December 2011 option award because such award requires that the employee retire at least 12 months after the grant date to receive early retirement treatment. Because the assumed employment termination date (September 28, 2012) is less than 12 months after the December 2011 grant date, neither Mr. Berry nor Mr. Silver was entitled to pro-rata vesting of the December 2011 option award as of the last day of fiscal 2012.

*Death or Disability and Change in Control Termination.* The option award amount represents the full vesting of unvested stock options held by the named executive officer as of September 28, 2012.

### **Stock Awards (Column E)**

*Involuntary Termination (other than for cause).* The amounts reported in Column E for this scenario represent the value of the performance unit awards issued in December 2009 to Messrs. Harbaugh and Silver (but not to the other named executive officers because they were not employed by Covidien at the time such award was granted), which vested on October 4, 2012 and which the executive officer would have been entitled to receive upon an involuntary termination of employment on the last day of the fiscal year. For purposes of this scenario, the amount reported for the December 2009 performance unit award is based on the actual number of shares that vested after the conclusion of the fiscal 2010—2012 performance cycle and the actual value attained upon vesting. With respect to Messrs. Berry and Silver, who, as of September 28, 2012, satisfied the requirements for early retirement under the Covidien equity plan, the amount reported in Column E for this scenario includes the value attributable to the portion of the following restricted unit and performance unit awards which would have vested on September 28, 2012 had Messrs. Berry and Silver involuntarily terminated employment on such date: for Mr. Berry, the restricted unit awards issued in April 2010 and December 2010 and the performance unit award issued in December 2010; and for Mr. Silver, the restricted unit awards issued in December 2008, May 2009, December 2009 and December 2010 and the performance unit award issued in December 2010. Messrs. Berry and Silver did not satisfy the requirements for early retirement with respect to the December 2011 restricted unit and performance unit awards because such awards require that the employee retire at least 12 months after the grant date to receive early retirement treatment. Because the assumed employment termination date (September 28, 2012) is less than 12 months after the December 2011 grant date, neither Mr. Berry nor Mr. Silver were entitled to pro-rata vesting of the December 2011 restricted unit and performance unit awards.

*Voluntary Termination (early retirement).* For Messrs. Berry and Silver, the stock award amount represents the pro-rata vesting of restricted unit and performance unit awards, as described above under "Involuntary Termination (other than for cause)."

*Death or Disability and Change in Control Termination.* The amounts reported in Column E for this scenario represent the value that would have been attained upon the full vesting of all unvested restricted unit and performance unit awards held by the named executive officer as of September 28, 2012. For purposes of this scenario, amounts attributable to performance unit awards are based on the following assumptions: (1) for the December 2009 award, the actual number of shares that vested after the conclusion of the fiscal 2010—2012 performance cycle and based on the value attained upon vesting; and (2) for the December 2010 and December 2011 awards, the number of shares that would have vested based on achievement of maximum performance through the end of fiscal 2012.

***Welfare Benefits and Outplacement Services (Column F)***

The welfare benefits amount represents the employer portion of the premium paid on behalf of the named executive officer for continued coverage under the Covidien medical, dental and vision plans during the applicable severance period. Amounts for calendar year 2012 and 2013 are based on actual rates determined by Covidien for the respective plan in such years, while the rates for subsequent years, where applicable, are assumed based on the historic percentage increase in rates for such coverage. Although payable in Covidien's discretion, for purposes of this column, we assumed that Covidien would pay \$25,000 on behalf of each named executive officer for outplacement services upon an involuntary termination (other than for cause) and a change in control termination.

**DIRECTOR COMPENSATION**

It is anticipated that our board of directors will approve compensation for non-employee directors effective as of the distribution that will consist of an equity award, annual cash retainer and, for some positions, a supplemental cash retainer.

The cash retainers will be paid in four quarterly installments at the end of each quarter. The annual cash retainer for all directors is \$100,000, with the non-executive Chairman receiving a supplemental cash retainer of \$50,000, the chairs of the Audit Committee and the Compensation and Human Resources Committee each receiving a supplemental cash retainer of \$20,000, the chairs of the Compliance Committee and the Nominating and Governance Committee each receiving a supplemental cash retainer of \$10,000 and each member of a committee required by NYSE rules (excluding committee chairs) receiving a supplemental cash retainer of \$5,000.

In addition, at the time of our Annual General Meeting, each non-employee director will be granted restricted units with a value of \$180,000 and the non-executive Chairman will be granted additional restricted units with a value of \$90,000. These awards fully vest on the date of the following Annual General Meeting and any dividends that we pay between the grant and vesting dates will be credited as dividend equivalent units and will be paid out when the underlying restricted units vest and shares are issued.

Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of our board of directors, committee meetings and shareholder meetings. Directors will be provided with private aircraft in order to travel to and from such meetings.

It is anticipated that any new directors joining our board of directors (including our initial directors) will receive a prorated cash retainer and a prorated annual equity grant. A prorated annual equity grant will not be granted to any new director who commences serving less than three months prior to the vesting date.

## **CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

Our board's Nominating and Governance Committee will be responsible for the review and, if appropriate, approval or ratification of "related-person transactions" involving us or our subsidiaries and related persons in accordance with the related-person transactions policy to be adopted by the board. Under SEC rules, a related person is a director, nominee for director, executive officer or a beneficial owner of 5% or more of our ordinary shares, and their immediate family members.

Our personnel in the legal and finance departments will review transactions involving related persons. If they determine that a related person could have a material interest in such a transaction, the transaction will be reviewed by the Nominating and Governance Committee. The Nominating and Governance Committee will determine whether the related person has a material interest in a transaction and may, in its discretion, approve, ratify or take other action with respect to the transaction. The Nominating and Governance Committee will review all material facts related to the transaction and take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable to us than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the related person's interest in the transaction and, if applicable, the availability of other sources of comparable products or services.

We engage in transactions with other Covidien businesses. Those transactions are described in more detail in note 2 to our interim unaudited condensed combined financial statements and note 11 to our annual combined financial statements included elsewhere in this information statement.

For a discussion of certain agreements we will enter into with Covidien in connection with the separation, see "Our Relationship with Covidien Following the Distribution."

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Before the separation, all of the outstanding shares of Mallinckrodt will be owned beneficially by an Irish corporate services provider. The following table sets forth information, immediately following the completion of the distribution calculated as of [—], 2013, based upon the distribution of one ordinary share of Mallinckrodt for every — ordinary shares of Covidien, regarding: (1) each person known to us who would beneficially own more than 5% of our ordinary shares, (2) each of our expected directors and named executive officers and (3) all of our expected directors and executive officers as a group. The address of each director and executive officer shown in the table below is c/o Mallinckrodt, 675 James S. McDonnell Blvd., Hazelwood, MO 63042.

<u>Name of Beneficial Owner</u>	<u>Beneficial Ownership of Our Ordinary Shares</u>	<u>Percent of Class</u>
<i>Directors and Named Executive Officers</i>		
Melvin D. Booth		
Mark C. Trudeau	[ ]	[ ]
David R. Carlucci		
J. Martin Carroll		
Diane H. Gulyas		
Nancy S. Lurker		
JoAnn A. Reed		
Kneeland C. Youngblood, M.D.		
Joseph A. Zaccagnino		
Matthew Harbaugh		
Thomas Berry		
David Silver		
Peter Edwards		
All directors and executive officers as a group (16 persons)		
<i>Other Beneficial Owners</i>		
Blackrock	[ ]	[ ]

## THE SEPARATION

### Background

On December 15, 2011, Covidien announced that it intended to separate its Pharmaceuticals business from the remainder of its business. Covidien also announced that it anticipated that the transaction will be in the form of a distribution that will be tax-free to U.S. shareholders of new publicly traded stock in the new pharmaceuticals company.

Mallinckrodt plc was incorporated in Ireland on January 9, 2013 for the purpose of holding Covidien's Pharmaceuticals business following the separation.

On March 13, 2012, Covidien's shareholders approved an amendment to Covidien's articles of association to give the Covidien board of directors authority to declare dividends in specie, or non-cash dividends. The distribution constitutes a dividend in specie for the purposes of Irish law.

On [—], the Covidien board of directors approved the transfer of its Pharmaceuticals business to Mallinckrodt in return for which Mallinckrodt will issue ordinary shares on the basis of one of our ordinary shares for every [—] Covidien ordinary shares held on the record date, subject to the satisfaction of the conditions to the distribution.

Currently, all of our issued shares are held beneficially by an Irish corporate services provider (which is not a subsidiary of Covidien). Immediately prior to the distribution, Covidien will transfer its Pharmaceuticals business to us in return for which we will issue shares to Covidien ordinary shareholders, pro rata to their respective holdings. Prior to the transfer by Covidien to Mallinckrodt plc of our business, we will have no business operations.

On [—], 2013, the expected distribution date, each person who held Covidien ordinary shares at the close of business on the record date will receive one ordinary share of Mallinckrodt for every [—] Covidien ordinary shares held at the close of business on the record date, as described below. You will receive cash in lieu of any fractional ordinary shares of Mallinckrodt which you would have received after the application of the above ratio. Immediately following the distribution, the persons entitled to receive Mallinckrodt ordinary shares in the distribution will own all of our outstanding ordinary shares. You will not be required to make any payment, surrender or exchange your Covidien ordinary shares or take any other action to receive your ordinary shares of Mallinckrodt in the distribution. In connection with these transactions, we will acquire the shares held beneficially by the Irish corporate services provider referred to above for no consideration and cancel these shares.

The distribution of our ordinary shares as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

### Reasons for the Separation

The Covidien board of directors determined that the separation of the Pharmaceuticals business from the medical devices and medical supplies businesses would be in the best interests of Covidien and its shareholders and approved the plan of separation. A wide variety of factors were considered by the Covidien board of directors in evaluating the separation. Among other things, the Covidien board of directors considered the following potential benefits of the separation:

- *Enhanced business focus.* The separation will allow each of the Pharmaceuticals business and Covidien's other businesses to focus on its own strategic and operational plans and capital structure without diverting human and financial resources to the other business or being constrained by a board

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and management that are also responsible for overseeing and furthering the objectives of the other business. The separation will also enhance the success of each business by reducing internal complexity and enabling each of Covidien and Mallinckrodt to avoid management, systemic and other problems that arise by operation of different businesses within the same corporate structure.

- *Business-appropriate capital structure.* The separation will enable each of Covidien and Mallinckrodt to pursue the capital structure that is most appropriate for its business and business strategy. Each business has different capital requirements that cannot be optimally addressed with a single capital structure. The separation will permit each of Covidien and Mallinckrodt to pursue a different capital structure that results in a more efficient pricing of its equity in the financial markets.
- *Distinct investment identity.* The separation will allow Covidien and Mallinckrodt to set new investor expectations for their respective businesses and separate financial prospects based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities and provide a more efficient currency for acquisitions.
- *Effectiveness of equity-based compensation.* The separation will increase the effectiveness of the equity-based compensation programs of both Covidien and Mallinckrodt by tying the value of the equity compensation awarded to employees, officers or directors more directly to the performance of the business for which these individuals provide services.

Although we believe the above anticipated benefits will be realized, neither Mallinckrodt nor Covidien can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Covidien board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Loss of synergies and increased costs.* As a current part of Covidien, we take advantage of certain functions performed by Covidien, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Covidien will not perform certain of these functions for us, and, because of our smaller scale as a standalone company, our cost of performing such functions will be higher than the amounts reflected in our historical financial statements, which will cause our profitability to decrease.
- *Disruptions to the business as a result of the separation.* The actions required to separate Covidien's and Mallinckrodt's respective businesses could disrupt our operations.
- *Increased significance of certain costs and liabilities.* Certain costs and liabilities that were otherwise less significant to Covidien as a whole will be more significant for us as a standalone company due to our being smaller than Covidien.
- *One-time costs of the separation.* We will incur costs in connection with the transition to being a standalone public company that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel new to Mallinckrodt, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- *Inability to realize anticipated benefits of the separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; and (b) following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of Covidien, because our business will be less diversified than Covidien's business.

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- *Limitations placed upon us as a result of the tax matters agreement.* In addition, under the terms of the tax matters agreement that we will enter into with Covidien, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as a tax-free or tax-favored transaction under applicable law for a period of time. During this period, these restrictions may limit our ability to pursue certain strategic transactions and equity issuances or engage in new business or other transactions that might increase the value of our business, over some period of time.
- *Loss of joint purchasing power.* As a current part of Covidien, we take advantage of Covidien's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Covidien obtained prior to completion of the separation.

In determining to pursue the separation, the Covidien board of directors concluded that the potential benefits of the separation outweighed these factors.

### **When and How You Will Receive Mallinckrodt Ordinary Shares in the Distribution**

With the assistance of Computershare, we expect to issue our ordinary shares on [—], 2013, the distribution date, to all holders of outstanding ordinary shares of Covidien on [—], the record date. Computershare, which currently serves as the transfer agent and registrar for Covidien's ordinary shares, will serve as the distribution agent in connection with the distribution and the transfer agent and registrar for our ordinary shares.

If you own ordinary shares of Covidien as of the close of business on the record date, Covidien, with the assistance of Computershare, will electronically distribute ordinary shares to you in book-entry form by way of registration in the "direct registration system" (if you hold the shares in your own name as a registered shareholder) or to your bank or brokerage firm on your behalf or through the systems of DTC (if you hold the shares through a bank or brokerage firm that uses DTC).

Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you are a registered shareholder, Computershare will then mail you a direct registration account statement that reflects your ordinary shares of Mallinckrodt.

Most Covidien shareholders hold their ordinary shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Covidien ordinary shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the ordinary shares of Mallinckrodt that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," we encourage you to contact your bank or brokerage firm.

If you sell ordinary shares of Covidien in the "regular-way" market up to and including the distribution date, you will be selling your right to receive ordinary shares of Mallinckrodt in the distribution.

### **Transferability of Shares You Receive**

Our ordinary shares distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers, directors or principal shareholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell Mallinckrodt ordinary shares only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

### **The Number of Ordinary Shares of Mallinckrodt You Will Receive**

For every [—] Covidien ordinary shares that you own at the close of business on [—], 2013, the record date, you will receive one ordinary share of Mallinckrodt on the distribution date. Covidien will not distribute any fractional shares to its shareholders. Instead, the transfer agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The transfer agent, in its sole discretion, without any influence by Covidien or us, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the transfer agent will not be an affiliate of either Covidien or us. Neither we nor Covidien will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales will be taxable for U.S. federal income tax purposes. For an explanation of the material U.S. federal income tax consequences of the distribution, see “Material Tax Consequences—Material U.S. Federal Income Tax Consequences.” We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you are the registered holder of ordinary shares of Covidien, you will receive a check from the distribution agent in an amount equal to your pro-rata share of the aggregate net cash proceeds of the sales. If you hold your Covidien ordinary shares through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro-rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

### **Results of the Distribution**

After our separation from Covidien, Mallinckrodt will be a separate, publicly traded company. The actual number of shares to be distributed will be determined after [—], 2013, the record date for the distribution. The distribution will not affect the number of outstanding ordinary shares of Covidien. No fractional ordinary shares of Mallinckrodt will be distributed.

In connection with the separation, we and Covidien will enter into a separation and distribution agreement and various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements will effect the separation, provide a framework for our relationship with Covidien after the separation and provide for the allocation between us and Covidien of Covidien’s assets, employees, liabilities and obligations (including its property, employee benefits, environmental liabilities and tax liabilities) attributable to periods prior to, at and after our separation from Covidien. For a more detailed description of these agreements, see “Our Relationship with Covidien Following the Distribution.”

### **Market for Mallinckrodt Ordinary Shares**

There is currently no public trading market for our ordinary shares. We intend to apply for authorization to list our ordinary shares on the New York Stock Exchange under the symbol “MNK.” We have not and will not set the initial price of our ordinary shares. The initial price will be established by the public markets.

We cannot predict the price at which our ordinary shares will trade after the distribution. In fact, the combined trading prices, after the separation, of our ordinary shares that each Covidien shareholder will receive in the distribution and the ordinary shares of Covidien held at the record date may not equal the “regular-way” trading price of a Covidien share immediately prior to completion of the separation. The price at which our ordinary shares trade may fluctuate significantly, particularly until an orderly public market develops. Trading prices for our ordinary shares will be determined in the public markets and may be influenced by many factors. See “Risk Factors—Risks Related to Our Ordinary Shares—A number of Mallinckrodt’s ordinary shares are or will be eligible for future sale, which may cause Mallinckrodt’s share price to decline.”



### **Trading Between the Record Date and Distribution Date**

Beginning on or shortly before the record date and continuing up to and including the distribution date, Covidien expects that there will be two markets in Covidien ordinary shares: a “regular-way” market and an “ex-distribution” market. Covidien ordinary shares that trade on the “regular-way” market will trade with an entitlement to our ordinary shares distributed pursuant to the distribution. Covidien ordinary shares that trade on the “ex-distribution” market will trade without an entitlement to our ordinary shares distributed pursuant to the distribution. Therefore, if you sell ordinary shares of Covidien in the “regular-way” market up to and including through the distribution date, you will be selling your right to receive our ordinary shares in the distribution. If you own Covidien ordinary shares at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive ordinary shares of Mallinckrodt that you are entitled to receive pursuant to your ownership as of the record date of Covidien ordinary shares.

Furthermore, beginning on or shortly before the record date and continuing up to and including the distribution date, we expect that there will be a “when-issued” market in our ordinary shares. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for our ordinary shares that will be distributed to holders of Covidien ordinary shares on the distribution date. If you owned Covidien ordinary shares at the close of business on the record date, you would be entitled to our ordinary shares distributed pursuant to the distribution. You may trade this entitlement to our ordinary shares, without the Covidien ordinary shares you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to our ordinary shares will end, and “regular-way” trading will begin.

### **Conditions to the Distribution**

We expect that the distribution will be effective on [—], 2013, which is the distribution date, provided that the following conditions have been satisfied (or waived by Covidien in its sole discretion):

- the continued validity of the IRS ruling, which remains in full force and effect and has not been modified or amended in any respect adversely affecting the intended tax-free treatment of the distribution and certain related transactions;
- the receipt of the tax opinion dated as of the distribution date from Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance acceptable to Covidien, which tax opinion will rely on the effectiveness of the IRS ruling, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions will qualify as transactions under Sections 355 and/or 368(a) of the Code;
- the receipt of opinions, in form and substance acceptable to Covidien in its sole discretion and from an independent firm acceptable to Covidien in its sole discretion, with respect to the solvency of each of Covidien and Mallinckrodt and the satisfaction of legal capital requirements in connection with the separation;
- the internal restructuring transactions and the transfer of assets and liabilities to Mallinckrodt contemplated by the separation and distribution agreement to be completed prior to the distribution shall have been completed;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation or any of the related transactions being in effect;
- any actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental authority;

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- any governmental approvals necessary to consummate the separation and related transactions will have been obtained and be in full force and effect;
- the separation shall not violate or result in a breach of applicable law or any material contract of Covidien or Mallinckrodt or any of their respective subsidiaries;
- the approval for listing on the NYSE of our ordinary shares to be delivered in the distribution shall have been obtained;
- the SEC declaring effective the registration statement of which this information statement forms a part, with no order suspending the effectiveness of the registration statement in effect and no proceedings for such purposes pending before or threatened by the SEC;
- the mailing of this information statement to the holders of Covidien ordinary shares as of the record date for the distribution; and
- no other event or development existing or having occurred that, in the judgment of Covidien's board of directors, in its sole discretion, makes it inadvisable to effect the separation and other related transactions.

As of the date of this information statement, the following additional condition has been satisfied:

- the debt financing contemplated to be obtained in connection with the separation, as described in the separation and distribution agreement, has been obtained.

Covidien will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date, the distribution date and the distribution ratio. Covidien does not intend to notify its shareholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the Covidien board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Covidien board of directors determines that any modifications by Covidien materially change the material terms of the distribution, Covidien will notify Covidien shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K or circulating a supplement to this information statement.

## OUR RELATIONSHIP WITH COVIDIEN FOLLOWING THE DISTRIBUTION

Following the separation, we and Covidien will operate as separate, independent public companies. In connection with the separation, we and Covidien will enter into certain agreements to provide a framework for our relationship with Covidien after the separation and provide for the allocation between us and Covidien of Covidien's assets, employees, liabilities and obligations (including its property, employee benefits, environmental liabilities and tax liabilities) attributable to periods prior to, at and after our separation from Covidien. The following is a summary of the terms of the material agreements that we intend to enter into with Covidien in connection with the separation.

The material agreements described below will be or have been filed as exhibits to the registration statement on Form 10 of which this information statement is a part (the "Form 10"). The summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

### Separation and Distribution Agreement

The separation and distribution agreement will set forth the agreements between us and Covidien regarding the principal corporate transactions required to effect our separation from Covidien and other agreements governing our relationship with Covidien.

The separation and distribution agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of us and Covidien as part of the separation, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation and distribution agreement will provide, among other things, that, subject to the terms and conditions contained therein:

- certain assets related to the businesses and operations of Covidien's Pharmaceuticals business (and certain legacy businesses and operations of Mallinckrodt entities), which we refer to as the Mallinckrodt Assets, will be transferred to us or one of our subsidiaries;
- certain liabilities (including whether accrued, contingent or otherwise) arising out of or resulting from the Mallinckrodt Assets, and other liabilities related to the businesses and operations of Covidien's Pharmaceuticals business (and certain legacy businesses and operations of Mallinckrodt entities), which we refer to as the Mallinckrodt Liabilities, will be retained by or transferred to us or one of our subsidiaries;
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Mallinckrodt Assets and Mallinckrodt Liabilities (such assets and liabilities, other than the Mallinckrodt Assets and the Mallinckrodt Liabilities, are referred to as the Excluded Assets and Excluded Liabilities, respectively) will be retained by or transferred to Covidien or one of its subsidiaries; and
- certain shared contracts will be assigned, in part to us or our applicable subsidiaries or be appropriately amended.

Except as may expressly be set forth in the separation and distribution agreement or any other transaction agreements, all assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that (1) any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, and (2) any necessary consents or governmental approvals are not obtained or any requirements of laws or judgments are not complied with. In general, each party to the separation and distribution agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the

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extent arising out of or resulting from such assumed or retained legal matters. In addition, the separation and distribution agreement will provide for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Covidien's remaining business with Covidien, among other indemnities. Specifically, each of Covidien and Mallinckrodt will indemnify, defend and hold harmless the other party, its subsidiaries and their respective directors, officers, employees and agents against any losses arising out of or resulting from:

- the liabilities that each such party assumed or retained pursuant to the separation and distribution agreement (which, in the case of Mallinckrodt, would include the Mallinckrodt Liabilities and, in the case of Covidien, would include the Excluded Liabilities); and
- any breach by such party of the separation and distribution agreement or the other transaction agreements.

Also, we will indemnify, defend and hold harmless Covidien, its subsidiaries and their respective directors, officers, employees and agents from and against any losses arising out of or resulting from:

- the operation of our business;
- except to the extent it relates to an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Mallinckrodt or its subsidiaries by Covidien or any of its subsidiaries that survives following the distribution; and
- any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10 (as defined below), this information statement (as amended or supplemented), the offering memorandum for the April 2013 notes offering or any other disclosure document that describes the separation or the distribution or Mallinckrodt and its subsidiaries or primarily relates to the transactions contemplated by the separation and distribution agreement.

In addition, Covidien will indemnify, defend and hold harmless Mallinckrodt, its subsidiaries and their respective directors, officers, employees and agents from and against any losses arising out of or resulting from the investigation and remediation of sites in Orrington, Maine and Penobscot River and Bay (as described in note 11 to our interim unaudited condensed combined financial statements and note 20 to our annual combined financial statements included elsewhere in this information statement). The separation and distribution agreement also will specify procedures with respect to claims subject to indemnification and related matters.

To the extent that any transfers contemplated by the separation and distribution agreement have not been consummated on or prior to the distribution date, the parties will agree to cooperate to effect such transfers as promptly as practicable following the distribution date. In addition, each of the parties will agree to cooperate with the other party and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation and distribution agreement and the other transaction agreements.

The separation and distribution agreement also will govern the rights and obligations of Covidien and us regarding the distribution. The separation and distribution agreement will provide that Covidien's obligation to complete the distribution is subject to several conditions that must be satisfied (or waived by Covidien in its sole discretion), which are described in "The Separation—Conditions to the Distribution." We will cooperate with Covidien to accomplish the distribution and will, at Covidien's direction, promptly take any and all actions necessary or desirable to effect the distribution.

The separation and distribution agreement will also provide for an adjustment payment to potentially be made following the distribution from Covidien to us, or from us to Covidien. The purpose of the adjustment

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payment is to compensate Mallinckrodt or Covidien, as applicable, to the extent that the aggregate of our cash, indebtedness and specified working capital accounts as of the distribution date, as well as the capital expenditures made with respect to our business during fiscal 2013 through the distribution date, deviates from a specified target. The target will be set assuming that the distribution date is June 28, 2013, that our business is conducted in the ordinary course through that date and that we will have approximately \$168 million of cash upon completion of the distribution. The actual amount of cash that we will have after giving effect to any adjustment payment, however, may be more or less than \$168 million.

Under the separation and distribution agreement, following the separation, we and Covidien will be obligated to provide each other access to information in certain circumstances. The separation and distribution agreement also will impose obligations with respect to retention of information and confidentiality.

The separation and distribution agreement will provide for the allocation among the parties of rights and obligations under existing insurance policies with respect to occurrences prior to completion of the separation and will set forth procedures for the administration of insured claims. In addition, the separation and distribution agreement will allocate between the parties the right to proceeds and the obligation to incur certain deductibles under certain insurance policies.

The separation and distribution agreement may be terminated and the distribution may be amended, modified or abandoned at any time prior to the distribution by Covidien.

### **Transition Services Agreement**

We and Covidien will enter into a transition services agreement in connection with the separation pursuant to which we and Covidien and our respective affiliates will provide each other, on an interim, transitional basis, various services, including, but not limited to, treasury administration, employee benefits administration, information technology services, non-exclusive distribution and importation services for our products in certain countries outside the United States, regulatory, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow the servicing party to recover all out-of-pocket costs and expenses and a predetermined profit equal to a mark-up of such out-of-pocket expenses. The party receiving each transition service will be provided with reasonable information that supports the charges for such transition service by the party providing the service.

The services generally will commence on the distribution date and terminate up to 24 months following the distribution date. Certain specified services may be extended beyond the original term at the recipient's election, subject to specified service charge increases. The receiving party may terminate certain specified services by giving prior written notice to the provider of such services and paying specified wind-down charges.

Subject to certain exceptions, the liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate charges (excluding any third-party costs and expenses included in such charges) actually paid to such party by the other party pursuant to the transition services agreement. The transition services agreement also will provide that the provider of a service will not be liable to the recipient of such service for any special, indirect, incidental or consequential damages.

### **Tax Matters Agreement**

In connection with the separation, we will enter into a tax matters agreement with Covidien that generally will govern Covidien's and our respective rights, responsibilities and obligations after the distribution with respect to certain taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the distribution of our shares to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code or other applicable tax law or any failure of certain internal

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transactions undertaken in anticipation of the distribution to qualify for tax-free or tax-favored treatment under the applicable tax law. The agreement will also assign rights and responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In addition, the agreement provides for cooperation and information sharing with respect to tax matters.

Under the tax matters agreement, we expect, with certain exceptions, that we will generally be responsible for the payment of:

- All taxes attributable to us or our subsidiaries for taxable periods beginning on or after September 29, 2012; and
- To the extent that our liability for such taxes (after taking into account certain tax benefits realized by us) does not, in the aggregate, exceed \$200 million, taxes attributable to the following:
  - Taxes attributable to us or our subsidiaries for taxable periods beginning before September 29, 2012;
  - Certain taxes related to the separation; and
  - 20% of certain taxes arising from a failure of the distribution or any internal transaction undertaken in anticipation of the distribution, to qualify for tax-free or tax-favored treatment under applicable tax law through no fault of us or Covidien.

Our potential liability for any taxes related to periods prior to the distribution (after taking into account certain tax benefits realized by us), including those which are subject to the provisions of the Tyco tax sharing agreement, is anticipated to be approximately \$150 million. The tax matters agreement also will contain restrictions on our ability to take actions without Covidien's consent that could cause the distribution or certain internal transactions undertaken in anticipation of the distribution to fail to qualify as tax-free or tax-favored transactions under applicable tax law, including entering into, approving or allowing any transaction that results in a change in ownership of more than 35% of our shares; any merger, consolidation, scheme of arrangement, liquidation or partial liquidation, or any approval or allowance of such transaction with respect to certain of our subsidiaries; the cessation or transfer of certain business activities; the sale, issuance or other disposition of any equity interest in certain of our subsidiaries; a sale or other disposition of a substantial portion of our assets or a substantial portion of the assets of certain of our subsidiaries; extraordinary distributions by or to certain of our subsidiaries; or engaging in certain internal transactions. These restrictions will all apply for the two-year period after the distribution and in some cases will apply for periods as long as five years following the distribution.

Moreover, the tax matters agreement generally will provide that a party thereto is responsible for any taxes imposed on any other party thereto as a result of the failure of the distribution or the internal transactions to qualify as tax-free or tax-favored transactions under the Code or other applicable tax law if such failure is attributable to certain post-distribution actions taken by or in respect of the responsible party or its shareholders, regardless of whether the actions occur more than two years after the distribution, or Covidien consents to such actions. Any such taxes for which we are liable as a result of our actions or the actions of our shareholders will not be subject to the \$200 million limitation described above.

### **Employee Matters Agreement**

Mallinckrodt and Covidien will enter into an employee matters agreement in connection with the separation to allocate assets, liabilities, and responsibilities and obligations relating to employment matters, employee compensation, employee benefit plans, programs, arrangements and agreements and other related matters. In connection with the separation, Covidien has or currently intends to transfer the employment of employees who will continue in employment with Mallinckrodt after the separation to an entity that will be within the Mallinckrodt controlled group after the separation. Also, Mallinckrodt has either assumed sponsorship of or

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adopted various employee benefit plans, including United States tax-qualified retirement plans, non-qualified deferred compensation plans and health and welfare benefit plans, that provide benefits to eligible current and former United States employees of Covidien's Pharmaceuticals business.

It is currently contemplated that the employee matters agreement will allocate responsibility to Mallinckrodt to continue to provide employee benefits to employees of Covidien's Pharmaceuticals business (i.e., Mallinckrodt employees) upon the separation and to assume the responsibility for any assets and liabilities associated with the plans or programs providing such employee benefits. It is currently anticipated that Mallinckrodt employees who are resident outside of the United States or who otherwise are subject to non-U.S. law and their related benefits and obligations shall be treated in the same manner as the Mallinckrodt employees who are residents of the United States; provided, however, that all actions taken with respect to non-U.S. Mallinckrodt employees in connection with the separation will be accomplished in accordance with applicable law and custom in each of the applicable jurisdictions. In addition, it is currently contemplated that outstanding Covidien equity awards held by active employees of Covidien's Pharmaceuticals business upon the separation will be converted into Mallinckrodt equity awards in connection with the distribution, except in certain non-U.S. jurisdictions where such conversion would either have an adverse tax impact or be subject to local exchange control requirements that make such conversion impracticable or impossible. The mechanics of this conversion will be set forth in the employee matters agreement. Finally, it is currently anticipated that the employee matters agreement will provide that (i) the distribution does not constitute a change in control for purposes of any Covidien employee benefit plan, program, agreement or arrangement and any Mallinckrodt employee benefit plan, program, agreement or arrangement assumed or adopted in anticipation of the separation; and (ii) the distribution and the continuation of employment of employees of Covidien's Pharmaceuticals business with Mallinckrodt after the separation will not constitute a severance event under any applicable plan, program, agreement or arrangement.

## MATERIAL TAX CONSEQUENCES

### Material U.S. Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences to Covidien and to the holders of Covidien ordinary shares in connection with the distribution. This summary is based on the Code, the Treasury Regulations promulgated thereunder and judicial and administrative interpretations thereof, in each case as in effect and available as of the date of this information statement and all of which are subject to differing interpretations that may change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below.

Except as specifically described below, this summary is limited to holders of Covidien ordinary shares that are U.S. Holders (as defined below). For purposes of this summary, a U.S. Holder is a beneficial owner of Covidien ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S. or any state or political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable Treasury Regulations to be treated as a U.S. person.

This summary does not discuss all tax considerations that may be relevant to Covidien shareholders in light of their particular circumstances, nor does it address the consequences to Covidien shareholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- cooperatives;
- banks, trusts, financial institutions or insurance companies;
- persons who acquired Covidien ordinary shares pursuant to the exercise of employee share options or otherwise as compensation;
- persons who own, or are deemed to own, at least 10 percent or more, by voting power or value, of the Covidien ordinary shares;
- holders owning Covidien ordinary shares as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the U.S.;
- holders who are subject to alternative minimum tax; or
- persons that own Covidien ordinary shares through partnerships (including entities treated as partnerships for U.S. federal income tax purposes) or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to Covidien shareholders who do not hold Covidien ordinary shares as capital assets. Moreover, this summary does not address any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Covidien ordinary shares, the tax treatment of a partner in that partnership generally will depend on the status of



the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the tax consequences of the separation.

**HOLDERS OF COVIDIEN ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED HEREIN.**

Covidien has received an IRS ruling substantially to the effect that, for U.S. federal income tax purposes, (i) certain transactions to be effected in connection with the distribution qualify as transactions under Sections 355 and/or 368(a) of the Code, and (ii) the distribution qualifies as a transaction under Sections 355 and 368(a)(1)(D) of the Code.

In addition to obtaining the IRS ruling, Covidien expects to receive the tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance acceptable to Covidien, which tax opinion will rely on the effectiveness of the IRS ruling, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions will qualify as transactions under Sections 355 and/or 368(a) of the Code. The continued validity of the IRS ruling and the receipt by Covidien of the tax opinion are conditions to the distribution.

Assuming that the distribution qualifies under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes:

- no gain or loss will be recognized by Covidien on the distribution;
- no gain or loss will be recognized by, or be includible in the income of, a holder of Covidien ordinary shares upon receipt of our ordinary shares in the distribution;
- each Covidien shareholder's basis in the Covidien ordinary shares and the Mallinckrodt ordinary shares following the distribution will equal the aggregate basis of the Covidien ordinary shares that such holder held immediately before the distribution, allocated between the Covidien ordinary shares and the Mallinckrodt ordinary shares in proportion to their relative fair market values at the time of the distribution;
- each Covidien shareholder's holding period in the Mallinckrodt ordinary shares received in the distribution will include the holding period of the Covidien ordinary shares with respect to which the distribution is made, provided that such holder holds such Covidien ordinary shares as a capital asset on the date of the distribution; and
- a Covidien shareholder who receives cash in lieu of fractional Mallinckrodt ordinary shares will recognize gain or loss measured by the difference between the basis of the fraction of a share that the shareholder would have received and the amount of cash received in lieu thereof. Any gain or loss will be treated as a capital gain or loss, provided any fractional shares would have been held as capital assets on the date of the distribution.

Although the IRS ruling is generally binding on the IRS, the IRS ruling is based on certain facts and assumptions, and certain representations and undertakings from Covidien and Mallinckrodt that certain necessary conditions to obtain tax-free treatment under the Code have been satisfied. Furthermore, the IRS did not rule on whether the distribution satisfies certain critical requirements necessary to obtain tax-free treatment under the Code. Specifically, the IRS did not rule that the distribution is effected for valid business purposes, that the distribution does not constitute a device for the distribution of earnings and profits, or that the distribution is not part of a plan described in Section 355(e) of the Code (as discussed below). Instead, Covidien represented to the IRS that there are valid business purposes for the distribution, the distribution is not being used as a device for

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the distribution of earnings and profits, and the distribution is not part of a plan described in Section 355(e) of the Code. In connection with obtaining the IRS ruling, Covidien expects to receive a tax opinion. The tax opinion will be expressed as of the date issued and will not cover subsequent periods, and the tax opinion will rely on the effectiveness of the IRS ruling. As a result, the tax opinion is not expected to be issued until after the date of this information statement. An opinion of counsel represents the counsel's best legal judgment based on current law and is not binding on the IRS or any court. We cannot assure you that the IRS will agree with the conclusions expected to be set forth in the tax opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all of those conclusions and that a court could sustain that contrary position. If any of the facts, representations, assumptions or undertakings described or made in connection with the IRS ruling or the tax opinion are not correct, are incomplete or have been violated, the IRS ruling could be revoked retroactively or modified by the IRS, and Covidien's ability to rely on the tax opinion could be jeopardized. Covidien and Mallinckrodt are not aware of any facts or circumstances, however, that would cause these facts, representations or assumptions to be untrue or incomplete, or that would cause any of these undertakings to fail to be complied with, in any material respect.

If, notwithstanding the conclusions included in the IRS ruling and the conclusions we expect to be included in the tax opinion, it is ultimately determined that the distribution does not qualify as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, Covidien or we could incur significant U.S. federal income tax liabilities attributable to certain related transactions undertaken in anticipation of the distribution. In addition, if the distribution was not to qualify as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, each Covidien shareholder that receives our ordinary shares in the distribution could be treated as receiving a taxable distribution in an amount equal to the fair market value of our ordinary shares that were distributed to the shareholder, which generally would be taxed as a dividend to the extent of the shareholder's pro-rata share of Covidien's current and accumulated earnings and profits, then treated as a non-taxable return of capital to the extent of the shareholder's basis in its Covidien ordinary shares and finally treated as capital gain from the sale or exchange of its Covidien ordinary shares.

Even if the distribution and the related transactions otherwise qualify for tax-free treatment under Sections 355 and/or 368(a) of the Code, corporate-level taxable gain under Section 355(e) of the Code may result if fifty percent or more, by vote or value, of our ordinary shares or Covidien ordinary shares is treated as acquired or issued as part of a plan or series of related transactions that include the distribution or such related transactions. The process for determining whether an acquisition or issuance triggering these provisions has occurred is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. For this purpose, any acquisitions or issuances of Covidien ordinary shares within two years before the distribution, and any acquisitions or issuances of our ordinary shares or Covidien ordinary shares within two years after the distribution generally are presumed to be part of such a plan, although we or Covidien, as applicable, may be able to rebut that presumption. We are not aware of any acquisitions or issuances of Covidien ordinary shares within the two years before the distribution that would be considered to occur as part of a plan or series of related transactions that includes the distribution. If an acquisition or issuance of our ordinary shares or Covidien ordinary shares triggers the application Section 355(e) of the Code, Covidien or we could incur significant U.S. federal income tax liabilities attributable to certain related transactions undertaken in anticipation of the distribution.

The Treasury Regulations require certain shareholders that receive stock in the distribution to attach a detailed statement setting forth certain information relating to the separation to their U.S. federal income tax returns for the year in which the distribution occurs. Within a reasonable period after the distribution, Covidien will provide shareholders who receive our ordinary shares in the distribution with the information necessary to comply with such requirement. In addition, all shareholders are required to retain permanent records relating to the amount, basis and fair market value of our ordinary shares received in the distribution and to make those records available to the IRS upon request.

## **Material Irish Tax Consequences**

The following is a summary of the material Irish tax consequences for certain beneficial owners of Covidien ordinary shares who receive Mallinckrodt ordinary shares pursuant to the separation and who are the beneficial owners of such Mallinckrodt ordinary shares. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each of the shareholders. The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this information statement (assuming that the provisions of the Finance Bill 2013 are properly enacted into law) and correspondence with the Irish Revenue Commissioners. Changes in law and/or administrative practice may result in alteration of the tax considerations described below.

The summary does not constitute tax advice and is intended only as a general guide. The summary is not exhaustive and shareholders should consult their own tax advisors about the Irish tax consequences (and tax consequences under the laws of other relevant jurisdictions) of the separation and of the acquisition, ownership and disposal of our ordinary shares. The summary applies only to shareholders who will own our ordinary shares as capital assets and does not apply to other categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes and shareholders who have, or who are deemed to have, acquired our ordinary shares by virtue of an Irish office or employment (performed or carried on in Ireland).

### ***Irish Tax on Chargeable Gains***

*Non-resident Shareholders.* The rate of tax on chargeable gains (where applicable) in Ireland is 33%. Our shareholders that are not resident or ordinarily resident in Ireland for Irish tax purposes and do not hold their shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency will not be liable for Irish tax on chargeable gains realized on a subsequent disposal of our ordinary shares.

Covidien shareholders that are not resident or ordinarily resident in Ireland for Irish tax purposes and do not hold their shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency will not be subject to Irish tax on chargeable gains on the receipt of new Mallinckrodt ordinary shares pursuant to the separation.

*Irish Resident Shareholders.* Our shareholders that are resident or ordinarily resident in Ireland for Irish tax purposes, or that hold their shares in connection with a trade or business carried on by such persons through an Irish branch or agency will, subject to the availability of any exemptions and reliefs, be subject to Irish tax on chargeable gains arising on a subsequent disposal of our ordinary shares.

Covidien shareholders that are resident or ordinarily resident in Ireland for Irish tax purposes, or shareholders that hold their shares in connection with a trade or business carried on by such persons through an Irish branch or agency, will not be subject to Irish tax on chargeable gains on the receipt of new Mallinckrodt ordinary shares pursuant to the separation but will rather be treated for Irish tax purposes as having acquired their shares in Mallinckrodt at the same time and for the same cost as they acquired their original shares in Covidien. Such shareholders may, however, be subject to Irish tax on chargeable gains on the receipt of any cash in lieu of fractional shares pursuant to the separation as they will be deemed to have made a part disposal of their shares in Covidien.

### ***Stamp Duty***

The rate of stamp duty (where applicable) on transfers of shares of Irish incorporated companies is 1% of the price paid or the market value of the shares acquired, whichever is greater. Where Irish stamp duty arises, it is generally a liability of the transferee.

The distribution will be exempt from the charge to Irish stamp duty.

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Irish stamp duty may, depending on the manner in which the shares in Mallinckrodt are held, be payable in respect of transfers of Mallinckrodt ordinary shares after the separation.

*Shares Held Through DTC.* A transfer of our ordinary shares effected by means of the transfer of book entry interests in DTC will not be subject to Irish stamp duty. On the basis that most of our ordinary shares are expected to be held through DTC, it is anticipated that most transfers of ordinary shares will be exempt from Irish stamp duty.

*Shares Held Outside of DTC or Transferred Into or Out of DTC.* A transfer of our ordinary shares where any party to the transfer holds such shares outside of DTC may be subject to Irish stamp duty. Shareholders wishing to transfer their shares into (or out of) DTC may do so without giving rise to Irish stamp duty provided:

- there is no change in the beneficial ownership of such shares; and
- at the time of the transfer into DTC there is no agreement in place for the sale of the shares by the beneficial owner to a third party.

Due to the potential Irish stamp charge on transfers of our ordinary shares, it is strongly recommended that any person who wishes to acquire our ordinary shares after the separation acquires such shares through DTC (or through a broker who in turn holds such shares through DTC).

Mallinckrodt currently intends to pay (or cause one of our affiliates to pay) stamp duty, if any, in connection with share transfers made in the ordinary course of trading by a seller who holds shares directly to a buyer who will hold the acquired shares beneficially. In other cases Mallinckrodt may, in its absolute discretion, pay (or cause one of its affiliates to pay) any stamp duty. Mallinckrodt's articles of association as they will be in effect after the distribution provide that, in the event of any such payment, Mallinckrodt (i) may seek reimbursement from the buyer, (ii) will have a lien against the Mallinckrodt ordinary shares acquired by such buyer and any dividends paid on such shares and (iii) may set-off the amount of the stamp duty against future dividends on such shares. Parties to a share transfer may assume that any stamp duty arising in respect of a transaction in Mallinckrodt ordinary shares has been paid unless one or both of such parties is otherwise notified by Mallinckrodt.

### ***Withholding Tax on Dividends***

Distributions made by us will, in the absence of one of many exemptions, be subject to Irish dividend withholding tax ("DWT") at a rate of 20%.

For DWT purposes, a distribution includes any distribution that may be made by us to our shareholders, including cash dividends, non-cash dividends and additional stock taken in lieu of a cash dividend. Where an exemption does not apply in respect of a distribution made to a particular shareholder, we are responsible for withholding DWT prior to making such distribution.

*General Exemptions.* Irish domestic law provides that a non-Irish resident shareholder is not subject to DWT on dividends received from us if such shareholder is beneficially entitled to the dividend and is either:

- an individual resident for tax purposes in a "relevant territory" (including the U.S.) and is neither resident nor ordinarily resident in Ireland (for a list of "relevant territories" for DWT purposes, please see Annex A to this information statement);
- a company resident for tax purposes in a "relevant territory," provided such company is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland;
- a company, wherever resident, that is controlled, directly or indirectly, by persons resident in a "relevant territory" and who is or are (as the case may be) not controlled by, directly or indirectly, persons who are not resident in a "relevant territory";

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- a company, wherever resident, whose principal class of shares (or those of its 75% direct or indirect parent) is substantially and regularly traded on a recognized stock exchange either in a “relevant territory” or on such other stock exchange approved by the Irish Minister for Finance; or
- a company, wherever resident, that is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a recognized stock exchange in a “relevant territory” or on such other stock exchange approved by the Irish Minister for Finance;

and provided, in all cases noted above, the shareholder has furnished the relevant Irish Revenue Commissioners’ DWT forms (the “DWT Forms”) to:

- its broker (and the relevant information is further transmitted to us or any qualifying intermediary appointed by us) before the record date for the dividend if its shares are held through DTC, or
- our transfer agent at least seven business days before such record date if its shares are held outside of DTC.

Links to the various DWT Forms are available at: <http://www.revenue.ie/en/tax/dwt/forms/index.html>.

For shareholders that cannot avail themselves of one of Ireland’s domestic law exemptions from DWT, it may be possible for such shareholders to rely on the provisions of a double tax treaty to which Ireland is party to reduce the rate of DWT.

*Shares Held by U.S. Resident Shareholders.* Dividends paid in respect of our ordinary shares that are owned by U.S. residents and held through DTC will not be subject to DWT provided the addresses of the beneficial owners of such shares in the records of the broker holding such shares are in the U.S. It is strongly recommended that such shareholders ensure that their information is properly recorded by their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by us).

Dividends paid in respect of our ordinary shares that are owned by residents of the U.S. and held outside of DTC will not be subject to DWT if such shareholders provide a completed W-9 form to Computershare, our transfer agent, to confirm their U.S. residence at least seven business days before the record date for the first dividend payment to which they are entitled. It is strongly recommended that such shareholders complete a W-9 form and provide it to our transfer agent as soon as possible after acquiring their shares.

If any shareholder that is resident in the U.S. receives a dividend from which DWT has been withheld, the shareholder may be entitled to apply for a refund of such DWT from the Irish Revenue Commissioners.

*Shares Held by Residents of “Relevant Territories” Other than the U.S.* Shareholders that are residents of “relevant territories,” other than the U.S. and regardless of when such shareholders acquired their shares, must satisfy the conditions of one of the exemptions referred to above under the heading “—General Exemptions,” including the requirement to furnish completed DWT Forms, in order to receive dividends without them being subject to DWT. If such shareholders hold their shares through DTC, they must provide the appropriate DWT Forms to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by us) before the record date for the first dividend to which they are entitled. If such shareholders hold their shares outside of DTC, they must provide the appropriate DWT Forms to our transfer agent at least seven business days before such record date. It is strongly recommended that such shareholders complete the appropriate DWT Forms and provide them to their brokers or our transfer agent, Computershare, as the case may be, as soon as possible.

If any shareholder who is resident in a “relevant territory” receives a dividend from which DWT has been withheld, the shareholder may be entitled to a refund of DWT from the Irish Revenue Commissioners.

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*Shares Held by Residents of Ireland.* Most Irish tax resident or ordinarily resident shareholders will be subject to DWT in respect of dividends paid on our ordinary shares.

Shareholders that are residents of Ireland, but are entitled to receive dividends without DWT, must complete the appropriate DWT Forms and provide them to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by us) before the record date for the first dividend to which they are entitled (in the case of shares held through DTC), or to our transfer agent Computershare at least seven business days before such record date (in the case of shares held outside of DTC).

*Shares Held by Other Persons.* Our shareholders that do not fall within any of the categories specifically referred to above may nonetheless fall within other exemptions from DWT. If any shareholders are exempt from DWT, but receive dividends subject to DWT, such shareholders may apply for refunds of such DWT from the Irish Revenue Commissioners.

*Shares Held by Existing Covidien Shareholders.* To the extent that existing Covidien shareholders resident in the U.S. or another relevant territory have previously provided our transfer agent, Computershare, or any qualifying intermediary appointed by us with appropriate forms or addresses to support their claim for an exemption from Irish DWT in respect of their shareholding in Covidien, Computershare and that qualifying intermediary (and any other qualifying intermediary in the payment chain) can rely upon these forms and addresses and will not be required to obtain new documentation from such shareholders until these forms have expired or these addresses have changed.

*Qualifying Intermediary.* Prior to paying any dividend, we will put in place an agreement with an entity that is recognized by the Irish Revenue Commissioners as a “qualifying intermediary,” which will provide for certain arrangements relating to distributions in respect of our ordinary shares that are held through DTC (the “Deposited Securities”). The agreement will provide that the qualifying intermediary shall distribute or otherwise make available to Cede & Co., as nominee for DTC, any cash dividend or other cash distribution with respect to the Deposited Securities after we deliver or cause to be delivered to the qualifying intermediary the cash to be distributed.

We will rely on information received directly or indirectly from our qualifying intermediary, brokers and our transfer agent in determining where shareholders reside, whether they have provided the required U.S. tax information and whether they have provided the required DWT Forms. Shareholders that are required to file DWT Forms in order to receive dividends free of DWT should note that such forms are generally valid, subject to a change in circumstances, until December 31 of the fifth full year after the year of issue of the forms.

### ***Income Tax on Dividends Paid on Mallinckrodt Shares***

Irish income tax may arise for certain persons in respect of dividends received from Irish resident companies.

A shareholder that is not resident or ordinarily resident in Ireland and that is entitled to an exemption from DWT generally has no liability to Irish income tax or the universal social charge on a dividend from us. An exception to this position may apply where such shareholder holds our ordinary shares through a branch or agency in Ireland through which a trade is carried on.

A shareholder that is not resident or ordinarily resident in Ireland and that is not entitled to an exemption from DWT generally has no additional Irish income tax liability or a liability to the universal social charge. The DWT deducted by us discharges the liability to income tax. An exception to this position may apply where the shareholder holds our ordinary shares through a branch or agency in Ireland through which a trade is carried on.

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Irish resident or ordinarily resident shareholders may be subject to Irish tax and/or the universal social charge on dividends received from us.

### ***Capital Acquisitions Tax***

Irish Capital Acquisitions Tax (“CAT”) could apply to a gift or inheritance of Irish situate shares irrespective of the place of residence, ordinary residence or domicile of the parties. Our ordinary shares held in book entry form may be regarded as property situated in Ireland as our share register must be held in Ireland. The person who receives the gift or inheritance has primary liability for CAT.

CAT is levied at a rate of 33% above certain tax-free thresholds. The appropriate tax-free threshold is dependent upon (1) the relationship between the donor and the donee and (2) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT. Children have a tax-free threshold of €225,000 in respect of taxable gifts or inheritances received from their parents. Our shareholders should consult their own tax advisors as to whether CAT is creditable or deductible in computing any domestic tax liabilities.

**THE IRISH TAX CONSEQUENCES SUMMARIZED ABOVE ARE FOR GENERAL INFORMATION ONLY.**

### ***Irish Restrictions on Import and Export of Capital***

The Financial Transfers Act 1992 provides that the Irish Minister for Finance can make provision for the restriction of financial transfers between Ireland and other countries. For the purposes of this Act, “financial transfers” include all transfers which would be movements of capital or payments within the meaning of the treaties governing the European Communities if they had been made between Member States of the Communities. This Act has been used by the Minister for Finance to implement European Council Directives, which provide for the restriction of financial transfers to certain countries, organizations and people including the Al-Qaeda network and the Taliban, Belarus, Burma (Myanmar), Democratic People’s Republic of Korea, Democratic Republic of Congo, Egypt, Eritrea, Iran, Iraq, Ivory Coast, Lebanon, Liberia, Republic of Guinea, Somalia, Sudan, Syria, Tunisia, Yugoslavia (Slobodan Milosevic and associated persons) and Zimbabwe.

## INDEBTEDNESS

### The Notes

In connection with the separation, MIFSA, a wholly owned subsidiary of Covidien that will become our wholly owned subsidiary upon completion of the distribution, has issued \$300 million aggregate principal amount of 3.50% senior unsecured notes due 2018 and \$600 million aggregate principal amount of 4.75% senior unsecured notes due 2023 (collectively, the “notes”). Mallinckrodt plc will guarantee the notes on an unsecured and unsubordinated basis upon completion of the distribution. MIFSA will pay interest on the notes semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2013.

The notes were issued and sold in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act and non-U.S. persons pursuant to Regulation S under the Securities Act.

MIFSA may redeem all of the notes at any time, and some of the notes, from time to time, at a redemption price equal to the principal amount of the notes redeemed plus a make-whole premium.

The Indenture contains covenants limiting the ability of Mallinckrodt and its restricted subsidiaries to incur certain liens and to enter into sale and lease-back transactions and the ability of MIFSA and Mallinckrodt to merge or consolidate with any other person or sell or convey all or substantially all of their respective assets to any person.

The preceding summary of the terms of the Indenture is qualified in its entirety by reference to the Indenture filed as Exhibit 4.1 to the Form 10, which is incorporated herein by reference.

The net proceeds to MIFSA from the issuance and sale of the notes were approximately \$889.3 million. It is anticipated that, upon completion of the distribution, MIFSA will retain for general corporate purposes an amount of the net proceeds of the notes offering that, together with cash held by its subsidiaries, equals approximately \$168 million, and the remainder will be retained by Covidien.

Covidien anticipates using these funds for general corporate purposes and does not intend to repay any of its own indebtedness with these funds.

### Revolving Credit Facility

MIFSA has entered into a 5-year revolving credit facility with a borrowing capacity up to \$250 million (the “credit facility”) that we expect will be undrawn at the time the separation is completed. Mallinckrodt plc will guarantee the credit facility on an unsecured and unsubordinated basis upon completion of the distribution. Borrowings under this facility will initially bear interest at LIBOR plus 1.50 percent per annum (subject to adjustment based upon a ratings-based pricing grid). The credit facility provides for customary fees, including commitment fees and other fees.



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The credit facility contains customary affirmative and negative covenants, that among other things, will limit or restrict the ability of non-guarantor subsidiaries to incur indebtedness, our ability to incur liens, our ability to consolidate, merge or sell all or substantially all of our assets or the assets of the Specialty Pharmaceuticals segment or the Global Medical Imaging segment, our ability to pay dividends or make other distributions on or repurchase or redeem our capital stock, our ability to enter into transactions with affiliates, our ability to engage in sale and leaseback transactions, and our ability to enter into agreements restricting the ability of our subsidiaries to pay dividends. The credit facility also contains financial maintenance covenants, including a leverage ratio covenant and interest coverage ratio covenant.

Our ability to borrow under the credit facility is subject to satisfaction of the following material conditions:

- the completion of the distribution in a manner substantially consistent with the description provided to the lender prior to the date hereof; and
- other customary closing deliverables.

The preceding summary of the terms of the credit facility is qualified in its entirety by reference to the credit facility filed as Exhibit 10.4 to the Form 10, which is incorporated herein by reference.

## DESCRIPTION OF MALLINCKRODT'S SHARE CAPITAL

*Mallinckrodt's memorandum and articles of association will be amended and restated in connection with the separation. The following is a summary of the material terms of Mallinckrodt's share capital that will be contained in the amended and restated memorandum and articles of association. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the memorandum and articles of association to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you must read (along with the applicable provisions of Irish law) for complete information on Mallinckrodt's share capital as of the time of the distribution. The memorandum and articles of association to be in effect at the time of the distribution will be included as an exhibit to Mallinckrodt's registration statement on Form 10, of which this information statement forms a part.*

### Legal Name; Formation; Fiscal Year; Registered Office

The legal name of the newly formed Irish company is Mallinckrodt public limited company. Mallinckrodt was incorporated in Ireland as a public limited company on January 9, 2013 with company registration number 522227. Mallinckrodt's fiscal year ends on the last Friday in September and Mallinckrodt's registered address is 1st Floor, 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland.

### Share Capital

The authorized share capital of Mallinckrodt will be €40,000 and \$[—], divided into 40,000 ordinary A shares with a par value of €1.00 per share, [—] ordinary shares with a par value of \$0.20 per share and [—] preferred shares with a par value of \$0.20 per share. The authorized share capital includes 40,000 ordinary A shares with a par value of €1.00 per share in order to satisfy minimum statutory requirements for the granting of a trading certificate to an Irish public limited company. These ordinary A shares carry no voting or dividend rights. All current outstanding ordinary A shares, together with the seven ordinary shares held by the current nominee shareholders of Mallinckrodt, will be acquired and canceled by Mallinckrodt for no consideration contemporaneously with the distribution being effected.

Mallinckrodt may issue shares subject to the maximum prescribed by its authorized share capital contained in its memorandum of association. Following the distribution, we expect that Mallinckrodt will have issued approximately \$[—] of its authorized share capital of \$[—], with such issued share capital comprised of approximately [—] ordinary shares with a par value of \$0.20 each. This means that Mallinckrodt would be able to issue further shares with a total nominal value of approximately \$[—], comprised of approximately [—] ordinary shares with a nominal value of \$0.20 each and [—] preferred shares with a nominal value of \$0.20 each (as well as 40,000 ordinary A shares with a par value of €1.00 per share).

As a matter of Irish company law, the directors of a company may cause the company to issue new ordinary or preferred shares without shareholder approval once authorized to do so by the articles of association of the company or by an ordinary resolution adopted by the shareholders at a general meeting. An ordinary resolution requires over 50% of the votes of a company's shareholders cast at a general meeting (in person or by proxy). The authority conferred can be granted for a maximum period of five years, at which point it must be renewed by the shareholders of the company by an ordinary resolution. The articles of association of Mallinckrodt will authorize the board of directors of Mallinckrodt to issue new ordinary or preferred shares without shareholder approval for a period of five years from the date of adoption of the amended and restated articles of association.

The authorized share capital may be increased or reduced by way of an ordinary resolution of Mallinckrodt's shareholders, but not below the number of shares then outstanding. The shares comprising the authorized share capital of Mallinckrodt may be divided into shares of such par value as the resolution prescribes.

The rights and restrictions to which the ordinary shares will be subject will be prescribed in Mallinckrodt's articles of association. Mallinckrodt's articles of association will entitle the board of directors, without shareholder

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approval, to determine the terms of the preferred shares issued by Mallinckrodt. Preferred shares may be preferred as to dividends, rights on a winding up or voting in such manner as the directors of Mallinckrodt may resolve. The preferred shares may also be redeemable at the option of the holder of the preferred shares or at the option of Mallinckrodt, and may be convertible into or exchangeable for shares of any other class or classes of Mallinckrodt, depending on the terms of such preferred shares. The issuance of preferred shares is subject to applicable law, including the Irish Takeover Rules.

Irish law does not recognize fractional shares held of record; accordingly, Mallinckrodt's articles of association do not provide for the issuance of fractional ordinary shares of Mallinckrodt, and the official Irish register of Mallinckrodt will not reflect any fractional ordinary shares.

### **Pre-emption Rights, Share Warrants and Share Options**

Certain statutory pre-emption rights apply automatically in favor of Mallinckrodt's shareholders where shares in Mallinckrodt are to be issued for cash. However, Mallinckrodt has opted out of these pre-emption rights in its articles of association as permitted under Irish company law. Irish law provides that this opt-out expires after five years unless renewed by a special resolution of the shareholders. A special resolution requires not less than 75% of the votes of Mallinckrodt's shareholders cast at a general meeting (in person or by proxy). If the opt-out is not renewed, shares issued for cash must be offered to pre-existing shareholders of Mallinckrodt pro-rata to their existing shareholding before the shares can be issued to any new shareholders. The statutory pre-emption rights do not apply where shares are issued for non-cash consideration.

The articles of association of Mallinckrodt provide that, subject to any shareholder approval requirement under any laws, regulations or the rules of any stock exchange to which Mallinckrodt is subject, the board is authorized, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the board deems advisable, options to purchase such number of shares of any class or classes or of any series of any class as the board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued. The Irish Companies Acts provide that directors may issue share warrants or options without shareholder approval once authorized to do so by the articles of association or an ordinary resolution of shareholders. Under Irish law, the board may issue shares upon exercise of validly issued warrants or options without shareholder approval or authorization. However, the rules of the NYSE require shareholder approval of certain equity compensation plans.

### **Dividends**

Under Irish law, dividends and distributions may only be made from "distributable reserves." Distributable reserves, broadly, means the accumulated realized profits of Mallinckrodt less accumulated realized losses of Mallinckrodt. In addition, no distribution or dividend may be made unless the net assets of Mallinckrodt are equal to, or in excess of, the aggregate of Mallinckrodt's share capital which has been paid up or which is payable in the future plus undistributable reserves and the distribution does not reduce Mallinckrodt's net assets below such aggregate. Undistributable reserves include the share premium account, the capital redemption reserve fund and Mallinckrodt's net unrealized profits.

The determination as to whether or not Mallinckrodt has sufficient distributable reserves to fund a dividend must be made by reference to the "relevant accounts" of Mallinckrodt. The "relevant accounts" will be either the last set of unconsolidated annual audited financial statements or unaudited financial statements prepared in accordance with the Irish Companies Acts, which give a "true and fair view" of Mallinckrodt's unconsolidated financial position and accord with accepted accounting practice. The relevant accounts must be filed in the Companies Registration Office (the official public registry for companies in Ireland).

Although Mallinckrodt will not have any distributable reserves immediately following the distribution, we are taking steps to create such distributable reserves. See "Risk Factors" and "Dividends—Creation of Distributable Reserves."

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The mechanism as to who declares a dividend and when a dividend becomes payable is governed by the articles of association of Mallinckrodt. Mallinckrodt's articles of association authorize the directors to declare such dividends as appear justified from the profits of Mallinckrodt without the approval of the shareholders at a general meeting. The board of directors may also recommend a dividend to be approved and declared by the shareholders at a general meeting. Although the shareholders may direct that the payment be made by distribution of assets, shares or cash, no dividend issued may exceed the amount recommended by the directors. The dividends can be declared and paid in the form of assets, shares or cash.

The directors of Mallinckrodt may deduct from any dividend payable to any shareholder all sums of money (if any) payable by such shareholder to Mallinckrodt in relation to the ordinary shares of Mallinckrodt.

The directors of Mallinckrodt are also entitled to issue shares with preferred rights to participate in dividends declared by Mallinckrodt. The holders of such preferred shares may, depending on their terms, be entitled to claim arrears of a declared dividend out of subsequently declared dividends in priority to ordinary shareholders.

For information about the Irish tax issues relating to dividend payments, see "Material Tax Consequences—Material Irish Tax Consequences."

## **Share Repurchases and Redemptions**

### ***Overview***

Article 3(d) of Mallinckrodt's articles of association provides that any ordinary share which Mallinckrodt has acquired or agreed to acquire is deemed to be a redeemable share. Accordingly, for Irish company law purposes, the repurchase of ordinary shares by Mallinckrodt will technically be effected as a redemption of those shares as described below under "—Share Repurchases and Redemptions—Repurchases and Redemptions by Mallinckrodt." If the articles of association of Mallinckrodt did not contain Article 3(d), repurchases by Mallinckrodt would be subject to many of the same rules that apply to purchases of Mallinckrodt ordinary shares by subsidiaries described below under "—Share Repurchases and Redemptions—Purchases by Subsidiaries of Mallinckrodt," including the shareholder approval requirements described below and the requirement that any on-market purchases be effected on a "recognized stock exchange." Except where otherwise noted, when we refer elsewhere in this information statement to repurchasing or buying back ordinary shares of Mallinckrodt, we are referring to the redemption of ordinary shares by Mallinckrodt pursuant to Article 3(d) of the articles of association or the purchase of ordinary shares of Mallinckrodt by a subsidiary of Mallinckrodt, in each case in accordance with the Mallinckrodt articles of association and Irish company law as described below.

### ***Repurchases and Redemptions by Mallinckrodt***

Under Irish law, a company can issue redeemable shares and redeem them out of distributable reserves (which are described above under "—Dividends") or the proceeds of a new issue of shares for that purpose. Although Mallinckrodt will not have any distributable reserves immediately following the distribution, we are taking steps to create such distributable reserves. See "Risk Factors" and "Dividends—Creation of Distributable Reserves." The issue of redeemable shares may only be made by Mallinckrodt where the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of Mallinckrodt. All redeemable shares must also be fully paid and the terms of redemption of the shares must provide for payment on redemption. Redeemable shares may, upon redemption, be cancelled or held in treasury. Shareholder approval will not be required to redeem Mallinckrodt ordinary shares pursuant to Article 3(d) of Mallinckrodt's articles of association.

The board of directors of Mallinckrodt will also be entitled to issue preferred shares which may be redeemed at the option of either Mallinckrodt or the shareholder, depending on the terms of such preferred shares. For additional information on redeemable shares, see "—Share Capital."

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Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by Mallinckrodt at any time must not exceed 10% of the nominal value of the issued share capital of Mallinckrodt. While Mallinckrodt holds shares as treasury shares, it cannot exercise any voting rights in respect of those shares. Treasury shares may be cancelled by Mallinckrodt or re-issued subject to certain conditions.

### ***Purchases by Subsidiaries of Mallinckrodt***

Under Irish law, it may be permissible for an Irish or non-Irish subsidiary to purchase ordinary shares of Mallinckrodt either on-market or off-market. A general authority of the shareholders of Mallinckrodt is required to allow a subsidiary of Mallinckrodt to make on-market purchases of Mallinckrodt ordinary shares; however, as long as this general authority has been granted, no specific shareholder authority for a particular on-market purchase by a subsidiary of Mallinckrodt ordinary shares is required. We expect that Mallinckrodt will seek such general authority, which must expire no later than 18 months after the date on which it was granted, at the first annual general meeting of Mallinckrodt in 2014 and at subsequent annual general meetings. In order for a subsidiary of Mallinckrodt to make an on-market purchase of Mallinckrodt's ordinary shares, such shares must be purchased on a "recognized stock exchange." The NYSE, on which we expect the ordinary shares of Mallinckrodt will be listed following the distribution, is specified as a recognized stock exchange for this purpose by Irish company law. For an off-market purchase by a subsidiary of Mallinckrodt, the proposed purchase contract must be authorized by special resolution of the shareholders of Mallinckrodt before the contract is entered into. The person whose shares are to be bought back cannot vote in favor of the special resolution and, for at least 21 days prior to the special resolution, the purchase contract must be on display or must be available for inspection by shareholders at the registered office of Mallinckrodt.

The number of shares held by the subsidiaries of Mallinckrodt at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the nominal value of the issued share capital of Mallinckrodt. While a subsidiary holds ordinary shares of Mallinckrodt, it cannot exercise any voting rights in respect of those shares. The acquisition of the ordinary shares of Mallinckrodt by a subsidiary must be funded out of distributable reserves of the subsidiary.

### **Bonus Shares**

Under Mallinckrodt's articles of association, the board may resolve to capitalize any amount credited to any reserve or fund available for distribution or the share premium account or any other undistributable reserve of Mallinckrodt through the issuance of fully paid-up bonus shares to shareholders on the same basis of entitlement as would apply in respect of a dividend distribution.

### **Consolidation and Division; Subdivision**

Under its articles of association, Mallinckrodt may, by ordinary resolution, consolidate and divide all or any of its share capital into shares of larger par value than its existing shares or subdivide its shares into smaller amounts than is fixed by its articles of association.

### **Reduction of Share Capital**

Mallinckrodt may, by special resolution, reduce its authorized share capital in any way. Mallinckrodt also may, by special resolution and subject to confirmation by the High Court of Ireland, reduce or cancel its issued share capital (which includes share premium) in any way. The creation of distributable reserves discussed in "Dividends—Creation of Distributable Reserves" involves a reduction of share capital, namely the share premium account of Mallinckrodt, for purposes of Irish law.

## **General Meetings of Shareholders**

Mallinckrodt will be required to hold an annual general meeting within 18 months of incorporation and at intervals of no more than 15 months thereafter, provided that an annual general meeting is held in each calendar year following the first annual general meeting, no more than nine months after Mallinckrodt's fiscal year end. The first annual general meeting of Mallinckrodt may be held outside Ireland. Thereafter, any annual general meeting may be held outside Ireland if a resolution so authorizing has been passed at the preceding annual general meeting. Because of the 15-month requirement described in this paragraph, Mallinckrodt's articles of association include a provision reflecting this requirement of Irish law.

Extraordinary general meetings of Mallinckrodt may be convened by (i) the board of directors, (ii) on requisition of the shareholders holding not less than 10% of the paid-up share capital of Mallinckrodt carrying voting rights or (iii) on requisition of Mallinckrodt's auditors upon their resignation. Extraordinary general meetings are generally held for the purposes of approving shareholder resolutions of Mallinckrodt as may be required from time to time.

Notice of a general meeting must be given to all shareholders of Mallinckrodt and to the auditors of Mallinckrodt. The minimum notice periods are 21 days' notice in writing for an annual general meeting or an extraordinary general meeting to approve a special resolution and 14 days' notice in writing for any other extraordinary general meeting. General meetings may be called by shorter notice, but only with the consent of the auditors of Mallinckrodt and all of the shareholders entitled to attend and vote thereat. Because of the 21-day and 14-day requirements described in this paragraph, Mallinckrodt's articles of association include provisions reflecting these requirements of Irish law.

In the case of an extraordinary general meeting convened by shareholders of Mallinckrodt, the proposed purpose of the meeting must be set out in the requisition notice. The requisition notice can contain any resolution. Upon receipt of this requisition notice, the board of directors has 21 days to convene a meeting of Mallinckrodt's shareholders to vote on the matters set out in the requisition notice. This meeting must be held within two months of the receipt of the requisition notice. If the board of directors does not convene the meeting within such 21-day period, the requisitioning shareholders, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, which meeting must be held within three months of the receipt of the requisition notice.

The only matters which must, as a matter of Irish company law, be transacted at an annual general meeting are the presentation of the annual accounts, balance sheet and reports of the directors and auditors, the appointment of auditors and the fixing of the auditor's remuneration (or delegation of same). If no resolution is made in respect of the reappointment of an auditor at an annual general meeting, the previous auditor will be deemed to have continued in office.

If the directors become aware that the net assets of Mallinckrodt are half or less of the amount of Mallinckrodt's called-up share capital, the directors of Mallinckrodt must convene an extraordinary general meeting of Mallinckrodt's shareholders not later than 28 days from the date that they learn of this fact. This meeting must be convened for the purposes of considering whether any, and if so what, measures should be taken to address the situation.

## **Voting**

Where a vote is to be taken at a general meeting, every shareholder has one vote for each ordinary share that he or she holds as of the record date for the meeting. Voting rights may be exercised by shareholders registered in Mallinckrodt's share register as of the record date for the meeting or by a duly appointed proxy of such a registered shareholder, which proxy need not be a shareholder. Where interests in shares are held by a nominee trust company, this company may exercise the rights of the beneficial holders on their behalf as their proxy. All proxies must be appointed in the manner prescribed by Mallinckrodt's articles of association. The articles of association of Mallinckrodt permit the appointment of proxies by the shareholders to be notified to Mallinckrodt electronically.

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Mallinckrodt's articles provide that all resolutions are decided by a show of hands unless a vote is demanded by the Chairman, by at least three shareholders as of the record date for the meeting or by any shareholder or shareholders holding not less than 10% of the total voting rights of Mallinckrodt as of the record date for the meeting. Each Mallinckrodt ordinary shareholder of record as of the record date for the meeting has one vote at a general meeting on a show of hands. Treasury shares and shares held by subsidiaries will not be entitled to vote at general meetings of shareholders.

Irish company law requires "special resolutions" of the shareholders at a general meeting to approve certain matters. A special resolution requires not less than 75% of the votes cast of Mallinckrodt's shareholders present in person or by proxy at a general meeting. This may be contrasted with "ordinary resolutions," which require a simple majority of the votes of Mallinckrodt's shareholders cast in person or by proxy at a general meeting. Examples of matters requiring special resolutions include:

- amending the objects (*i.e.*, main purposes) of Mallinckrodt;
- amending the articles of association of Mallinckrodt;
- approving a change of name of Mallinckrodt;
- authorizing the entering into of a guarantee or provision of security in connection with a loan, quasi-loan or credit transaction to a director or a person who is deemed to be "connected" to a director for the purposes of the Irish Companies Acts;
- opting-out of pre-emption rights on the issuance of new shares;
- re-registration of Mallinckrodt from a public limited company to a private company;
- variation of class rights attaching to classes of shares;
- purchasing Mallinckrodt's ordinary shares off-market;
- any reduction of Mallinckrodt's issued share capital;
- resolving that Mallinckrodt be wound up by the Irish courts;
- resolving in favor of a shareholders' voluntary winding-up;
- re-designation of shares into different share classes; and
- setting the re-issue price of treasury shares.

### **Variation of Class Rights Attaching to Shares**

Variation of all or any special rights attached to any class of shares of Mallinckrodt is addressed in the articles of association of Mallinckrodt as well as the Irish Companies Acts. Any variation of class rights attaching to the issued shares of Mallinckrodt must be approved by a special resolution of the shareholders of the class affected. Mallinckrodt's articles of association expressly provide that any issue of preferred shares (whatever the rights attaching to them) will be deemed not to be a variation of the rights of ordinary shareholders.

### **Quorum for General Meetings**

The presence, in person or by proxy, of the holders of shares in Mallinckrodt entitling them to exercise a majority of the voting power of Mallinckrodt constitutes a quorum for the conduct of business. No business may take place at a general meeting of Mallinckrodt if a quorum is not present in person or by proxy. The board of directors has no authority to waive quorum requirements stipulated in the articles of association of Mallinckrodt. Abstentions and broker non-votes will be counted as present for purposes of determining whether there is a quorum in respect of the proposals.

### **Requirements for Advance Notification of Director Nominations and Proposals of Shareholders**

Our articles of association provide that with respect to an annual or extraordinary general meeting of shareholders, nominations of persons for election to our board of directors and the proposal of business to be

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considered by shareholders may be made only pursuant to Mallinckrodt's notice of meeting; by the board of directors; by any shareholders pursuant to the valid exercise of power granted to them under the Irish Companies Acts; or by a shareholder who is entitled to vote at the meeting and who has complied with the advance notice procedures provided for in our articles of association.

In order to comply with the advance notice procedures of our articles of association, a shareholder must give written notice to Mallinckrodt's Secretary on a timely basis. To be timely for an annual general meeting, notice must be delivered not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual general meeting, subject to certain exceptions. To be timely for an extraordinary general meeting, notice must be delivered not earlier than the close of business on the 120th day prior to the date of such extraordinary general meeting and not later than the close of business on the 90th day prior to the date of such extraordinary general meeting or, if the first public announcement of the date of such extraordinary general meeting is less than 100 days prior to the date of such extraordinary general meeting, the 10th day following the day on which public announcement is first made of the date of the extraordinary general meeting and of the nominees proposed by our board of directors to be elected at such meeting. With respect to the 2014 annual general meeting, notice must be so delivered not later than the 10th day following the day on which public announcement of the date of such meeting is first made by Mallinckrodt.

In addition, whether relating to an annual or extraordinary general meeting, to be timely, a shareholder's notice must be updated and supplemented, if necessary, so the information required to be provided is true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting or any adjournment or postponement thereof. For nominations to the board, the notice must include all information about the director nominee that is required to be disclosed by SEC rules regarding the solicitation of proxies for the election of directors pursuant to Regulation 14A under the Exchange Act, a description of all direct and indirect compensation and other material monetary agreements during the past three years, any other material relationships with the proposed nominee and his or her affiliates and associates and such other information as Mallinckrodt may reasonably require to determine the eligibility of the proposed nominee, as well as a completed questionnaire, representation and agreement signed by the proposed nominee regarding the background, qualification and certain existing relationships of the proposed nominee. For other business that a shareholder proposes to bring before the meeting, the notice must include a brief description of the business, the reasons for proposing the business at the meeting, a discussion of any material interest of the shareholder in the business and a description of all arrangements with any other person or persons in connection with the proposal. Whether the notice relates to a nomination to the board of directors or to other business to be proposed at the meeting, the notice also must include information about the shareholder, the shareholder's holdings of Mallinckrodt shares (as well as "derivative instruments," "short interests" with respect to Mallinckrodt shares, as defined in our articles of association), any arrangements giving the shareholder the right to vote shares of Mallinckrodt, any significant equity interests or any derivative instruments in any of Mallinckrodt's principal competitors held by the shareholder and any interest of the shareholder in any contract with Mallinckrodt or any of its affiliates or principal competitors.

In addition, the Irish Companies Acts provide that shareholders holding not less than 10% of the total voting rights may call an extraordinary general meeting for the purpose of considering director nominations or other proposals, as described above under "—General Meetings of Shareholders."

### **Unanimous Shareholder Consent to Action Without Meeting**

The Irish Companies Acts provide that shareholders may approve an ordinary or special resolution of shareholders without a meeting only if (a) *all* shareholders sign the written resolution and (b) the company's articles of association permit written resolutions of shareholders (Mallinckrodt's articles of association contain the appropriate authorizations for this purpose). Mallinckrodt's articles of association permit unanimous written resolutions of shareholders.



### **Inspection of Books and Records**

Under Irish law, shareholders have the right to: (1) receive a copy of the memorandum and articles of association of Mallinckrodt and any act of the Irish Government which alters the memorandum of association of Mallinckrodt; (2) inspect and obtain copies of the minutes and resolutions of general meetings of Mallinckrodt; (3) inspect and receive a copy of the register of shareholders, register of directors and secretaries, register of directors' interests and other statutory registers maintained by Mallinckrodt; (4) receive copies of balance sheets and directors' and auditors' reports which have previously been sent to shareholders prior to an annual general meeting; and (5) receive balance sheets of a subsidiary company of Mallinckrodt which have previously been sent to shareholders prior to an annual general meeting for the preceding 10 years. The auditors of Mallinckrodt will also have the right to inspect all books, records and vouchers of Mallinckrodt. The auditors' report must be circulated to the shareholders 21 days before the annual general meeting with Mallinckrodt's financial statements prepared in accordance with the Irish Companies Acts, and must be read to the shareholders at Mallinckrodt's annual general meeting.

### **Acquisitions and Appraisal Rights**

There are a number of mechanisms for acquiring an Irish public limited company, including:

- (a) a court-approved scheme of arrangement under the Irish Companies Acts. A scheme of arrangement with shareholders requires a court order from the High Court of Ireland and the approval of: (1) 75% of the voting shareholders by value; and (2) 50% in number of the voting shareholders, at a meeting called to approve the scheme;
- (b) through a tender offer by a third party for all of the shares of Mallinckrodt. Where the holders of 80% or more of Mallinckrodt's shares have accepted an offer by a bidder for their shares in Mallinckrodt, the remaining shareholders may be statutorily required to also transfer their shares to such bidder. If the bidder does not exercise its "squeeze out" right, then the non-accepting shareholders also have a statutory right to require the bidder to acquire their shares on the same terms. If shares of Mallinckrodt were listed on the official list of the Irish Stock Exchange or another regulated stock exchange in the E.U., this threshold would be increased to 90%; and
- (c) it is also possible for Mallinckrodt to be acquired by way of a merger with an E.U.-incorporated public company under the E.U. Cross Border Merger Directive 2005/56. Such a merger must be approved by a special resolution. If Mallinckrodt is being merged with another E.U. public company under the E.U. Cross Border Merger Directive 2005/56 and the consideration payable to Mallinckrodt's shareholders is not all in the form of cash, Mallinckrodt's shareholders may be entitled to require their shares to be acquired at fair value.

Under Irish law, there is no requirement for a company's shareholders to approve a sale, lease or exchange of all or substantially all of a company's property and assets. However, Mallinckrodt's articles of association provide that the affirmative vote of the holders of a majority of the outstanding voting shares on the relevant record date is required to approve a sale, lease or exchange of all or substantially all of its property or assets.

### **Disclosure of Interests in Shares**

Under the Irish Companies Acts, subject to certain limited exceptions, a shareholder of Mallinckrodt must notify Mallinckrodt (but not the public at large) if as a result of a transaction the shareholder will be interested in 5% or more of any class of shares of Mallinckrodt carrying voting rights; or if as a result of a transaction a shareholder who was interested in more than 5% of any class of shares of Mallinckrodt carrying voting rights ceases to be so interested. Where a shareholder is interested in more than 5% of any class of shares of Mallinckrodt carrying voting rights, any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction, must be notified to Mallinckrodt (but not the public at large). The relevant percentage figure is calculated by reference to the aggregate par value of the class of shares in which the shareholder is interested as a proportion of the entire par value of the issued shares of that class. Where the percentage level of the shareholder's interest does not amount to a whole percentage, this figure may be rounded

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down to the next whole number. All such disclosures must be notified to Mallinckrodt within five business days of the transaction or alteration of the shareholder's interests that gave rise to the requirement to notify. Where a person fails to comply with the notification requirements described above, no right or interest of any kind whatsoever in respect of any shares in Mallinckrodt concerned, held by such person, will be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the court to have the rights attaching to the shares concerned reinstated.

In addition to the above disclosure requirement, Mallinckrodt, under the Irish Companies Acts, may by notice in writing require a person whom Mallinckrodt knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which such notice is issued, to have been interested in shares comprised in Mallinckrodt's relevant share capital: (a) to indicate whether or not it is the case, and (b) where such person holds or has during that time held an interest in any class of shares of Mallinckrodt carrying voting rights to give such further information as may be required by Mallinckrodt, including particulars of such person's own past or present interests in such class of shares of Mallinckrodt. Any information given in response to the notice is required to be given in writing within such reasonable time as may be specified in the notice.

Where such a notice is served by Mallinckrodt on a person who is or was interested in any class of shares of Mallinckrodt carrying voting rights and that person fails to give Mallinckrodt any information required within the reasonable time specified, Mallinckrodt may apply to the court for an order directing that the affected shares be subject to certain restrictions.

Under the Irish Companies Acts, the restrictions that may be placed on the shares by the court are:

- (a) any transfer of those shares, or in the case of unissued shares any transfer of the right to be issued with shares and any issue of shares, is void;
- (b) no voting rights are exercisable in respect of those shares;
- (c) no further shares may be issued in right of those shares or in pursuance of any offer made to the holder of those shares; and
- (d) no payment may be made of any sums due from Mallinckrodt on those shares, whether in respect of capital or otherwise.

Where the shares in Mallinckrodt are subject to these restrictions, the court may order the shares to be sold and may also direct that the shares will cease to be subject to these restrictions.

## **Anti-Takeover Provisions**

### ***Business Combinations with Interested Shareholders***

Mallinckrodt's articles of association include a provision similar to Section 203 of the Delaware General Corporation Law, which generally prohibits Mallinckrodt from engaging in a business combination with an interested shareholder for a period of three years following the date the person became an interested shareholder, unless, in general:

- Mallinckrodt's board of directors approved the transaction which resulted in the shareholder becoming an interested shareholder;
- upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the shareholder owned at least 85% of the voting shares outstanding at the time of commencement of such transaction, excluding for purposes of determining the number of voting shares outstanding (but not the outstanding voting shares owned by the interested shareholder), voting shares owned by persons who are directors and also officers and by certain employee share plans; or

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- the business combination is approved by Mallinckrodt's board of directors and authorized at an annual or extraordinary general meeting of shareholders by the affirmative vote of the holders of at least 66 2/3% of the outstanding voting shares that are not owned by the interested shareholder.

A "business combination" is generally defined as a merger, scheme of arrangement, asset or share sale or other transaction resulting in a financial benefit to the interested shareholder. An "interested shareholder" is generally defined as a person who, together with affiliates and associates, owns or, within three years prior to the date in question, owned 15% or more of the outstanding voting shares of Mallinckrodt.

### ***Shareholder Rights Plans and Share Issuances***

Irish law does not expressly prohibit companies from issuing share purchase rights or adopting a shareholder rights plan (commonly known as a "poison pill") as an anti-takeover measure. However, there is no directly relevant case law on the validity of such plans under Irish law. In addition, such a plan would be subject to the Irish Takeover Rules described below.

Mallinckrodt's articles of association allow the board to adopt a shareholder rights plan upon such terms and conditions as the board deems expedient and in the best interests of Mallinckrodt, subject to applicable law.

Subject to the Irish Takeover Rules described below, the board also has power to cause Mallinckrodt to issue any of its authorized and unissued shares on such terms and conditions as the board may determine (as described under "—Share Capital") and any such action must be taken in the best interests of Mallinckrodt. It is possible, however, that the terms and conditions of any issue of preferred shares could discourage a takeover or other transaction that holders of some or a majority of the ordinary shares believe to be in their best interests or in which holders might receive a premium for their shares over the then market price of the shares.

### ***Irish Takeover Rules***

A transaction by virtue of which a third party is seeking to acquire 30% or more of the voting rights of Mallinckrodt will be governed by the Irish Takeover Panel Act 1997 and the Irish Takeover Rules made thereunder and will be regulated by the Irish Takeover Panel. The "General Principles" of the Irish Takeover Rules and certain important aspects of the Irish Takeover Rules are described below.

*General Principles.* The Irish Takeover Rules are built on the following General Principles which will apply to any transaction regulated by the Irish Takeover Panel:

- in the event of an offer, all classes of shareholders of the target company should be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected;
- the holders of securities in the target company must have sufficient time and information to allow them to make an informed decision regarding the offer;
- the board of a company must act in the interests of the company as a whole. If the board of the target company advises the holders of securities as regards the offer, it must advise on the effects of the implementation of the offer on employment, employment conditions and the locations of the target company's place of business;
- false markets (*i.e.*, a market based on erroneous, imperfect or unequally disclosed information) in the securities of the target company or any other company concerned by the offer must not be created;
- a bidder can only announce an offer after ensuring that he or she can pay in full the consideration offered;
- a target company may not be hindered longer than is reasonable by an offer for its securities. This is a recognition that an offer will disrupt the day-to-day running of a target company particularly if the offer is hostile and the board of the target company must divert its attention to resist the offer; and

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- acquisitions of securities (whether such acquisition is to be effected by one transaction or a series of transactions) will only be allowed to take place at an acceptable speed and subject to adequate and timely disclosure. Specifically, the acquisition of 10% or more of the issued voting shares within a seven day period that would take a shareholders' holding to or above 15% of the issued voting shares (but less than 30%) is prohibited, subject to certain exemptions.

*Mandatory Bid.* If an acquisition of shares or other securities were to increase the aggregate holding/entitlement of an acquirer and its concert parties to 30% or more of the voting rights in Mallinckrodt, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for the shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares or other securities by a person holding (together with its concert parties) shares or other securities carrying between 30% and 50% of the voting rights in Mallinckrodt if the effect of such acquisition were to increase the percentage of the voting rights held by that person (together with its concert parties) by 0.05% within a twelve-month period. A single holder (that is, a holder excluding any parties acting in concert with the holder) holding or entitled to more than 50% of the voting rights of a company is not subject to this rule.

*Voluntary Bid; Requirements to Make a Cash Offer and Minimum Price Requirements.* A voluntary offer is an offer that is not a mandatory offer. If a bidder or any of its concert parties has acquired ordinary shares of Mallinckrodt within the period of three months prior to the commencement of the voluntary offer, the offer price must be not less than the highest price paid for Mallinckrodt ordinary shares by the bidder or its concert parties during that period. The Irish Takeover Panel has the power to extend the "look back" period to 12 months if the Irish Takeover Panel, having regard to the General Principles, believes it is appropriate to do so.

If the bidder or any of its concert parties has acquired more than 10% of the ordinary shares of Mallinckrodt (i) during the period 12 months prior to the commencement of the voluntary offer period or (ii) at any time after the commencement of the voluntary offer period, the offer must be in cash (or accompanied by a full cash alternative) and the price per Mallinckrodt ordinary share must be not less than the highest price paid by the bidder or its concert parties during, in the case of (i), the period of 12 months prior to the commencement of the voluntary offer and, in the case of (ii), the offer period. The Irish Takeover Panel may apply this rule to a bidder who, together with its concert parties, has acquired less than 10% of the total ordinary shares of Mallinckrodt in the 12-month period prior to the commencement of the voluntary offer period if the Irish Takeover Panel, having regard to the General Principles, considers it just and proper to do so.

A voluntary offer period will generally commence on the date of the first announcement of the offer or proposed offer.

*Substantial Acquisition Rules.* The Irish Takeover Rules also contain rules governing substantial acquisitions of shares that restrict the speed at which a person may increase his or her holding of voting shares and rights over voting shares to an aggregate of between 15% and 30% of the voting rights of Mallinckrodt. Except in certain circumstances, an acquisition or series of acquisitions of shares or rights over shares representing 10% or more of the voting rights is prohibited if such acquisition(s), when aggregated with shares or rights already held, would result in the acquirer holding 15% or more but less than 30% of the voting rights of Mallinckrodt and such acquisitions are made within a period of seven days. These rules also require accelerated disclosure of acquisitions of shares or rights over shares relating to such acquisitions.

*Frustrating Action.* Under the Irish Takeover Rules, the board of directors of Mallinckrodt is not permitted to take any action which might frustrate an offer for the shares of Mallinckrodt once the board of directors has received an approach which may lead to an offer, or has reason to believe an offer is imminent, except as noted below. Potentially frustrating actions such as (i) the issue of shares, options or convertible securities, (ii) material disposals, (iii) entering into contracts other than in the ordinary course of business or (iv) any action, other than seeking alternative offers,

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which may result in frustration of an offer, are prohibited during the course of an offer or at any time during which the board has reason to believe an offer is imminent. Exceptions to this prohibition are available:

- (a) where the action is approved by the offeree at a general meeting; or
- (b) with the consent of the Irish Takeover Panel where:
  - (i) the Irish Takeover Panel is satisfied the action would not constitute a frustrating action;
  - (ii) the holders of 50% of the voting rights state in writing that they approve the proposed action and would vote in favor of it at a general meeting;
  - (iii) such action is in accordance with a contract entered into prior to the announcement of the offer; or
  - (iv) the decision to take such action was made before the announcement of the offer and either has been at least partially implemented or is in the ordinary course of business.

For other provisions that could be considered to have an anti-takeover effect, see above at “—Pre-emption Rights, Share Warrants and Share Options,” “—Disclosure of Interests in Shares,” “—Requirements for Advance Notification of Director Nominations and Proposals of Shareholders” and “—Unanimous Shareholder Consent to Action Without Meeting,” in addition to “—Election of Directors,” “—Vacancies on Board of Directors” and “—Amendment of Governing Documents” below.

### **Corporate Governance**

The articles of association of Mallinckrodt delegate the day-to-day management of Mallinckrodt to its board of directors. The board of directors may then delegate management of Mallinckrodt to committees, executives or to a management team, but regardless, the directors will remain responsible, as a matter of Irish law, for the proper management of the affairs of Mallinckrodt.

### **Election of Directors**

The Irish Companies Acts provide for a minimum of two directors. Mallinckrodt’s articles of association provides for a minimum of two directors and a maximum of 15 directors. The shareholders of Mallinckrodt may from time to time increase or reduce the maximum number, or increase the minimum number, of directors by a special resolution amending the articles of association.

Directors are elected by the affirmative vote of a majority of the votes cast by shareholders at an annual general meeting (present in person or by proxy) and serve for one-year terms. Any nominee for director who does not receive a majority of the votes cast is not elected to the board. However, because Irish law requires a minimum of two directors at all times, in the event that an election results in no directors being elected, each of the two nominees receiving the greatest number of votes in favor of his or her election shall hold office until his or her successor is elected. In the event that an election results in only one director being elected, that director will be elected and serve for a one-year term, and the nominee receiving the greatest number of votes in favor of his or her election will hold office until his or her successor is elected.

### **Vacancies on the Board of Directors**

Mallinckrodt’s articles of association provide that the directors have the authority to appoint one or more directors to Mallinckrodt’s board, subject to the maximum number of directors allowed for in the articles of association. A vacancy caused by the removal of a director may be filled at the meeting at which the director is removed by resolution of Mallinckrodt’s shareholders. If not, it may be filled by the board of directors.

Any director so appointed will hold office until the next annual general meeting of Mallinckrodt. During any vacancy on the board, the remaining directors will have full power to act as the board.

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### **Removal of Directors**

The Irish Companies Acts provide that notwithstanding anything contained in the articles of association of a company or in any agreement between that company and a director, the shareholders may by an ordinary resolution remove a director from office before the expiration of his or her term. Accordingly, the shareholders of Mallinckrodt may by an ordinary resolution remove a director from office before the expiration of his or her term. The power of removal is without prejudice to any claim for damages for breach of contract (*e.g.*, employment contract) which the director may have against Mallinckrodt in respect of his or her removal.

### **Amendment of Governing Documents**

Irish companies, including Mallinckrodt, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of the company's shares present and voting in person or by proxy at a general meeting of the company.

### **Duration; Dissolution; Rights upon Liquidation**

Mallinckrodt's corporate existence will have unlimited duration. Mallinckrodt may be dissolved at any time by way of either a shareholders' voluntary winding up or a creditors' voluntary winding up. In the case of a shareholders' voluntary winding up, a special resolution of the shareholders of Mallinckrodt is required (*i.e.*, 75% of the votes cast, in person or by proxy, at a general meeting of shareholders). Mallinckrodt may also be dissolved by way of court order on the application of a creditor, or by the Companies Registration Office as an enforcement measure where Mallinckrodt has failed to file certain returns.

The rights of the shareholders to a return of Mallinckrodt's assets on dissolution or winding up, following the settlement of all claims of creditors, may be prescribed in Mallinckrodt's articles of association or the terms of any preferred shares issued by the directors of Mallinckrodt from time to time. The holders of preferred shares in particular may have the right to priority in a dissolution or winding up of Mallinckrodt. If the articles of association contain no specific provisions in respect of a dissolution or winding up, then, subject to the priorities of any creditors, the assets will be distributed to shareholders in proportion to the paid-up par value of the shares held. Mallinckrodt's articles provide that the ordinary shareholders of Mallinckrodt are entitled to participate pro rata in a winding up, but their right to do so may be subject to the rights of any preferred shareholder to participate under the terms of any series or class of preferred shares.

### **Uncertificated Shares**

Holders of ordinary shares of Mallinckrodt will not have the right to require Mallinckrodt to issue certificates for their shares. Mallinckrodt will only issue uncertificated ordinary shares.

### **Stock Exchange Listing**

Mallinckrodt intends to apply for authorization to list its ordinary shares on the New York Stock Exchange under the symbol "MNK." We do not plan to be listed on the Irish Stock Exchange at the present time.

### **No Sinking Fund**

The shares have no sinking fund provisions.

### **No Liability for Further Calls or Assessments**

The shares to be issued in the distribution will be duly and validly issued and fully paid.

### **Transfer and Registration of Shares**

Mallinckrodt's official share register will be maintained by its transfer agent and the transfer agent's affiliates. Registration in this share register will be determinative of membership in Mallinckrodt. A shareholder

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of Mallinckrodt who holds shares beneficially will not be the holder of record of such shares. Instead, the depository (*e.g.*, Cede & Co., as nominee for DTC) or other nominee will be the holder of record of such shares. Accordingly, a transfer of shares from a person who holds such shares beneficially to a person who also holds such shares beneficially through the same depository or other nominee will not be registered in Mallinckrodt's official share register, as the depository or other nominee will remain the record holder of such shares.

A written instrument of transfer is required under Irish law in order to register on Mallinckrodt's official share register any transfer of shares (i) from a person who holds such shares directly to any other person, (ii) from a person who holds such shares beneficially to a person who holds such shares directly, or (iii) from a person who holds such shares beneficially to another person who holds such shares beneficially where the transfer involves a change in the depository or other nominee that is the record owner of the transferred shares. An instrument of transfer also is required for a shareholder who directly holds shares to transfer those shares into his or her own broker account (or vice versa). Such instruments of transfer may give rise to Irish stamp duty. A person wishing to acquire shares directly may need to purchase the shares through a broker account and then transfer such shares into his or her own name.

Mallinckrodt currently intends to pay (or cause one of our affiliates to pay) stamp duty, if any, in connection with share transfers made in the ordinary course of trading by a seller who holds shares directly to a buyer who will hold the acquired shares beneficially. In other cases Mallinckrodt may, in its absolute discretion, pay (or cause one of its affiliates to pay) any stamp duty. Mallinckrodt's articles of association as they will be in effect after the distribution provide that, in the event of any such payment, Mallinckrodt (i) may seek reimbursement from the buyer, (ii) will have a lien against the Mallinckrodt ordinary shares acquired by such buyer and any dividends paid on such shares and (iii) may set-off the amount of the stamp duty against future dividends on such shares. Parties to a share transfer may assume that any stamp duty arising in respect of a transaction in Mallinckrodt ordinary shares has been paid unless one or both of such parties is otherwise notified by Mallinckrodt.

Mallinckrodt's articles of association as they will be in effect after the separation delegate to Mallinckrodt's Secretary and certain other persons and delegates the authority to execute an instrument of transfer on behalf of a transferring party. In order to help ensure that the official share register is regularly updated to reflect trading of Mallinckrodt ordinary shares occurring through normal electronic systems, we intend to regularly produce any required instruments of transfer in connection with any transactions for which we pay stamp duty (subject to the reimbursement and set-off rights described above). In the event that we notify one or both of the parties to a share transfer that we believe stamp duty is required to be paid in connection with such transfer and that we will not pay such stamp duty, such parties may either themselves arrange for the execution of the required instrument of transfer (and may request a form of instrument of transfer from Mallinckrodt for this purpose) or request that Mallinckrodt execute an instrument of transfer on behalf of the transferring party in a form determined by Mallinckrodt. In either event, if the parties to the share transfer have the instrument of transfer duly stamped (to the extent required) and then provide it to Mallinckrodt's transfer agent, the transferee will be registered as the legal owner of the relevant shares on Mallinckrodt's official Irish share register (subject to the matters described below).

The directors of Mallinckrodt may decline to recognize any instrument of transfer unless (i) it is accompanied by such evidence as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) it is in respect of one class of share only; (iii) it is in favor of not more than four transferees; and (iv) it is lodged at the registered office of Mallinckrodt or at such other place as the directors may appoint. In the case of a transfer of shares by means other than a sale through a stock exchange on which the shares are listed, the directors have absolute discretion to decline to register such transfer of a share that is not fully paid or that is transferred to or by a minor or person of unsound mind.

The registration of transfers may be suspended by the directors at such times and for such period, not exceeding in the whole 30 days in each year, as the directors may from time to time determine.

## **Limitations on Liability, Indemnification of Directors and Officers and Insurance**

Under Irish law, a company may not exempt its directors from liability for negligence or a breach of duty. However, where a breach of duty has been established, directors may be statutorily exempted by an Irish court from personal liability for negligence or breach of duty if, among other things, the court determines that they have acted honestly and reasonably, and that they may fairly be excused as a result.

The Irish Companies Acts only permit a company to pay the costs or discharge the liability of a director or the Secretary where judgment is given in his/her favor in any civil or criminal action in respect of such costs or liability, or where an Irish court grants relief because the director or Secretary acted honestly and reasonably and ought fairly to be excused. This restriction does not apply to executives who are not directors or the Secretary of Mallinckrodt. Any obligation of an Irish company which purports to indemnify a director or secretary of an Irish company over and above this will be void under Irish law, whether contained in its articles of association or any contract between the director and the company.

In addition, the articles of association of Mallinckrodt also contain an indemnity for officers (other than the Secretary).

The directors of Mallinckrodt may on a case-by-case basis decide at their discretion that it is in the best interest of Mallinckrodt to indemnify an individual director from any liability arising from his or her position as a director of Mallinckrodt. However, this discretion must be exercised bona fide in the best interests of Mallinckrodt as a whole.

Irish companies may take out directors' and officers' liability insurance, as well as other types of insurance, for their directors and officers.

In connection with the separation, we expect that Mallinckrodt and one of its subsidiaries will enter into indemnification agreements with each of the directors of Mallinckrodt and its Secretary that will provide for indemnification and expense advancement (except in cases where Mallinckrodt or any of its subsidiaries is proceeding against the indemnitee) and include related provisions meant to facilitate the indemnitee's receipt of such benefits.

The limitation of liability and indemnification provisions described above may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against Mallinckrodt's directors and officers, even though such an action, if successful, might otherwise benefit Mallinckrodt and its shareholders. However, these provisions will not limit or eliminate Mallinckrodt's rights, or those of any shareholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be materially adversely affected to the extent that, in a class action or direct suit, Mallinckrodt pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any Mallinckrodt director, officer or employee for which indemnification is being sought.

## **Sale of Unregistered Securities**

Upon its incorporation on January 9, 2013, Mallinckrodt issued one ordinary share of \$0.20 to each of seven nominee companies (*i.e.*, seven ordinary shares in total) to hold on trust for an Irish corporate services provider. On January 11, 2013, Mallinckrodt issued 40,000 ordinary A shares of €1.00 each to the abovementioned Irish corporate services provider. Mallinckrodt did not register either of these issuances under the Securities Act because such issuances did not constitute public offerings and therefore were exempt from registration pursuant to Section 4(2) of the Securities Act. Each share has been issued for cash at its par value.

## **Transfer Agent and Registrar**

After the distribution, the transfer agent and registrar for our ordinary shares will be Computershare.



## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the ordinary shares of Mallinckrodt being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and our ordinary shares, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or via the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website referenced in this information statement is not incorporated by reference into this information statement.

As a result of the distribution, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our ordinary shares with annual reports containing consolidated financial statements prepared in accordance with accounting principles generally accepted in the U.S. and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Covidien plc:

We have audited the accompanying combined balance sheets of the Pharmaceuticals business of Covidien plc (such business referred to as the “Company”) as of September 28, 2012 and September 30, 2011 and the related combined statements of income, comprehensive income, parent company equity and cash flows for each of the three fiscal years in the period ended September 28, 2012. The Company’s management is responsible for these combined financial statements. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of September 28, 2012 and September 30, 2011, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 28, 2012, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the combined financial statements, the Company is comprised of the assets and liabilities used in managing the Pharmaceuticals business of Covidien plc. The combined financial statements include expense allocations for certain corporate functions historically provided by Covidien plc. These allocations may not be reflective of the actual expenses which would have been incurred had the Company operated as a separate entity apart from Covidien plc.

/s/ DELOITTE & TOUCHE LLP  
St. Louis, Missouri  
February 1, 2013

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**COMBINED STATEMENTS OF INCOME**  
**Fiscal Years Ended September 28, 2012, September 30, 2011 and September 24, 2010**  
**(in millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Net sales (including sales to a related party of \$54.2, \$52.4 and \$50.5)</b>	\$2,056.2	\$2,021.8	\$2,047.6
Cost of sales (including purchases from a related party of \$34.7, \$41.1 and \$38.1)	1,091.4	1,106.9	1,115.2
<b>Gross profit</b>	964.8	914.9	932.4
Selling, general and administrative expenses	551.7	532.5	565.3
Research and development expenses	144.1	141.5	119.1
Separation costs	25.5	2.9	—
Restructuring charges, net	11.2	8.4	11.5
Gain on divestitures	(2.9)	(11.1)	(3.9)
<b>Operating income</b>	235.2	240.7	240.4
Other income, net (including royalties from a related party of \$0.9, \$2.9 and \$3.5)	1.0	2.9	3.4
Interest expense	(0.5)	(0.6)	(0.7)
Interest income	0.4	0.2	0.1
<b>Income from continuing operations before income taxes</b>	236.1	243.2	243.2
Provision for income taxes	94.8	86.2	97.3
<b>Income from continuing operations</b>	141.3	157.0	145.9
(Loss) income from discontinued operations, net of income taxes	(6.7)	(6.3)	54.7
<b>Net income</b>	<u>\$ 134.6</u>	<u>\$ 150.7</u>	<u>\$ 200.6</u>

See Notes to Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**  
Fiscal Years Ended September 28, 2012, September 30, 2011 and September 24, 2010  
(in millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Net income</b>	\$134.6	\$150.7	\$200.6
<b>Other comprehensive income (loss), net of tax</b>			
Currency translation:			
Currency translation	(2.9)	(0.5)	(12.1)
Currency translation reclassified to net income due to business divestitures	—	—	3.3
	<u>(2.9)</u>	<u>(0.5)</u>	<u>(8.8)</u>
Defined benefit plans:			
Unrecognized net loss arising during the period	(18.5)	(9.2)	(25.9)
Prior service credit resulting from plan amendments	—	17.0	—
Amortization of prior service credit and net actuarial loss	3.4	4.1	7.8
Plan settlements and curtailments included in net periodic pension costs	(0.2)	5.0	7.5
	<u>(15.3)</u>	<u>16.9</u>	<u>(10.6)</u>
Income tax benefit (provision) relating to defined benefit plans	4.6	(4.5)	3.6
<b>Total other comprehensive (loss) income, net of tax</b>	<u>(13.6)</u>	<u>11.9</u>	<u>(15.8)</u>
<b>Comprehensive income</b>	<u>\$121.0</u>	<u>\$162.6</u>	<u>\$184.8</u>

See Notes to Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**COMBINED BALANCE SHEETS**  
**At September 28, 2012 and September 30, 2011**  
**(in millions)**

	2012	2011
<b>Assets</b>		
Current Assets:		
Accounts receivable trade, less allowance for doubtful accounts of \$9.4 and \$5.7	\$ 291.1	\$ 302.2
Inventories	435.3	373.5
Prepaid expenses and other current assets	31.0	37.7
Deferred income taxes	119.9	130.5
<b>Total current assets</b>	<u>877.3</u>	<u>843.9</u>
Property, plant and equipment, net	945.2	906.3
Goodwill	507.5	507.5
Intangible assets, net	365.6	379.5
Other assets	179.0	186.2
<b>Total Assets</b>	<u>\$2,874.6</u>	<u>\$2,823.4</u>
<b>Liabilities and Parent Company Equity</b>		
Current Liabilities:		
Current maturities of long-term debt	\$ 1.3	\$ 1.3
Accounts payable	112.5	121.2
Accrued payroll and payroll-related costs	60.3	56.1
Accrued and other current liabilities	221.7	230.2
<b>Total current liabilities</b>	<u>395.8</u>	<u>408.8</u>
Long-term debt	8.9	10.4
Pension and postretirement benefits	189.6	202.9
Environmental liabilities	136.5	154.8
Deferred income taxes	73.7	76.1
Other liabilities	178.2	181.7
<b>Total Liabilities</b>	<u>982.7</u>	<u>1,034.7</u>
Commitments and contingencies (note 20)		
Parent Company Equity:		
Parent company investment	1,807.0	1,690.2
Accumulated other comprehensive income	84.9	98.5
<b>Total Parent Company Equity</b>	<u>1,891.9</u>	<u>1,788.7</u>
<b>Total Liabilities and Parent Company Equity</b>	<u>\$2,874.6</u>	<u>\$2,823.4</u>

See Notes to Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**COMBINED STATEMENTS OF PARENT COMPANY EQUITY**  
**Fiscal Years Ended September 28, 2012, September 30, 2011 and September 24, 2010**  
**(in millions)**

	<u>Parent Company Investment</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Parent Company Equity</u>
<b>Balance at September 25, 2009</b>	\$ 1,914.0	\$ 102.4	\$2,016.4
Net income	200.6	—	200.6
Other comprehensive loss, net of tax	—	(15.8)	(15.8)
Net transfers to parent	(365.3)	—	(365.3)
<b>Balance at September 24, 2010</b>	1,749.3	86.6	1,835.9
Net income	150.7	—	150.7
Other comprehensive income, net of tax	—	11.9	11.9
Net transfers to parent	(209.8)	—	(209.8)
<b>Balance at September 30, 2011</b>	1,690.2	98.5	1,788.7
Net income	134.6	—	134.6
Other comprehensive loss, net of tax	—	(13.6)	(13.6)
Net transfers to parent	(17.8)	—	(17.8)
<b>Balance at September 28, 2012</b>	<u>\$ 1,807.0</u>	<u>\$ 84.9</u>	<u>\$1,891.9</u>

See Notes to Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**Fiscal Years Ended September 28, 2012, September 30, 2011 and September 24, 2010**  
(in millions)

	2012	2011	2010
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 134.6	\$ 150.7	\$ 200.6
Loss (income) from discontinued operations, net of income taxes	6.7	6.3	(54.7)
Income from continuing operations	141.3	157.0	145.9
Adjustments to reconcile net cash provided by continuing operating activities:			
Depreciation and amortization	130.9	119.8	114.2
Share-based compensation	10.7	10.3	12.0
Deferred income taxes	9.0	36.4	(7.4)
Gain on divestitures	(2.9)	(11.1)	(3.9)
Other non-cash items	(7.8)	(0.3)	7.0
Changes in assets and liabilities, net of the effects of divestitures:			
Accounts receivable, net	8.7	5.2	(32.4)
Inventories	(62.8)	12.2	2.9
Accounts payable	(8.3)	4.6	22.6
Income taxes	79.4	36.0	99.5
Accrued and other liabilities	(54.2)	(8.0)	18.0
Other	11.8	8.1	1.0
Net cash provided by continuing operating activities	255.8	370.2	379.4
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	(144.2)	(120.4)	(103.5)
Divestitures, net of cash retained by businesses sold	(3.8)	7.9	286.3
Purchase of product rights	(13.2)	—	(55.0)
Restricted cash	5.6	0.1	—
Cash paid under license agreement	—	—	(15.0)
Other	3.4	(0.2)	1.5
Net cash (used in) provided by continuing investing activities	(152.2)	(112.6)	114.3
<b>Cash Flows from Financing Activities:</b>			
Repayment of capital leases	(1.3)	(1.3)	(1.2)
Excess tax benefit from stock-based compensation	1.7	1.8	1.0
Net transfers to parent	(104.0)	(258.1)	(505.0)
Net cash used in continuing financing activities	(103.6)	(257.6)	(505.2)
<b>Discontinued Operations:</b>			
Net cash provided by discontinued operating activities	—	—	22.8
Net cash used in discontinued investing activities	—	—	(11.3)
Net cash provided by discontinued operations	—	—	11.5
<b>Net change in cash</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Supplementary Cash Flow Information:</b>			
Interest paid	\$ 0.6	\$ 0.6	\$ 0.7
Income taxes paid, net of refunds	\$ 4.9	\$ 11.6	\$ 23.2

See Notes to Combined Financial Statements.



**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

***Separation***

On December 15, 2011, Covidien plc (“Covidien” or “parent”) announced a plan to spin off its Pharmaceuticals business into a separate, publicly traded company. Upon completion of the separation, Mallinckrodt plc will be the parent company which will own the Pharmaceuticals business.

***Basis of Presentation***

The Pharmaceuticals business of Covidien plc (such business referred to as the “Company”), presented herein, represents a combined reporting entity comprising the assets and liabilities used in managing and operating the Company, including corporations, branches and operations that have been carved out which relate to Covidien’s Pharmaceuticals business. The combined financial statements have been presented on a standalone basis and are derived from the consolidated financial statements of Covidien. The combined financial statements have been prepared in United States (“U.S.”) dollars and in accordance with accounting principles generally accepted in the U.S. (“GAAP”). The Company’s combined financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent, publicly traded company during the periods presented.

Intercompany transactions between the Company and Covidien have been included in these combined financial statements and are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined balance sheets as parent company investment.

The combined financial statements include expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. During fiscal 2012, 2011 and 2010, the Company was allocated \$49.2 million, \$56.3 million and \$60.8 million, respectively, of general corporate expenses incurred by Covidien which are included within selling, general and administrative expenses in the combined statements of income. Management considers the bases on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expense the Company would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the separation, the Company will perform these functions using its own resources or purchased services. For an interim period, however, some of these functions will continue to be provided by Covidien under a transition services agreement, particularly in relation to areas outside the U.S.

The combined financial statements include certain assets and liabilities that have historically been recorded at the Covidien corporate level but are specifically identifiable or otherwise allocable to the Company. The cash and cash equivalents held by Covidien at the corporate level are not specifically identifiable to the Company. Accordingly, cash and cash equivalents have not been allocated to the Company for any of the periods presented.

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Covidien's debt and the related interest expense have not been allocated to the Company for any of the periods presented since the Company is not the legal obligor of the debt and Covidien's borrowings were not directly attributable to the Company's business. Debt incurred by the Company directly has been included in the combined financial statements.

Covidien maintains self-insurance programs at the corporate level. The Company was allocated a portion of the expenses associated with these programs as part of the general corporate overhead expense allocation. In addition, certain product liability reserves have been allocated to the Company. No other self-insurance reserves have been allocated to the Company as the remaining self-insurance reserves represent obligations of Covidien, which are not transferrable.

The Company has disposed of some of the operations previously owned. Where appropriate, these operations have been reflected as discontinued operations in the combined financial statements. Divestitures of product lines not representing businesses have been reflected in operating income.

### ***Fiscal Year***

The Company reports its results based on a "52-53 week" year ending on the last Friday of September. Fiscal 2012 and 2010 consisted of 52 weeks and ended on September 28, 2012 and September 24, 2010, respectively. Fiscal 2011 ended on September 30, 2011 and consisted of 53 weeks. Unless otherwise indicated, references in the combined financial statements to 2012, 2011 and 2010 are to the Company's fiscal year ended September 28, 2012, September 30, 2011 and September 24, 2010, respectively.

### ***Principles of Combination***

Entities in which Covidien owns or controls more than fifty percent of the voting shares or has the ability to control through similar rights are included in the combined financial statements to the extent they relate to Covidien's Pharmaceuticals business. All intracompany transactions and accounts between the Company's businesses have been eliminated. The results of entities disposed of are included in the combined financial statements up to the date of disposal.

### ***Use of Estimates***

The preparation of the combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

## **2. Summary of Significant Accounting Policies**

### ***Revenue Recognition***

The Company recognizes revenue for product sales when title and risk of loss have transferred from the Company to the buyer, which may be upon shipment or upon delivery to the customer site, based on contract terms or legal requirements in non-U.S. jurisdictions. The Company sells products direct to retail pharmacies and end user customers and through distributors who resell the products to retail pharmacies, institutions and end user customers. Chargebacks and rebates represent credits that are provided to certain distributors and customers for either the difference between the Company's contracted price with a customer and the distributor's invoice price paid to the Company or for contractually agreed volume price discounts. When the Company recognizes net sales, it simultaneously records an adjustment to revenue for estimated chargebacks, rebates, product returns and other sales deductions. These provisions are estimated based upon: historical experience, estimated future trends, estimated customer inventory levels, current contracted sales terms with customers, level of utilization of the

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Company's products and other competitive factors. The Company adjusts these reserves to reflect differences between estimated activity and actual experience. Such adjustments impact the amount of net sales recognized by the Company in the period of adjustment.

Taxes collected from customers relating to product sales and remitted to governmental authorities are accounted for on a net basis. Accordingly, such taxes are excluded from both net sales and expenses.

### ***Shipping and Handling Costs***

Shipping costs, which are costs incurred to physically move product from the Company's premises to the customer's premises, are classified as selling, general and administrative expenses. Handling costs, which are costs incurred to store, move and prepare product for shipment, are classified as cost of sales. Shipping costs included in selling, general and administrative expenses were \$59.1 million, \$57.3 million and \$68.2 million in fiscal 2012, 2011 and 2010, respectively.

### ***Research and Development***

Internal research and development costs are expensed as incurred. Research and development expenses include salary and benefits, allocated overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services and other costs.

Upfront and milestone payments made to third parties under license arrangements are expensed as incurred up to the point of regulatory approval of the product. Milestone payments made to third parties subsequent to regulatory approval are capitalized as an intangible asset and amortized to cost of sales over the estimated useful life of the related product.

### ***Advertising***

Advertising costs are expensed when incurred. Advertising expense for continuing operations was \$8.8 million, \$9.7 million and \$9.6 million in fiscal 2012, 2011 and 2010, respectively, and is included in selling, general and administrative expenses.

### ***Currency Translation***

For the Company's non-U.S. subsidiaries that transact in a functional currency other than U.S. dollars, assets and liabilities are translated into U.S. dollars using fiscal year-end exchange rates. Revenues and expenses are translated at the average exchange rates in effect during the related month. The net effect of these translation adjustments is shown in the combined financial statements as a component of accumulated other comprehensive income within parent company equity. For subsidiaries operating in highly inflationary environments or where the functional currency is different from the local currency, non-monetary assets and liabilities are translated at the rate of exchange in effect on the date the assets and liabilities were acquired or assumed, while monetary assets and liabilities are translated at fiscal year-end exchange rates. Translation adjustments of these subsidiaries are included in net income. Gains and losses resulting from foreign currency transactions are included in net income.

### ***Accounts Receivable and Allowance for Doubtful Accounts***

Trade accounts receivable are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects an estimate of losses inherent in the Company's accounts receivable portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other available evidence. Accounts receivable are written off when management determines they are uncollectible.

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### ***Inventories***

Inventories are recorded at the lower of cost or market value, primarily using the first-in, first-out convention. The Company reduces the carrying value of inventories for those items that are potentially excess, obsolete or slow-moving based on changes in customer demand, technology developments or other economic factors.

### ***Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized, while routine maintenance and repairs are expensed as incurred. Depreciation for property, plant and equipment assets, other than land and construction in progress, is based upon the following estimated useful lives, using the straight-line method:

Buildings	5 to 45 years
Leasehold improvements	2 to 14 years
Machinery and equipment	3 to 20 years

The Company capitalizes certain computer software and development costs incurred in connection with developing or obtaining software for internal use. These costs are included in machinery and equipment and are amortized over the estimated useful lives of the software.

Upon retirement or other disposal of property, plant and equipment, the cost and related amount of accumulated depreciation are eliminated from the asset and accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds is included in net income.

The Company assesses the recoverability of assets using undiscounted cash flows whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. If an asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value of the asset and the present value of future cash flows or other reasonable estimate of fair value.

### ***Acquisitions***

Amounts paid for acquisitions are allocated to the tangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Company then allocates the purchase price in excess of net tangible assets acquired to identifiable intangible assets, including purchased research and development. The fair value of identifiable intangible assets is based on detailed valuations that use information and assumptions provided by management. The Company allocates any excess purchase price over the fair value of the net tangible and intangible assets acquired to goodwill.

The Company's purchased research and development represents the estimated fair value as of the acquisition date of in-process projects that have not reached technological feasibility. The primary basis for determining technological feasibility of these projects is obtaining regulatory approval.

The value of in-process research and development ("IPR&D") is determined using the discounted cash flow method. In determining the value of IPR&D, the Company considers, among other factors, appraisals, the stage of completion of the projects, the technological feasibility of the projects, whether the projects have an alternative future use and the estimated residual cash flows that could be generated from the various projects and technologies over their respective projected economic lives. The discount rate used is determined at the time of acquisition and includes a rate of return which accounts for the time value of money, as well as risk factors that reflect the economic risk that the cash flows projected may not be realized.

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The value attributable to IPR&D projects at the time of acquisition is capitalized as an indefinite-lived intangible asset and tested for impairment until the project is completed or abandoned. Upon completion of the project, the indefinite-lived intangible asset is then accounted for as a finite-lived intangible asset and amortized on a straight-line basis over its estimated useful life. If the project is abandoned, the indefinite-lived intangible asset is charged to expense. As of September 28, 2012, the Company had no IPR&D.

### ***Goodwill and Other Intangible Assets***

Goodwill represents the excess of the purchase price of an acquired entity over the amounts assigned to assets and liabilities assumed in a business combination. The Company tests goodwill for impairment during the fourth quarter of each year, or more frequently if impairment indicators arise. The Company utilizes a two-step approach. The first step requires a comparison of the carrying value of the reporting units to the fair value of these units. The Company estimates the fair value of its reporting units through internal analyses and valuation, utilizing an income approach based on the present value of future cash flows. If the carrying value of a reporting unit exceeds its fair value, the Company will perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill with its carrying value. The implied fair value of goodwill is determined in the same manner that the amount of goodwill recognized in a business combination is determined. The Company allocates the fair value of a reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Intangible assets acquired in a business combination are recorded at fair value, while intangible assets acquired in other transactions are recorded at cost. Intangible assets with finite useful lives are subsequently amortized using the straight-line method over the following estimated useful lives of the assets:

Completed technology	5 to 25 years
License agreements	8 to 30 years
Trademarks	30 years

Amortization expense related to completed technology and certain other intangible assets is included in cost of sales, while amortization expense related to intangible assets that contribute to the Company's ability to sell, market and distribute products is included in selling, general and administrative expenses. The Company reviews intangible assets for impairment by comparing the fair value of the assets, estimated using an income approach, with their carrying value. If the carrying value exceeds the fair value of the intangible asset, the amount recognized for impairment is equal to the difference between the carrying value of the asset and the present value of future cash flows. The Company assesses the remaining useful life and the recoverability of finite-lived intangible assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Indefinite-lived intangible assets are tested for impairment at least annually.

### ***Contingencies***

The Company is subject to various patent, product liability, government investigations, environmental liability and other legal proceedings in the ordinary course of business. The Company records accruals for contingencies when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company discounts environmental liabilities using a risk-free rate of return when the obligation is fixed or reasonably determinable. The impact of the discount in the combined balance sheets was not material in any period presented. Legal fees, other than those pertaining to environmental and asbestos matters, are expensed as incurred. Insurance recoveries related to potential claims are recognized up to the amount of the recorded liability when coverage is confirmed and the estimated recoveries are probable of payment. Assets and liabilities are not netted for financial statement presentation.

### ***Asset Retirement Obligations***

The Company's obligations to decommission two facilities upon a cessation of its radiological licensed operations are included on the combined balance sheets as asset retirement obligations. In addition, the Company establishes asset retirement obligations for certain assets at the time they are installed. The present value of an asset retirement obligation is recorded as a liability when incurred. The liability is subsequently adjusted in future periods as accretion expense is recorded or as revised estimates of the timing or amount of cash flows required to retire the asset are obtained. The corresponding asset retirement costs are capitalized as part of the carrying value of the related long-lived asset and depreciated over the asset's useful life.

### ***Income Taxes***

Income taxes as presented are calculated on a separate tax return basis (inclusive of certain loss benefits), although the Company's operations have historically been included in Covidien's U.S. federal and state tax returns or the tax returns of non-U.S. jurisdictions. Accordingly, the income taxes presented may not be reflective of the results that would have occurred on a standalone basis.

With the exception of certain non-U.S. entities, the Company does not maintain taxes payable to or from Covidien and the Company is deemed to settle the annual current tax balances immediately with the legal tax-paying entities in the respective jurisdictions. These settlements are reflected as changes in parent company investment.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been reflected in the combined financial statements. Deferred tax assets and liabilities are determined based on the differences between the book and tax bases of assets and liabilities and operating loss carryforwards, using tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to reduce net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company determines whether it is more likely than not that a tax position will be sustained upon examination. The tax benefit of any tax position that meets the more-likely-than-not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the uncertainty. To the extent a full benefit is not expected to be realized on the uncertain tax position, an income tax liability is established. Interest and penalties on income tax obligations, including uncertain tax positions, are included in the provision for income taxes.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across the Company's global operations. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from current estimates of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities may result in income tax benefits being recognized in the period when it is determined that the liabilities are no longer necessary. A significant portion of these potential tax liabilities are recorded in other liabilities on the combined balance sheets as payment is not expected within one year.

### ***Parent Company Investment***

Parent company investment in the combined balance sheets represents Covidien's historical investment in the Company, the Company's accumulated net earnings after income taxes, and the net effect of transactions with and allocations from Covidien.

### 3. Discontinued Operations and Divestitures

#### *Discontinued Operations*

During fiscal 2010, the Specialty Chemicals business (formerly known as “Mallinckrodt Baker”), which was part of the Company’s Specialty Pharmaceuticals segment, was sold for net cash proceeds of \$273.3 million. Mallinckrodt Baker was sold because its products and customer bases were not aligned with the Company’s long-term strategic objectives. This business met the discontinued operations criteria and, accordingly, is included in discontinued operations for all periods presented.

In connection with this transaction, the Company recorded a \$20.4 million pre-tax gain on the sale of Mallinckrodt Baker during fiscal 2010. Included within this gain was a \$17.7 million pre-tax charge associated with indemnification obligations to the purchaser, which are discussed in note 13.

During fiscal 2011, the Company recorded a \$9.1 million pre-tax loss on the sale of Mallinckrodt Baker, primarily for pension settlements related to employees of this business. In addition, during fiscal 2012, the Company recorded an additional \$6.7 million loss, primarily related to the indemnification obligations to the purchaser, which are discussed in note 13.

Net sales, income from operations and (loss) income on disposition for discontinued operations are as follows:

(Dollars in Millions)	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net sales	\$—	\$—	\$400.4
Income from operations, net of income tax provision of \$—, \$— and \$28.3	\$—	\$—	\$ 32.6
(Loss) income on disposition, net of income tax benefit of \$—, \$2.8 and \$1.7	(6.7)	(6.3)	22.1
(Loss) income from discontinued operations, net of income taxes	<u>\$(6.7)</u>	<u>\$(6.3)</u>	<u>\$ 54.7</u>

#### *Divestitures*

During fiscal 2011, the Company sold the rights to market TussiCaps extended-release capsules, a cough suppressant, for an upfront cash payment of \$11.5 million. As a result of this transaction, the Company recorded an \$11.1 million gain. The purchaser also may be obligated to make contingent payments to the Company of up to \$11.5 million from December 31, 2011 through September 30, 2015, payable in equal quarterly installments until such time as a new competitive generic product is introduced into the market. In addition, the Company would receive a \$1.0 million contingent payment if certain sales targets are achieved over the same time period. The Company received \$2.9 million of contingent payments during fiscal 2012.

During fiscal 2010, the Company sold its nuclear radiopharmacies in the U.S. for net cash proceeds of \$13.0 million. As a result of this transaction, the Company recorded a \$3.9 million net gain. In connection with this sale, the Company also entered into a supply agreement, under which the purchaser committed to annual purchase volumes through December 31, 2014.

### 4. Product Acquisitions

*Roxicodone*—In August 2012, the Company’s Specialty Pharmaceuticals segment paid \$13.2 million under an agreement to acquire all of the rights to Xanodyne Pharmaceuticals, Inc.’s Roxicodone, which was capitalized as an intangible asset. Roxicodone is an immediate-release oral formulation of oxycodone hydrochloride indicated for the management of moderate to severe pain where the use of an opioid analgesic is appropriate. Roxicodone is the Reference Listed Drug for one of the Company’s generic products and is important to the Company’s product pipeline. There are no ongoing royalty payments under this agreement.

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*Exalgo*—In June 2009, the Company's Specialty Pharmaceuticals segment acquired the rights to market and distribute the pain management drug Exalgo in the U.S., for an upfront cash payment of \$10.0 million, which was included in research and development expenses during fiscal 2009. Under the license arrangement, the Company is obligated to make additional payments of up to \$73.0 million based upon the successful completion of specified development and regulatory milestones. During fiscal 2009, \$10.0 million of such milestone payments were made and included in research and development expenses. During fiscal 2010, the U.S. Food and Drug Administration ("FDA") approved the Exalgo New Drug Application ("NDA") for the 8 mg, 12 mg and 16 mg tablet dosage forms, resulting in additional payments of \$55.0 million, which were capitalized as an intangible asset. In addition, during fiscal 2012 the Company received FDA approval to market a 32 mg tablet dosage form. The Company is also required to pay royalties on sales of the product. During fiscal 2012, 2011 and 2010, the Company paid royalties of \$16.1 million, \$5.5 million and \$4.4 million, respectively.

### 5. License Agreements

*Depomed, Inc.*—In October 2009, the Company's Specialty Pharmaceuticals segment licensed worldwide rights to utilize Depomed, Inc.'s ("Depomed") Acuform gastric retentive drug delivery technology for the exclusive development of four products. Under this license agreement, the Company paid Depomed upfront and development payments of \$5.3 million during fiscal 2009. In addition to these payments, the Company may be obligated to pay up to \$64 million in additional development milestone payments. The Company will also pay Depomed a royalty on sales of products developed under this license agreement. During fiscal 2012 and 2010, an insignificant amount of milestone payments were expensed as incurred since regulatory approval had not yet been received. No milestone payments were made in fiscal 2011. In addition, no royalties have been paid through fiscal 2012.

*Pennsaid*—In June 2009, the Company's Specialty Pharmaceuticals segment entered into a licensing agreement which granted it rights to market and distribute Pennsaid and MNK-395, product candidates for the treatment of osteoarthritis of the knee. This license arrangement included an upfront cash payment of \$10.0 million, which was included in research and development expenses during fiscal 2009. The Company is also responsible for all future development activities and expenses. In addition, the Company may be required to make additional payments of up to \$120 million based upon the successful completion of specified regulatory and sales milestones, and is required to pay royalties on sales of the products. During fiscal 2010, upon FDA approval of the Pennsaid NDA, the Company made a milestone payment of \$15.0 million, which was capitalized as an intangible asset. During fiscal 2012, the Company paid royalties of \$7.5 million associated with this product. The amount of royalties the Company paid during fiscal 2011 and 2010 were insignificant. MNK-395 is currently under FDA review.

### 6. Restructuring and Related Charges, Net

During fiscal 2011 and fiscal 2009, Covidien launched restructuring programs designed to improve its cost structure. The 2009 program is substantially completed. The Company expects to incur charges under the 2011 program as the specific actions required to execute on these initiatives are identified and approved, most of which are expected to be incurred by the end of fiscal 2014.

Net restructuring and related charges by segment are as follows:

(Dollars in Millions)	2012	2011	2010
Specialty Pharmaceuticals	\$11.3	\$ 6.5	\$ 3.3
Global Medical Imaging	7.9	3.8	8.4
Corporate	—	(0.3)	(0.2)
	19.2	10.0	11.5
Less: accelerated depreciation	(8.0)	(1.6)	—
Restructuring charges, net	<u>\$11.2</u>	<u>\$ 8.4</u>	<u>\$11.5</u>



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Net restructuring and related charges are comprised of the following:

(Dollars in Millions)	2012	2011	2010
2011 program	\$21.0	\$ 9.4	\$ —
2009 program	(1.8)	0.6	11.5
	19.2	10.0	11.5
Less: non-cash charges, including accelerated depreciation	(6.2)	(1.6)	(0.3)
Total charges expected to be settled in cash	<u>\$13.0</u>	<u>\$ 8.4</u>	<u>\$11.2</u>

The following table summarizes cash activity for restructuring reserves that are specifically identifiable to the Company, substantially all of which relates to employee severance and benefits:

(Dollars in Millions)	2011 Program	2009 Program	Total
Balance at September 25, 2009	\$ —	\$ 13.0	\$ 13.0
Charges	—	11.7	11.7
Changes in estimate	—	(0.5)	(0.5)
Cash payments	—	(14.8)	(14.8)
Reclassifications <sup>(1)</sup>	—	(4.6)	(4.6)
Currency translation	—	(0.3)	(0.3)
Balance at September 24, 2010	—	4.5	4.5
Charges	7.8	1.8	9.6
Changes in estimate	—	(1.2)	(1.2)
Cash payments	(0.2)	(3.3)	(3.5)
Reclassifications <sup>(1)</sup>	—	(1.6)	(1.6)
Currency translation	(0.2)	—	(0.2)
Balance at September 30, 2011	7.4	0.2	7.6
Charges	12.5	0.3	12.8
Changes in estimate	0.3	(0.1)	0.2
Cash payments	(11.3)	(0.2)	(11.5)
Reclassifications <sup>(1)</sup>	(0.1)	(0.1)	(0.2)
Balance at September 28, 2012	<u>\$ 8.8</u>	<u>\$ 0.1</u>	<u>\$ 8.9</u>

<sup>(1)</sup> Primarily represents the reclassification of pension and other postretirement benefits from restructuring reserves to pension and post retirement obligations.

Net restructuring and related charges, including associated asset impairments, incurred cumulative to date related to the 2011 program are as follows:

(Dollars in Millions)	2011 Program
Specialty Pharmaceuticals	\$ 16.7
Global Medical Imaging	13.7
Total	<u>\$ 30.4</u>

Restructuring reserves are reported on the Company's combined balance sheets in accrued and other current liabilities.

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### 7. Income Taxes

The U.S. and non-U.S. components of income from continuing operations before income taxes were as follows:

(Dollars in Millions)	2012	2011	2010
U.S.	\$174.6	\$134.9	\$152.8
Non-U.S.	61.5	108.3	90.4
	<u>\$236.1</u>	<u>\$243.2</u>	<u>\$243.2</u>

Significant components of income taxes related to continuing operations are as follows:

(Dollars in Millions)	2012	2011	2010
<b>Current:</b>			
United States:			
Federal	\$61.1	\$19.2	\$ 58.3
State	7.2	2.4	11.8
Non-U.S.	17.5	28.2	34.6
Current income tax provision	85.8	49.8	104.7
<b>Deferred:</b>			
United States:			
Federal	5.3	37.8	(5.7)
State	2.4	4.3	(0.6)
Non-U.S.	1.3	(5.7)	(1.1)
Deferred income tax provision (benefit)	9.0	36.4	(7.4)
	<u>\$94.8</u>	<u>\$86.2</u>	<u>\$ 97.3</u>

The reconciliation between U.S. federal income taxes at the statutory rate and the Company's provision for income taxes on continuing operations is as follows:

(Dollars in Millions)	2012	2011	2010
Notional U.S. federal income taxes at the statutory rate	\$82.6	\$ 85.1	\$ 85.1
Adjustments to reconcile to the income tax provision:			
U.S. state income tax provision, net	7.1	5.9	7.0
Rate differences between non-U.S. and U.S. jurisdictions <sup>(1)</sup>	(3.5)	(16.8)	(10.7)
Adjustments to accrued income tax liabilities and uncertain tax positions	2.3	0.9	10.4
Withholding tax, net	0.4	3.8	1.1
Credits, principally research	(0.8)	(4.1)	(0.7)
Nondeductible expenses	8.1	8.4	7.4
Other	(1.4)	3.0	(2.3)
Provision for income taxes	<u>\$94.8</u>	<u>\$ 86.2</u>	<u>\$ 97.3</u>

<sup>(1)</sup> Excludes non-deductible charges and other items which are broken out separately in the statutory rate reconciliation presented.

As of September 28, 2012, September 30, 2011 and September 24, 2010, the amounts of unrecognized tax benefits for which the Company is legally and directly liable and would be required to remit cash if not sustained were \$13.4 million, \$14.2 million and \$15.9 million, respectively. Historically, the Company's operations have been included in tax returns filed by Covidien or certain of its subsidiaries not included in the combined financial statements. As a result, some federal uncertain tax positions related to the Company's operations result in

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unrecognized tax benefits that are obligations of entities not included in the combined financial statements. Because the activities that give rise to these unrecognized tax benefits relate to the Company's operations, the impact of these items (presented in the table below) have been charged to the income tax provision through parent company investment, a component of parent company equity.

The following table summarizes the activity related to the Company's unrecognized tax benefits, excluding interest:

(Dollars in Millions)	2012	2011	2010
Balance at beginning of fiscal year	\$168.4	\$175.7	\$183.5
Additions related to current year tax positions	1.3	2.2	2.8
Additions related to prior period tax positions	1.6	1.1	1.1
Reductions related to prior period tax positions	(1.9)	(3.9)	(8.5)
Settlements	(1.7)	(6.7)	(0.2)
Lapse of statute of limitations	(2.2)	—	(3.0)
Balance at end of fiscal year	165.5	168.4	175.7
Cash advance paid in connection with proposed settlements	(23.5)	(23.5)	—
Balance at end of fiscal year, net of cash advance	<u>\$142.0</u>	<u>\$144.9</u>	<u>\$175.7</u>

During fiscal 2011, Covidien made a \$35.1 million advance payment to the U.S. Internal Revenue Service in connection with the proposed settlement of certain tax matters. This payment was comprised of \$23.5 million of tax and \$11.6 million of interest.

Unrecognized tax benefits are reported in the following combined balance sheet captions in the amount shown:

(Dollars in Millions)	2012	2011
Other liabilities	\$ 13.4	\$ 14.2
Parent company investment	152.1	154.2
	<u>\$165.5</u>	<u>\$168.4</u>

The Company had unrecognized tax benefits of \$144.3 million, \$144.8 million and \$149.8 million as of September 28, 2012, September 30, 2011 and September 24, 2010, respectively, which if settled favorably would benefit the effective tax rate. The remaining \$21.2 million, \$23.6 million and \$25.9 million of unrecognized tax benefits as of September 28, 2012, September 30, 2011 and September 24, 2010, respectively, would be offset by the write off of related deferred and other tax assets, if recognized. During fiscal 2012, 2011 and 2010, the Company accrued additional interest of \$1.4 million, \$3.8 million and \$6.5 million, respectively. The total amount of accrued interest related to uncertain tax positions was \$33.9 million, \$32.5 million and \$40.3 million at September 28, 2012, September 30, 2011 and September 24, 2010, respectively, of which \$26.0 million, \$24.8 million and \$32.3 million was included in parent company investment as of September 28, 2012, September 30, 2011 and September 24, 2010, respectively. Non-current income taxes payable also includes anticipated refunds and other items not related to uncertain tax positions.

Income taxes payable is reported in the following combined balance sheet captions in the amounts shown:

(Dollars in Millions)	2012	2011
Accrued and other current liabilities	\$ 2.6	\$ 0.7
Other liabilities	19.4	19.9
	<u>\$22.0</u>	<u>\$20.6</u>

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Covidien continues to be examined by various tax authorities. The resolution of these tax matters could result in a significant change in the Company's unrecognized tax benefits. However, the Company does not expect that the total amount of unrecognized tax benefits will significantly change over the next twelve months.

As of September 28, 2012, tax years that remain subject to examination in the Company's major tax jurisdictions are as follows:

Jurisdiction	Earliest Open Year
United States—federal and state	1996
Australia	2008
Canada	2004
France	2000
Germany	2003
Ireland	2008
Italy	2005
Japan	2006
Netherlands	2005
Switzerland	2004
United Kingdom	2009

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred tax asset at the end of each fiscal year are as follows:

(Dollars in Millions)	2012	2011
Deferred tax assets:		
Accrued liabilities and reserves	\$ 47.4	\$ 46.0
Inventories	36.4	40.7
Environmental liabilities	66.4	75.6
Rebate reserves	38.1	38.7
Indemnification reserves	14.9	15.3
Postretirement benefits	67.7	74.5
Other	20.8	24.9
	<u>291.7</u>	<u>315.7</u>
Deferred tax liabilities:		
Property, plant and equipment	(139.9)	(150.0)
Intangible assets	(89.1)	(94.2)
	<u>(229.0)</u>	<u>(244.2)</u>
Net deferred tax asset before valuation allowances	62.7	71.5
Valuation allowances	(15.3)	(15.6)
Net deferred tax asset	<u>\$ 47.4</u>	<u>\$ 55.9</u>

Deferred taxes are reported in the following combined balance sheet captions in the amounts shown:

(Dollars in Millions)	2012	2011
Deferred income taxes (current assets)	\$119.9	\$130.5
Other assets	3.8	3.2
Accrued and other current liabilities	(2.6)	(1.7)
Deferred income taxes (non-current liabilities)	(73.7)	(76.1)
Net deferred tax asset	<u>\$ 47.4</u>	<u>\$ 55.9</u>

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At September 28, 2012, the Company had approximately \$4.6 million of net operating loss carryforwards in certain non-U.S. jurisdictions, of which \$2.4 million have no expiration, and the remaining \$2.2 million will expire in future years through 2021.

The valuation allowances for deferred tax assets of \$15.3 million and \$15.6 million at September 28, 2012 and September 30, 2011, respectively, relate principally to the uncertainty of the utilization of certain deferred tax assets, primarily certain reserves in non-U.S. jurisdictions and unrealized capital losses in the U.S. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets.

During fiscal 2012 and 2011, the Company provided for U.S. and non-U.S. income and withholding taxes in the amount of \$0.4 million and \$3.8 million, respectively, on earnings that were or are intended to be repatriated. In general, the remaining earnings of the Company's subsidiaries are considered to be permanently reinvested. Income taxes are not provided on undistributed earnings of U.S. and non-U.S. subsidiaries that are either indefinitely reinvested or can be distributed on a tax-free basis. It is not practicable to determine the cumulative amount of undistributed earnings and tax liability that would arise if these earnings were remitted.

### 8. Inventories

At the end of fiscal 2012 and 2011, inventories were comprised of:

(Dollars in Millions)	2012	2011
Raw materials and supplies	\$ 74.1	\$ 73.7
Work in process	184.7	161.3
Finished goods	176.5	138.5
Inventories	<u>\$435.3</u>	<u>\$373.5</u>

### 9. Property, plant and equipment

At the end of fiscal 2012 and 2011, property, plant and equipment at cost and accumulated depreciation were:

(Dollars in Millions)	2012	2011
Land	\$ 60.0	\$ 60.4
Buildings and related improvements	297.3	276.6
Machinery and equipment	1,212.7	1,134.2
Construction in progress	181.4	154.5
	<u>1,751.4</u>	<u>1,625.7</u>
Less: accumulated depreciation	<u>(806.2)</u>	<u>(719.4)</u>
Property, plant and equipment, net	<u>\$ 945.2</u>	<u>\$ 906.3</u>

The amounts above include property under capital leases of \$17.0 million and \$17.9 million at September 28, 2012 and September 30, 2011, respectively, consisting primarily of buildings. Accumulated amortization of capitalized lease assets was \$14.3 million and \$14.1 million at the end of fiscal 2012 and 2011, respectively. In addition, machinery and equipment includes capitalized software costs of \$59.9 million and \$52.2 million at September 28, 2012 and September 30, 2011, respectively. Accumulated amortization of capitalized software was \$43.3 million and \$38.2 million at the end of fiscal 2012 and 2011, respectively.

Depreciation expense, including amounts related to capitalized leased assets, was \$103.6 million, \$92.8 million and \$90.8 million in fiscal 2012, 2011 and 2010, respectively.

## 10. Goodwill and Intangible Assets

Goodwill for the Company's operating segments consisted of the following:

(Dollars in Millions)	September 28, 2012	September 30, 2011
Specialty Pharmaceuticals	\$ 287.8	\$ 287.8
Global Medical Imaging	219.7	219.7
	<u>\$ 507.5</u>	<u>\$ 507.5</u>

The gross carrying amount and accumulated amortization of intangible assets at the end of fiscal 2012 and 2011 were as follows:

(Dollars in Millions)	2012		2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortizable:</b>				
Completed technology	\$ 376.1	\$ 173.7	\$ 362.8	\$ 159.0
Licenses	191.1	67.1	191.1	54.8
Trademarks	7.7	3.5	7.7	3.3
Total	<u>\$ 574.9</u>	<u>\$ 244.3</u>	<u>\$ 561.6</u>	<u>\$ 217.1</u>
<b>Non-Amortizable:</b>				
Trademarks	\$ 35.0		\$ 35.0	

Intangible asset amortization expense for fiscal 2012, 2011 and 2010 was \$27.3 million, \$27.0 million and \$23.4 million, respectively. The estimated aggregate amortization expense on intangible assets owned by the Company as of September 28, 2012 is expected to be \$29.7 million in fiscal 2013 through fiscal 2016 and \$28.2 million in fiscal 2017.

In fiscal 2008, the Company's Global Medical Imaging segment acquired completed technology, which facilitates the injection of contrast media. In fiscal 2010, the Company decided to market the technology for sale. However, the Company subsequently realized that a design flaw of the technology would prohibit the sale of the products without further investment. The Company decided not to make any further investment in the technology and, accordingly, recorded an impairment charge of \$4.6 million to write off the entire amount of the intangible asset, which is included in research and development expenses in fiscal 2010. The Company recorded total intangible asset impairments of \$6.4 million during fiscal 2010.

## 11. Related Party Transactions

The combined financial statements have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of Covidien.

### *Related Party Sales and Purchases*

During fiscal 2012, 2011 and 2010, the Company sold products to other Covidien businesses in the amount of \$54.2 million, \$52.4 million and \$50.5 million, respectively, which is included in net sales in the combined statements of income. The Company also purchases inventories from other Covidien businesses. The Company purchased and recognized in cost of sales inventory from Covidien of \$34.7 million, \$41.1 million and \$38.1 million in fiscal 2012, 2011 and 2010, respectively. As of September 28, 2012 and September 30, 2011, the aggregate amount of inventories purchased from other Covidien businesses that remained on the Company's combined balance sheets was insignificant.

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### **Royalty Income**

During fiscal 2012, 2011 and 2010, a subsidiary of Covidien paid royalties to the Company for use of certain trademarks and technology. Amounts outstanding under these agreements are considered settled for cash in the combined financial statements at the end of each reporting period and, as such, are included in parent company investment. During fiscal 2012, 2011 and 2010, the Company recognized royalty income of \$0.9 million, \$2.9 million and \$3.5 million, respectively, which is included in other income in the combined statements of income.

### **Parent Company Equity**

Covidien uses a centralized approach to cash management and financing of its operations, excluding debt directly incurred by any of its businesses. The Company's cash is transferred to Covidien daily and Covidien funds the Company's operating and investing activities as needed. Cash transfers to and from Covidien's cash management system are reflected as a component of parent company investment within parent company equity in the combined balance sheets.

Net transfers to parent are included within parent company investment on the combined statements of parent company equity. The components of the net transfers to parent for fiscal 2012, 2011 and 2010 are as follows:

<b>(Dollars in Millions)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cash pooling and general financing activities	\$(84.0)	\$(258.2)	\$(209.8)
Corporate expense allocation	49.2	56.3	60.8
Cash transfer from (to) parent for divestitures	3.8	(7.9)	(286.3)
Cash transfer from parent for purchase of product rights and license	13.2	—	70.0
<b>Total net transfers to parent</b>	<b><u>\$(17.8)</u></b>	<b><u>\$(209.8)</u></b>	<b><u>\$(365.3)</u></b>

## **12. Debt**

At the end of fiscal 2012 and 2011, debt was comprised of:

<b>(Dollars in Millions)</b>	<b>2012</b>	<b>2011</b>
<b>Current maturities of long-term debt:</b>		
Capital lease obligation	\$ 1.3	\$ 1.3
<b>Long-term debt:</b>		
7% debentures due December 2013	5.8	5.8
Capital lease obligation	<u>3.1</u>	<u>4.6</u>
Total	<u>8.9</u>	<u>10.4</u>
<b>Total debt</b>	<b><u>\$10.2</u></b>	<b><u>\$11.7</u></b>

Since quoted market prices for the Company's debentures are not available in an active market, they are classified as level 2 for purposes of developing an estimate of their fair value. The fair value of the Company's debt did not differ significantly from its carrying value at September 28, 2012 and September 30, 2011.

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The Company's capital lease obligation relates to a non-U.S. manufacturing facility. This lease expires in December 2015. The aggregate amounts of debt, including capital lease obligation, maturing during the next five fiscal years are as follows:

(Dollars in Millions)	
Fiscal 2013	\$ 1.3
Fiscal 2014	7.1
Fiscal 2015	1.4
Fiscal 2016	0.4
Fiscal 2017	—

### 13. Guarantees

In disposing of assets or businesses, the Company often provides representations, warranties and indemnities to cover various risks and liabilities, including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities and unidentified tax liabilities related to periods prior to disposition. Except as discussed below, the Company generally does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that these uncertainties would have a material adverse effect on its financial condition, results of operations and cash flows.

In connection with the sale of Mallinckrodt Baker, the Company agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to environmental, health and safety matters have a term of 17 years, while some of the other indemnification obligations have an indefinite term. The amount of the liability relating to all of these indemnification obligations included in other liabilities on the Company's combined balance sheets at both September 28, 2012 and September 30, 2011 was \$22.4 million, of which \$18.3 million related to environmental, health and safety matters. The value of the environmental, health and safety indemnity was measured based on the probability-weighted present value of the costs expected to be incurred to address environmental, health and safety claims made under the indemnity. The aggregate fair value of these indemnification obligations did not differ significantly from their aggregate carrying value at September 28, 2012 and September 30, 2011. As of September 28, 2012, the maximum future payments the Company could be required to make under all of these indemnification obligations was \$76.5 million. The Company was required to pay \$30.0 million into an escrow account as collateral for all of these indemnification obligations to the purchaser, of which \$24.5 million and \$30.0 million remained in other assets on the combined balance sheet at September 28, 2012 and September 30, 2011, respectively.

The Company has recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in note 20. In addition, the Company is liable for product performance; however in the opinion of management, such obligations will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company is required to provide the Nuclear Regulatory Commission financial assurance demonstrating its ability to cover the cost of decommissioning its Maryland Heights, Missouri radiopharmaceuticals production facility upon closure, though the Company does not intend to close this facility. The Company has provided this financial assurance in the form of a \$58.0 million surety bond. In addition, as of September 28, 2012, the Company had a \$21.1 million letter of credit to guarantee decommissioning costs associated with its St. Louis, Missouri plant.

As of September 28, 2012, the Company had various other letters of credit and guarantee and surety bonds totaling \$25.8 million. In addition, at September 28, 2012, Covidien had outstanding letters of credit and guarantee and surety bonds totaling \$108.4 million, which supported multiple Covidien businesses, including the Company.



#### 14. Derivative Instruments

The Company is exposed to certain risks relating to its business operations. Risks that relate to foreign exchange exposure and certain commodity price exposures are managed by participating in the centralized hedging functions of Covidien which are designed to minimize exposure to such risks. Foreign currency option and forward contracts are used to economically manage the foreign exchange exposures of operations outside the U.S. Swap contracts on commodities are periodically entered into to manage the price risk associated with forecasted purchases of commodities used in the Company's manufacturing processes. The associated derivative assets and liabilities have not been included on the Company's combined balance sheet since derivative activity is centrally managed by Covidien. Changes in the derivative financial instrument's fair value which related to the Company's business operations, however, have been recognized in the Company's earnings unless specific hedge criteria are met. Covidien has designated certain commodity swap contracts as cash flow hedges. Covidien has not designated the foreign currency forward and option contracts as hedging instruments.

##### *Foreign Exchange Exposure*

*Derivatives not designated as hedging instruments*—The Company has foreign exchange exposure on the translation of the financial statements and on transactions denominated in foreign currencies. Covidien's policy is to use various forward and option contracts to economically manage foreign currency exposures on accounts and notes receivable, accounts payable, intercompany loans and forecasted transactions that are denominated in certain foreign currencies. Covidien generally manages its exposure for forecasted transactions for the upcoming 12 months. These contracts do not meet the necessary criteria to qualify for hedge accounting; accordingly, changes in fair value are recognized in earnings.

The amount of net (loss) gain on foreign exchange forward and option contracts not designated as hedging instruments and related hedged items were recorded as follows:

(Dollars in Millions)	2012	2011	2010
Cost of sales	<u>\$(0.3)</u>	<u>\$(3.7)</u>	<u>\$—</u>
Selling, general and administrative expenses	<u>0.1</u>	<u>0.1</u>	<u>(3.1)</u>
	<u>\$(0.2)</u>	<u>\$(3.6)</u>	<u>\$(3.1)</u>

##### *Commodities Exposure*

Covidien has entered into gas commodity swap contracts on behalf of the Company. The amounts of the net losses on these contracts were recorded as follows:

(Dollars in Millions)	2012	2011	2010
Cost of sales	<u>\$0.9</u>	<u>\$0.8</u>	<u>\$1.1</u>
Selling, general and administrative expenses	<u>2.3</u>	<u>2.4</u>	<u>1.7</u>
	<u>\$3.2</u>	<u>\$3.2</u>	<u>\$2.8</u>

#### 15. Financial Instruments and Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes a three-level hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs used in measuring fair value. The levels within the hierarchy are as follows:

- Level 1— observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2— significant other observable inputs that are observable either directly or indirectly; and
- Level 3— significant unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

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The following tables provide a summary of the significant assets and liabilities that are measured at fair value on a recurring basis at September 28, 2012:

(Dollars in Millions)	Total	Basis of Fair Value Measurement	
		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Assets</b>			
Debt and equity securities held in rabbi trust	\$25.2	\$ 13.7	\$ 11.5
<b>Liabilities</b>			
Deferred compensation liabilities	\$ 9.3	\$ 9.3	\$ —

The following tables provide a summary of the significant assets and liabilities that are measured at fair value on a recurring basis at September 30, 2011:

(Dollars in Millions)	Total	Basis of Fair Value Measurement	
		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Assets</b>			
Debt and equity securities held in rabbi trust	\$22.5	\$ 8.8	\$ 13.7
<b>Liabilities</b>			
Deferred compensation liabilities	\$ 6.4	\$ 6.4	\$ —

*Debt and equity securities held in rabbi trust*—Debt securities held in the rabbi trust primarily consist of U.S. government and agency securities and corporate bonds. When quoted prices are available in an active market, the investments are classified as level 1. When quoted market prices for a security are not available in an active market, they are classified as level 2. Equity securities held in the rabbi trust primarily consist of U.S. common stocks, which are valued using quoted market prices reported on nationally recognized securities exchanges.

*Deferred compensation liabilities*—Covidien maintains a non-qualified deferred compensation plan in the U.S., which permits eligible employees of the Company to defer a portion of their compensation. A recordkeeping account is set up for each participant and the participant chooses from a variety of funds for the deemed investment of their accounts. The measurement funds generally correspond to the funds offered in Covidien's U.S. tax-qualified defined contribution retirement plan and the account balance fluctuates with the investment returns on those funds.

### ***Financial Instruments Not Measured at Fair Value***

The fair value of restricted cash is equivalent to its carrying value of \$24.6 million and \$30.2 million as of September 28, 2012 and September 30, 2011, respectively (level 1), substantially all of which is included in other assets on the combined balance sheets. The Company's life insurance contracts are carried at cash surrender value (level 3). The fair value of these contracts approximates the carrying value of \$47.6 million and \$46.6 million at September 28, 2012 and September 30, 2011, respectively.

### Concentration of Credit and Other Risks

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of accounts receivable. The Company does not require collateral from customers. A portion of the Company's trade accounts receivable outside the U.S., however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. Deteriorating credit and economic conditions in parts of Western Europe, particularly in Spain and Italy, may continue to increase the average length of time it takes the Company to collect its accounts receivable in certain regions within these countries.

The Company routinely evaluates all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. While the Company's accounts receivable, net of allowance for doubtful accounts, in Greece is insignificant, during fiscal 2012, the Company recorded a \$4.4 million charge to write down its outstanding accounts receivable in Greece. This charge is included within selling, general and administrative expenses. The Company has not incurred any other significant losses on government receivables; however, if the financial condition of customers or the countries' healthcare systems continue to deteriorate such that their ability to make payments is uncertain, additional allowances may be required in future periods.

The Company's accounts receivable, net of the allowance for doubtful accounts, in Spain and Italy at the end of each period are as follows:

(Dollars in Millions)	2012	2011
Spain	\$15.0	\$26.6
Italy	12.5	14.7

Net sales to customers in Spain and Italy totaled \$55.0 million, \$60.2 million and \$58.7 million for fiscal 2012, 2011 and 2010, respectively.

The following table shows net sales attributable to distributors that accounted for 10% or more of the Company's total net sales:

	2012	2011	2010
Cardinal Health, Inc.	19%	19%	15%
McKesson Corporation	14%	13%	11%
AmerisourceBergen Corporation	9%	10%	8%

The following table shows accounts receivable attributable to distributors that accounted for 10% or more of the Company's gross accounts receivable at the end of each period:

	2012	2011
Cardinal Health, Inc.	19%	19%
McKesson Corporation	20%	16%
AmerisourceBergen Corporation	10%	12%

The following table shows net sales attributable to products that accounted for 10% or more of the Company's total net sales:

	2012	2011	2010
Optiray (CMDS)	17%	19%	17%
Acetaminophen products (API)	11%	11%	10%

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Molybdenum-99 (“Mo-99”) is a key raw material in the Company’s Ultra-Technekow DTE technetium generators that are sold by its Global Medical Imaging segment. There are only eight suppliers of this raw material worldwide. The Company has agreements to obtain Mo-99 from three nuclear research reactors and relies predominantly on two of these reactors for its Mo-99 supply. Accordingly, a disruption in the commercial supply or a significant increase in the cost of this material from these sources could have a material adverse effect on the Company’s financial condition, results of operations and cash flows.

### 16. Retirement Plans

#### *Defined Benefit Plans*

The Company sponsors a number of defined benefit retirement plans covering certain of its U.S. employees and non-U.S. employees. As of September 28, 2012, U.S. plans represented 73% of the Company’s total pension plan assets and 78% of the Company’s total projected benefit obligation. The Company generally does not provide postretirement benefits other than retirement plan benefits for its employees. However, certain of the Company’s U.S. employees participate in postretirement benefit plans that provide medical benefits. These plans are unfunded.

During fiscal 2011, the Company amended one of its U.S. retiree medical plans to eliminate coverage for future retirees unless certain conditions were met. The plan amendment reduced the Company’s overall obligation to participants by \$17.0 million and impacted both prior and future benefits under the plan. As a result of this amendment, the Company’s net periodic benefit cost decreased by approximately \$8.6 million during fiscal 2011.

During fiscal 2011, the Company incurred settlement charges of \$11.1 million resulting from the level of lump-sum payments paid out of one of its U.S. pension plans, a significant portion of which were driven by the divestiture of Mallinckrodt Baker. During fiscal 2010, the Company incurred settlement charges of \$7.4 million resulting from the level of lump-sum payments paid out of one of its U.S. pension plans stemming primarily from restructuring actions.

The net periodic benefit cost (credit) for pension and postretirement benefit plans is as follows:

(Dollars in Millions)	Pension Benefits			Postretirement Benefits		
	2012	2011	2010	2012	2011	2010
Service cost	\$ 5.0	\$ 6.2	\$ 7.4	\$ 0.1	\$ 0.2	\$ 1.0
Interest cost	21.2	23.5	24.9	3.1	3.8	4.9
Expected return on plan assets	(24.5)	(25.3)	(23.8)	—	—	—
Amortization of prior service cost (credit)	0.7	0.8	1.8	(9.2)	(9.0)	(5.8)
Amortization of net actuarial loss	11.7	11.8	11.5	0.2	0.5	0.3
Plan settlements (gain) loss	(0.2)	11.1	7.4	—	—	—
Curtailments	—	1.9	0.1	—	(4.6)	—
Special termination benefits	—	0.1	1.8	—	—	—
Net periodic benefit cost (credit)	<u>\$ 13.9</u>	<u>\$ 30.1</u>	<u>\$ 31.1</u>	<u>\$(5.8)</u>	<u>\$(9.1)</u>	<u>\$ 0.4</u>

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The following table represents the changes in benefit obligations, plan assets and the net amounts recognized on the combined balance sheet for pension and postretirement benefit plans at the end of fiscal 2012 and 2011:

(Dollars in Millions)	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	2011
<i>Change in benefit obligations:</i>				
Projected benefit obligations at beginning of year	\$ 491.1	\$ 498.9	\$ 80.1	\$ 100.0
Service cost	5.0	6.2	0.1	0.2
Interest cost	21.2	23.5	3.1	3.8
Employee contributions	0.3	0.3	—	—
Actuarial loss (gain)	53.3	12.8	2.8	(4.3)
Benefits and administrative expenses paid	(32.3)	(21.8)	(5.8)	(6.0)
Plan amendments	—	—	—	(17.0)
Plan settlements	(0.3)	(30.0)	—	—
Curtailments	—	—	—	3.4
Currency translation	(5.1)	1.2	—	—
Projected benefit obligations at end of year	<u>\$ 533.2</u>	<u>\$ 491.1</u>	<u>\$ 80.3</u>	<u>\$ 80.1</u>
<i>Change in plan assets:</i>				
Fair value of plan assets at beginning of year	\$ 383.6	\$ 379.3	\$ —	\$ —
Actual return on plan assets	63.0	25.0	—	—
Employer contributions	23.4	30.2	5.8	6.0
Employee contributions	0.3	0.3	—	—
Benefits and administrative expenses paid	(32.3)	(21.8)	(5.8)	(6.0)
Plan settlements	(0.3)	(30.0)	—	—
Currency translation	(5.7)	0.6	—	—
Fair value of plan assets at end of year	<u>\$ 432.0</u>	<u>\$ 383.6</u>	<u>\$ —</u>	<u>\$ —</u>
Funded status at end of year	<u>\$(101.2)</u>	<u>\$(107.5)</u>	<u>\$ (80.3)</u>	<u>\$ (80.1)</u>
<i>Amounts recognized on the combined balance sheet:</i>				
Non-current assets	\$ 17.7	\$ 25.6	\$ —	\$ —
Current liabilities	(2.2)	(2.2)	(7.4)	(8.1)
Non-current liabilities	(116.7)	(130.9)	(72.9)	(72.0)
Net amount recognized on the combined balance sheet	<u>\$(101.2)</u>	<u>\$(107.5)</u>	<u>\$ (80.3)</u>	<u>\$ (80.1)</u>
<i>Amounts recognized in accumulated other comprehensive income consist of:</i>				
Net actuarial loss	\$(127.5)	\$(123.2)	\$ (12.1)	\$ (9.5)
Prior service (cost) credit	(1.8)	(2.5)	20.8	30.0
Net amount recognized in accumulated other comprehensive income	<u>\$(129.3)</u>	<u>\$(125.7)</u>	<u>\$ 8.7</u>	<u>\$ 20.5</u>

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost (credit) in fiscal 2013 are as follows:

(Dollars in Millions)	Pension Benefits	Postretirement Benefits
Amortization of net actuarial loss	\$ 12.1	\$ 0.4
Amortization of prior service cost (credit)	0.6	(9.2)

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The accumulated benefit obligation for all pension plans at the end of fiscal 2012 and 2011 was \$527.6 million and \$487.0 million, respectively.

Additional information related to pension plans is as follows:

(Dollars in Millions)	2012	2011
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	\$414.3	\$386.3
Fair value of plan assets	295.4	253.3

The accumulated benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets do not significantly differ from the amounts in the table above since substantially all of the Company's pension plans are frozen.

### **Actuarial Assumptions**

Weighted-average assumptions used to determine net periodic benefit cost for the Company's pension plans are as follows:

	U.S. Plans			Non-U.S. Plans		
	2012	2011	2010	2012	2011	2010
Discount rate	4.4%	4.9%	5.5%	5.2%	4.7%	6.2%
Expected return on plan assets	7.5%	7.6%	7.2%	4.0%	4.0%	4.1%
Rate of compensation increase	2.8%	2.8%	2.1%	3.7%	3.7%	3.1%

Weighted-average assumptions used to determine benefit obligations for the Company's pension plans are as follows:

	U.S. Plans			Non-U.S. Plans		
	2012	2011	2010	2012	2011	2010
Discount rate	3.5%	4.4%	4.9%	4.0%	5.2%	4.7%
Rate of compensation increase	— %	2.8%	2.8%	3.7%	3.7%	3.7%

For the Company's U.S. plans, the discount rate is based on the market rate for a broad population of Moody's AA-rated corporate bonds over \$250 million. For the Company's non-U.S. plans, the discount rate is generally determined by reviewing country and region specific government and corporate bond interest rates.

In determining the expected return on pension plan assets, Covidien and the Company consider the relative weighting of plan assets by class and individual asset class performance expectations as provided by external advisors in reaching conclusions on appropriate assumptions. The investment strategy for the pension plans has been governed by Covidien. Covidien's overall investment objective is to obtain a long-term return on plan assets that is consistent with the level of investment risk that is considered appropriate. Investment risks and returns are reviewed regularly against benchmarks to ensure objectives are being met.

The weighted-average discount rate used to determine net periodic benefit cost and obligations for the Company's postretirement benefit plans are as follows:

	2012	2011	2010
Net periodic benefit cost	4.1%	4.6%	5.4%
Benefit obligations	3.2%	4.1%	4.6%

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Healthcare cost trend assumptions for postretirement benefit plans are as follows:

	<u>2012</u>	<u>2011</u>
Healthcare cost trend rate assumed for next fiscal year	7.5%	7.8%
Rate to which the cost trend rate is assumed to decline	4.5%	4.5%
Fiscal year the ultimate trend rate is achieved	2029	2029

A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

(Dollars in Millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost	\$ 0.2	\$ (0.2)
Effect on postretirement benefit obligation	3.5	(3.5)

### **Plan Assets**

The Company's U.S. pension plans have a target allocation of either 59% equity securities and 41% debt securities or 33% equity securities and 67% debt securities, depending on the status and duration of liabilities of the plan. Various asset allocation strategies are in place for non-U.S. pension plans depending upon local law, status, funding level and duration of liabilities. The weighted-average target allocation for the Company's non-U.S. pension plans at the end of fiscal 2012 is as follows:

Equity securities	15%
Debt securities	80
Real estate	5
Total	<u>100%</u>

Pension plans have the following weighted-average asset allocations at the end of each fiscal year:

	U.S. Plans		Non-U.S. Plans	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Equity securities	58%	56%	8%	10%
Debt securities	40	42	89	86
Cash and cash equivalents	1	1	—	—
Real estate and other	1	1	3	4
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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The following tables provide a summary of plan assets held by the Company's pension plans that are measured at fair value on a recurring basis at the end of fiscal 2012 and 2011:

(Dollars in Millions)	Total	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Equity securities:</b>				
U.S. small mid cap	\$ 24.0	\$ 24.0	\$ —	\$ —
U.S. large cap	101.2	101.2	—	—
International	66.8	57.2	9.6	—
<b>Debt securities:</b>				
Diversified fixed income funds <sup>(1)</sup>	97.4	97.4	—	—
High yield bonds	15.9	15.9	—	—
Emerging market funds	12.0	12.0	—	—
Diversified/commingled funds	2.2	—	2.2	—
Insurance contracts	105.1	—	—	105.1
Other	7.4	3.8	3.6	—
<b>Total</b>	<b>\$432.0</b>	<b>\$ 311.5</b>	<b>\$ 15.4</b>	<b>\$ 105.1</b>

(Dollars in Millions)	Total	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Equity securities:</b>				
U.S. small mid cap	\$ 19.6	\$ 19.6	\$ —	\$ —
U.S. large cap	87.4	87.4	—	—
International	55.9	44.6	11.3	—
<b>Debt securities:</b>				
Diversified fixed income funds <sup>(1)</sup>	85.7	85.7	—	—
High yield bonds	17.1	17.1	—	—
Emerging market funds	10.0	10.0	—	—
Diversified/commingled funds	2.5	—	2.5	—
Insurance contracts	97.8	—	—	97.8
Other	7.6	3.0	4.6	—
<b>Total</b>	<b>\$383.6</b>	<b>\$ 267.4</b>	<b>\$ 18.4</b>	<b>\$ 97.8</b>

<sup>(1)</sup> Diversified fixed income funds consist of U.S. Treasury bonds, mortgage-backed securities, corporate bonds, asset-backed securities and U.S. agency bonds.

*Equity securities*—Equity securities primarily consist of mutual funds with underlying investments in foreign equity and domestic equity markets. The fair value of these investments is based on net asset value of the units held in the respective fund, which are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1) or through net asset values provided by the fund administrators that can be corroborated by observable market data (level 2).



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*Debt securities*—Debt securities are primarily invested in mutual funds with underlying fixed income investments in U.S. government and corporate debt, U.S. dollar denominated foreign government and corporate debt, asset-backed securities, mortgage-backed securities and U.S. agency bonds. The fair value of these investments is based on the net asset value of the units held in the respective fund which are determined by obtaining quoted prices on nationally recognized securities exchanges.

*Diversified/commingled funds*—Diversified/commingled funds held by the Company primarily consist of corporate debt securities and mutual funds invested in U.S. and non-U.S. equity securities. The fair value of these investments is determined using other inputs, such as net asset values provided by the fund administrators that can be corroborated by observable market data.

*Insurance contracts*—Insurance contracts held by the Company are issued by Delta Lloyd, a well-known, highly rated insurance company. The fair value of these insurance contracts is based upon the present value of future cash flows under the terms of the contracts and therefore the fair value of these assets has been classified as level 3 within the fair value hierarchy. Significant assumptions used in determining the fair value of these contracts are the amount and timing of future cash flows and counterparty credit risk. The objective of the insurance contracts is to provide the Company with future cash flows that will match the estimated timing and amount of future pension benefit payments. Delta Lloyd's insurance subsidiaries have a Standard & Poor's credit rating of A.

*Other*—Other includes cash and cash equivalents invested in a money market mutual fund, the fair value of which is determined by obtaining quoted prices on nationally recognized securities exchanges (level 1). In addition, other includes real estate funds, the fair value of which is determined using other inputs, such as net asset values provided by the fund administrators that can be corroborated by observable market data (level 2).

The following table provides a summary of the changes in the fair value measurements that used significant unobservable inputs (level 3) for fiscal 2011 and 2012:

(Dollars in Millions)	<b>Insurance Contracts</b>
Balance at September 24, 2010	\$ 76.6
Net unrealized gains	18.4
Net purchases, sales and issuances	2.6
Currency translation	0.2
Balance at September 30, 2011	97.8
Net unrealized gains	15.1
Net purchases, sales and issuances	(2.9)
Currency translation	(4.9)
Balance at September 28, 2012	<u>\$ 105.1</u>

Covidien shares are not a direct investment of the Company's pension funds; however, the pension funds may indirectly include Covidien shares. The aggregate amount of the Covidien shares are not material relative to the total pension fund assets.

### **Contributions**

Covidien and the Company's funding policy is to make contributions in accordance with the laws and customs of the various countries in which the Company operates as well as to make discretionary voluntary contributions from time to time. The Company anticipates that Covidien will make contributions of \$42.8 million to the Company's defined benefit pension plans in fiscal 2013. In addition, the Company anticipates that Covidien will make contributions of \$7.5 million to the Company's postretirement benefit plans in fiscal 2013.

### **Expected Future Benefit Payments**

Benefit payments expected to be paid, reflecting future expected service as appropriate, are as follows:

(Dollars in Millions)	<b>Pension Benefits</b>	<b>Postretirement Benefits</b>
Fiscal 2013	\$ 45.2	\$ 7.5
Fiscal 2014	34.4	7.1
Fiscal 2015	33.9	6.7
Fiscal 2016	33.4	6.4
Fiscal 2017	32.7	6.0
Fiscal 2018-2022	153.1	25.1

### **Defined Contribution Retirement Plans**

The Company maintains, through Covidien, one active tax-qualified 401(k) retirement plan in the U.S., which provides for an automatic Company contribution of three percent of an eligible employee's pay. The Company also makes a matching contribution generally equal to 50% of each employee's elective contribution to the plan up to six percent of the employee's eligible pay. Total 401(k) expense related to continuing operations was \$20.9 million, \$19.3 million and \$18.4 million for fiscal 2012, 2011 and 2010, respectively.

### **Deferred Compensation Plans**

As discussed in note 15, the Company maintains, through Covidien, one active non-qualified deferred compensation plan in the U.S., which permits eligible employees to defer a portion of their compensation. Deferred compensation expense for each period presented was insignificant.

### **Rabbi Trusts and Other Investments**

The Company maintains several rabbi trusts, the assets of which are used to pay retirement benefits. The rabbi trust assets are subject to the claims of the Company's creditors in the event of the Company's insolvency. Plan participants are general creditors of the Company with respect to these benefits. The trusts primarily hold life insurance policies and debt and equity securities, the value of which is included in other assets on the combined balance sheets. Note 15 provides additional information regarding the debt and equity securities. The carrying value of the 70 life insurance contracts held by these trusts was \$37.8 million and \$36.4 million at September 28, 2012 and September 30, 2011, respectively. These contracts have a total death benefit of \$93.9 million and \$94.2 million at September 28, 2012 and September 30, 2011, respectively. However, there are outstanding loans against the policies amounting to \$16.9 million and \$16.3 million at September 28, 2012 and September 30, 2011, respectively.

Covidien has insurance contracts which serve as collateral for certain of the Company's non-U.S. pension plan benefits, \$9.8 million and \$10.2 million of which have been allocated to the Company at September 28, 2012 and September 30, 2011, respectively. These amounts were also included in other assets on the combined balance sheets.

## **17. Share Plans**

Compensation costs related to share-based transactions are recognized in the combined financial statements based on fair value. Total equity-based compensation cost related to continuing operations for fiscal 2012 and 2011 was \$11.1 million and \$10.6 million, respectively, and has been included in selling, general and administrative expenses. Total equity-based compensation for fiscal 2010 was \$14.1 million, of which \$12.6 million related to continuing operations and was included in selling, general and administrative expenses. The Company recognized a related tax benefit associated with this expense of \$3.8 million, \$3.4 million and \$4.8 million during fiscal 2012, 2011 and 2010, respectively.

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### **Stock Compensation Plans**

As of September 28, 2012, all equity awards held by employees of the Company were granted under Covidien's amended and restated 2007 Stock and Incentive Plan or predecessor plans. The following disclosures represent the Company's portion of such plans.

*Share options*—Options are granted to purchase Covidien ordinary shares at prices that are equal to the fair market value of the shares on the date the option is granted. Options generally vest in equal annual installments over a period of four years and expire 10 years after the date of grant. The grant-date fair value of options, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. Forfeitures are estimated based on historical experience.

Option activity and information is as follows:

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value (dollars in millions)</u>
Outstanding at September 30, 2011	2,012,713	\$ 40.79		
Granted	722,720	47.00		
Exercised	(576,616)	38.87		
Expired/Forfeited	(135,241)	43.83		
Outstanding at September 28, 2012	<u>2,023,576</u>	43.35	7.20	\$ 32.5
Vested and unvested expected to vest as of September 28, 2012	<u>1,876,242</u>	43.15	7.08	30.5
Exercisable at September 28, 2012	<u>680,731</u>	39.91	4.80	13.3

As of September 28, 2012, there was \$7.7 million of total unrecognized compensation cost related to unvested Covidien options, which is expected to be recognized over a weighted-average period of 1.4 years.

The grant date fair value of options has been estimated using the Black-Scholes pricing model. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. The expected volatility assumption is based on the historical and implied volatility of Covidien's peer group with similar business models. The expected life assumption is based on the contractual and vesting term of the option, employee exercise patterns and employee post-vesting termination behavior. The expected annual dividend per share is based on Covidien's dividend rate on the date of grant. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The weighted-average assumptions used in the Black-Scholes pricing model for options granted during each year, along with the weighted-average grant-date fair values, were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expected stock price volatility	27.9%	27.0%	27.0%
Risk-free interest rate	1.18%	1.79%	2.29%
Expected annual dividend per share	\$ 0.90	\$0.80	\$ 0.72
Expected life of options (years)	5.6	5.3	5.4
Fair value per option	\$10.27	\$9.46	\$11.46

The total intrinsic value of options exercised during fiscal 2012, 2011 and 2010 was \$8.5 million, \$11.1 million and \$5.3 million, respectively. The related tax benefit for fiscal 2012, 2011 and 2010 was \$3.0 million, \$3.5 million and \$2.0 million, respectively.

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*Restricted stock units*—Recipients of restricted stock units (“RSUs”) have no voting rights and receive dividend equivalent units which vest upon the vesting of the related shares. RSUs generally vest in equal annual installments over a four-year period. Restrictions on RSUs lapse upon normal retirement, death or disability of the employee. The grant-date fair value of RSUs, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the service period. The fair market value of RSUs is determined based on the market value of Covidien’s shares on the date of grant.

RSU activity is as follows:

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>
Non-vested at September 30, 2011	162,760	\$ 42.85
Granted	167,086	47.35
Vested	(55,496)	42.03
Forfeited	(21,334)	44.87
Non-vested at September 28, 2012	<u>253,016</u>	45.83

The weighted-average grant-date fair value of Covidien RSUs granted to employees of the Company during fiscal 2012, 2011 and 2010 was \$47.35, \$43.85 and \$47.05, respectively. The total fair value of RSUs vested for employees of the Company during fiscal 2012, 2011 and 2010 was \$2.6 million, \$5.8 million and \$6.8 million, respectively. The related tax benefit for fiscal 2012, 2011 and 2010 was \$0.9 million, \$2.0 million and \$2.4 million, respectively. As of September 28, 2012, there was \$6.6 million of unrecognized compensation cost related to RSUs, which is expected to be recognized over a weighted-average period of 1.4 years.

*Performance share units*—Similar to recipients of RSUs, recipients of performance share units (“PSUs”) have no voting rights and receive dividend equivalent units which vest upon the vesting of the related shares. The grant-date fair value of PSUs, adjusted for estimated forfeitures, is generally recognized as expense on a straight-line basis from the grant date through the end of the performance period. The vesting of PSUs is generally based on relative total shareholder return (total shareholder return for Covidien as compared to total shareholder return of a healthcare industry index), measured over a three-year performance period. The healthcare industry index is comprised of many healthcare companies which replicate Covidien’s mix of businesses. Depending on Covidien’s relative performance during the performance period, a recipient of the award is entitled to receive a number of ordinary shares equal to a percentage, ranging from 0% to 200%, of the award granted.

PSU activity is as follows<sup>(1)</sup>:

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>
Non-vested at September 30, 2011	193,521	\$ 54.52
Granted	21,803	61.85
Performance metric adjustment <sup>(2)</sup>	(4,003)	42.20
Vested	(65,957)	42.65
Forfeited	(12,771)	59.59
Non-vested at September 28, 2012 <sup>(3)</sup>	<u>132,593</u>	61.52

<sup>(1)</sup> The number of shares disclosed in this table are at the target number of 100%.

<sup>(2)</sup> Represents the adjustment to awards granted in fiscal 2009 for the three-year performance cycle award period ended September 30, 2011, based on the actual total shareholder return achievement of 94%.

<sup>(3)</sup> Approximately 100,000 shares of Covidien were earned for awards that were granted in fiscal 2010 for the three-year performance cycle award period ended September 28, 2012, based on the actual total shareholder return achievement of 200%.

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The Monte Carlo model was used to estimate the probability of satisfying the performance criteria and the resulting fair value of PSU awards. The assumptions used in the Monte Carlo model for PSUs granted during each year were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Covidien expected stock price volatility	28.7%	31.4%	30.2%
Covidien peer group stock price volatility	29.1%	33.3%	32.5%
Correlation of returns	47.5%	49.7%	47.3%

The weighted-average grant-date fair value per share of PSUs granted to employees of the Company during fiscal 2012, 2011 and 2010 was \$61.85, \$58.05 and \$62.53, respectively. The total fair value of PSUs vested during fiscal 2012 was \$2.9 million and the related tax benefit was \$1.0 million. The total fair value of PSUs vested and related tax benefit during fiscal 2011 and 2010 was not significant. As of September 28, 2012, there was \$1.6 million of unrecognized compensation cost related to PSUs, which is expected to be recognized over a weighted-average period of 0.8 years.

### ***Employee Stock Purchase Plans***

Substantially all full-time employees of the Company's U.S. subsidiaries and employees of certain qualified non-U.S. subsidiaries are eligible to participate in Covidien's employee stock purchase plan. Eligible employees authorize payroll deductions to be made for the purchase of shares. Covidien matches the first \$25,000 of an employee's contribution by contributing an additional 15% of the employee's payroll deduction. All shares purchased under the plan are purchased on the open market by a designated broker.

Covidien also maintains a Savings Related Share Plan for the benefit of employees of certain qualified non-U.S. subsidiaries in the United Kingdom. The terms of this plan provide for Covidien to grant to certain employees the right to purchase shares at a stated price and receive certain tax benefits. Under this plan, eligible Company employees in the United Kingdom are granted options to purchase shares of Covidien at the end of a three-year period at 85% of the fair market value of a Company share on the day before the date such employees were invited to apply for the grant of options. Options under the plan are generally exercisable after a period of three years from the invitation date and expire six months after the date of vesting. Compensation cost related to options granted under this plan was insignificant during fiscal 2012, 2011 and 2010.

*Impact of the separation*—Prior to completion of the separation from Covidien, the board of directors of Mallinckrodt plc is expected to adopt, with the approval of the current shareholders of Mallinckrodt plc, stock incentive plans, which provide for future awards to Company employees. In connection with the separation from Covidien, PSUs are expected to be converted into RSUs based on performance achieved on or about the distribution date. In addition, upon separation from Covidien, all outstanding equity awards held by active employees of the Company are expected to be converted into like-kind equity awards of the Company. Such equity awards will be converted at equivalent value determined using the intrinsic value method. The original vesting provisions will remain in effect for all equity awards.

**18. Accumulated Other Comprehensive Income**

The components of accumulated other comprehensive income are as follows:

(Dollars in Millions)	Currency Translation	Unrecognized (Loss) Gain on Benefit Plans	Accumulated Other Comprehensive Income
Balance at September 25, 2009	\$ 169.3	\$ (66.9)	\$ 102.4
Pre-tax change	(8.8)	(10.6)	(19.4)
Income tax benefit	—	3.6	3.6
Balance at September 24, 2010	160.5	(73.9)	86.6
Pre-tax change	(0.5)	16.9	16.4
Income tax provision	—	(4.5)	(4.5)
Balance at September 30, 2011	160.0	(61.5)	98.5
Pre-tax change	(2.9)	(15.3)	(18.2)
Income tax benefit	—	4.6	4.6
Balance at September 28, 2012	<u>\$ 157.1</u>	<u>\$ (72.2)</u>	<u>\$ 84.9</u>

**19. Leases**

The Company has facility, vehicle and equipment leases that expire at various dates. Rental expense under facility, vehicle and equipment operating leases related to continuing operations, a portion of which has been allocated to the Company, was \$15.5 million, \$14.4 million and \$16.5 million for fiscal 2012, 2011 and 2010, respectively. The Company also has facility and equipment commitments under capital leases.

The following is a schedule of minimum lease payments for non-cancelable leases as of September 28, 2012:

(Dollars in Millions)	Operating Leases	Capital Leases
Fiscal 2013	\$ 11.3	\$ 1.4
Fiscal 2014	11.3	1.4
Fiscal 2015	6.9	1.4
Fiscal 2016	6.3	0.4
Fiscal 2017	5.8	—
Thereafter	12.7	—
Total minimum lease payments	<u>\$ 54.3</u>	4.6
Less interest portion of payments		(0.2)
Present value of minimum lease payments		<u>\$ 4.4</u>

The Company exchanged title to \$11.3 million of its plant assets in return for an equal amount of Industrial Revenue Bonds (IRB) issued by the St. Louis County. The Company also simultaneously leased such assets back from the County under a capital lease expiring December 2022, the terms of which provide the Company with the right of offset against the IRBs. The lease also provides an option for the Company to repurchase the assets at the end of the lease for nominal consideration. These transactions collectively result in a property tax abatement 10 years from the date the property is placed in service. Due to right of offset, the capital lease obligation and IRB asset are recorded net in the combined balance sheets.

## 20. Commitments and Contingencies

The Company has purchase obligations related to commitments to purchase certain goods and services. At September 28, 2012, such obligations were as follows:

(Dollars in Millions)	
Fiscal 2013	\$70.1
Fiscal 2014	24.6
Fiscal 2015	21.2
Fiscal 2016	21.2
Fiscal 2017	—

The Company is subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described below. Management believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, management is of the opinion that their ultimate resolution should not have a material adverse effect on the Company's financial position, results of operations and cash flows.

### **Governmental Proceedings**

On January 7, 2009, the Company received a subpoena from the U.S. Attorney's Office for the Northern District of California requesting production of documents relating to the sales and marketing of its Tofranil-PM, Restoril and Magnacet products. The Company is complying as required by the terms of the subpoena. The Company believes that the amount accrued related to this matter is adequate, the amount of which is not significant.

### **Patent/Antitrust Litigation**

*Tyco Healthcare Group LP, et al. v. Mutual Pharmaceutical Company, Inc.* The Company filed a patent infringement suit in the U.S. District Court for the District of New Jersey against Mutual Pharmaceutical Co., Inc., et al. (collectively, "Mutual") on March 20, 2007 pursuant to procedures set out in the Drug Price Competition and Patent Term Restoration Act of 1984, after Mutual submitted an Abbreviated New Drug Application ("ANDA") to the FDA seeking to sell a generic version of the Company's 7.5 mg Restoril sleep aid product. Mutual also filed antitrust and unfair competition counterclaims. The patents at issue have since expired or been found invalid. On January 18, 2013, the trial court issued an opinion and order granting the Company's motion for summary judgment regarding Mutual's antitrust and unfair competition counterclaims. Mutual has the right to appeal this decision. While it is not possible at this time to determine with certainty the ultimate outcome of the counterclaims, the Company believes that the final resolution of the claims will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

In addition, the Company was involved in patent infringement litigation involving two patents owned by the Company. During fiscal 2010, the counterparty agreed to pay the Company \$19.3 million in exchange for the Company's release of all claims associated with the two patents, of which \$15.0 million was received in fiscal 2010 and the remainder in fiscal 2011. The settlement amount was allocated to both past and future royalties through 2014. Accordingly, during fiscal 2012, 2011 and 2010, the Company recorded income of \$1.8 million, \$1.8 million and \$12.0 million, respectively, related to this settlement.

### **Pricing Litigation**

Two cases are pending against the Company that allege generally that the Company and numerous other pharmaceuticals companies reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs. These cases,

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brought by state Attorneys General in Utah and Louisiana, generally seek monetary damages and attorneys' fees. The Company is named as a defendant in *State of Utah v. Actavis US, Inc., et al.* filed May 8, 2008, which is pending in the Third Judicial Circuit of Salt Lake County, Utah and in *State of Louisiana v. Abbott Laboratories Inc., et al.* filed November 3, 2010, which is pending in the 19th Judicial District, Parish of East Baton Rouge, Louisiana. The Company intends to contest these cases and to explore other options as appropriate. The Company believes that the amount accrued related to these cases, the amount of which is not significant, is adequate.

### ***Commercial Litigation***

During fiscal 2012, the Company recorded a legal charge of \$4.3 million to settle a longstanding dispute with General Electric Company ("GE"), which is included in selling, general and administrative expenses. GE had alleged breach of a manufacturing and supply agreement claiming that the Company failed to manufacture and supply the imaging agent Optison™ at certain times.

### ***Environmental Remediation and Litigation Proceedings***

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites, including those described below. The ultimate cost of site cleanup and timing of future cash outlays is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. The Company concluded that, as of September 28, 2012, it was probable that it would incur remedial costs in the range of \$151.5 million to \$264.9 million. The Company concluded that, as of September 28, 2012, the best estimate within this range was \$151.5 million, of which \$15.0 million was included in accrued and other current liabilities and the remainder was included in environmental liabilities on our combined balance sheet at September 28, 2012.

*Orrington, Maine*—The Company is a successor to a company which owned and operated a chemical manufacturing facility in Orrington, Maine from 1967 until 1982. The Company is currently responsible for the costs of completing an environmental site investigation required by the U.S. Environmental Protection Agency ("EPA") and the Maine Department of Environmental Protection ("MDEP"). Based on the site investigation, the Company submitted a Corrective Measures Study plan and identified a preferred alternative which was submitted to the EPA and MDEP for approval in 2004. MDEP disagreed with the proposed alternative and served a compliance order on the Company and United States Surgical Corporation, a subsidiary of Covidien, in December 2008. The compliance order included a directive to remove a significant volume of soils at the site. On December 19, 2008, the Company filed an appeal with the Maine Board of Environmental Protection ("Maine Board") to challenge the terms of the compliance order. A hearing before the Maine Board began on January 25, 2010 and concluded on February 4, 2010. On August 19, 2010, the Maine Board modified the MDEP order and issued a final order requiring removal of two landfills, capping of the remaining three landfills, installation of a groundwater extraction system and long-term monitoring of the site and the three remaining landfills.

On September 17, 2010, the Company appealed the final order issued by the Maine Board in Maine Superior Court. On appeal, the Company has requested that the Superior Court invalidate the Maine Board's final order in its entirety or, in the alternative, reverse or modify the final order to eliminate the requirements that it remove one of the two landfills and recap the remaining three landfills. The Company also appealed certain administrative requirements of the final order. On November 1, 2012, the Superior Court affirmed the Maine Board's final order. The Company has appealed the Superior Court's decision to the Maine Supreme Judicial Court. The Company has assessed the status of this matter and has concluded that it is more likely than not that the Maine Board's final order will be either invalidated, reversed or modified, and, further, intends to vigorously pursue all available means to achieve such result.

The Company estimates that, as of September 28, 2012, the cost to comply with the proposed remediation alternatives at this site ranges from \$95.8 million to \$170.3 million. However, there are still significant



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uncertainties in the outcome of the pending litigation, and the Company continues to disagree with the level of remediation outlined in the Maine Board's final order. At September 28, 2012, estimated future investigation and remediation costs of \$95.8 million were accrued for this site.

*Penobscot River and Bay*—Since April 2000, the Company has also been involved in a lawsuit, *Maine People's Alliance and Natural Resources Defense Council, Inc. v. HoltraChem Manufacturing Company, LLC and Mallinckrodt US LLC*, filed in the U.S. District Court for the District of Maine by the Natural Resources Defense Council and the Maine People's Alliance. Plaintiffs sought an injunction requiring the Company to conduct extensive studies of mercury contamination of the Penobscot River and Bay and options for remediating such contamination, and to perform appropriate remedial activities, if necessary.

On July 29, 2002, following a March 2002 trial, the District Court entered an opinion and order which held that conditions in the Penobscot River and Bay may pose an imminent and substantial endangerment and that the Company was liable for the cost of performing a study of the river and bay. The District Court subsequently appointed a study panel to oversee the study and ordered the Company to pay costs associated with the study. The study panel conducted Phase I studies and proposed a Phase II study which was approved by the District Court. The Phase II study calls for several additional years of field work, followed by an additional year for data synthesis. The Company has accrued for the cost of the studies as estimated by the study panel; however, due to the uncertainties involved pending completion of the study panel's work, it is not possible to estimate the costs, if any, which might result from an order to conduct remediation in the Penobscot River and Bay. Accordingly, costs of any such remediation are not included in the range of estimated aggregate environmental remediation costs.

The entity with liability for the investigation and remediation described under "Orrington, Maine" and "Penobscot River and Bay" will not be transferred to Mallinckrodt plc as part of the separation. Accordingly, this will be a liability of a Covidien entity following the separation.

*Crab Orchard National Wildlife Refuge Superfund Site, near Marion, Illinois*—The Company is a successor in interest to International Minerals and Chemicals Corporation ("IMC"). Between 1967 and 1982, IMC leased portions of the AUS Operable Unit at the Crab Orchard Superfund Site (the "Site") from the government and manufactured various explosives for use in mining and other operations. In March 2002, the Department of Justice ("DOJ"), the U.S. Department of the Interior and the EPA (together, the "Government Agencies") issued a special notice letter to General Dynamics Ordnance and Tactical Systems, Inc. ("General Dynamics"), one of the other potentially responsible parties ("PRPs") at the Site, to compel General Dynamics to perform the remedial investigation and feasibility study ("RI/FS") for the AUS Operable Unit. General Dynamics negotiated an Administrative Order on Consent with the Government Agencies to conduct an extensive RI/FS at the Site under the direction of the U.S. Fish and Wildlife Service. General Dynamics asserted in August 2004 that the Company is jointly and severally liable, along with approximately eight other lessees and operators at the AUS Operable Unit, for alleged contamination of soils and groundwater resulting from historic operations and has threatened to file a contribution claim against the Company and other parties for recovery of its costs incurred in connection with the RI/FS activities being conducted at the AUS Operable Unit. The Company and other PRPs who received demand letters from General Dynamics have explored settlement alternatives, but have not reached settlement to date. The Company and other PRPs are awaiting completion of the RI/FS by General Dynamics before the initiation of formal PRP negotiations to address resolution of these alleged claims. While it is not possible at this time to determine with certainty the ultimate outcome of this case, the Company believes that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

*Mallinckrodt Veterinary, Inc., Millsboro, Delaware*—The Company previously operated a plant in Millsboro, Delaware (the "Millsboro Site") that manufactured various animal healthcare products. In 2005, the Delaware Department of Natural Resources and Environmental Control found trichloroethylene ("TCE") in the Millsboro public water supply at levels that exceeded the federal drinking water standards. Further investigation to identify the TCE plume in the ground water indicated that the plume has extended to property owned by a

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third party near the Millsboro Site. The Company, and other former owners assumed responsibility for the Millsboro Site cleanup under the Alternative Superfund Program administered by the EPA. The Company and other PRPs entered into an Administrative Order on Consent with the EPA on May 10, 2010 which was subsequently amended in November 2010 and January 2011 to investigate the potential source of TCE contamination and to evaluate options to abate, mitigate and/or eliminate the release or threat of release of hazardous substances at the Millsboro Site. The Company, along with other parties, continues to conduct the studies and prepare remediation plans in accordance with the amended Administrative Order on Consent. While it is not possible at this time to determine with certainty the ultimate outcome of this case, the Company believes that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

*Coldwater Creek, St. Louis County, Missouri*—The Company is one of several companies named as defendants in three tort complaints (*McClurg, et al. v. MI Holdings, Inc., et al.*, filed February 28, 2012; *Adams, et al. v. MI Holdings, Inc., et al.*, filed April 10, 2012 and *Steinmann et al. v. MI Holdings, Inc., et al.*, filed October 23, 2012) with numerous plaintiffs pending in the U.S. District Court for the Eastern District of Missouri. These cases allege personal injury for alleged exposure to radiological substances present in Coldwater Creek in Missouri. Plaintiffs lived in various locations in St. Louis County, Missouri near Coldwater Creek. Radiological residues which may have been present in the creek have been remediated by the U.S. Army Corps of Engineers. The Company believes that it has meritorious defenses to these complaints and is vigorously defending against them. The Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding the plaintiffs and their medical conditions; and (iii) there are significant factual issues to be resolved. While it is not possible at this time to determine with certainty the ultimate outcome of these cases, the Company believes that the final resolution of all known claims will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company has also recorded asset retirement obligations for the estimated future costs primarily associated with legal obligations to decommission two facilities within the Global Medical Imaging segment. Substantially all of these obligations are included in other liabilities on the combined balance sheets. The following table provides a summary of the changes in the Company's asset retirement obligations:

(Dollars in Millions)	2012	2011
Balance at beginning of period	\$45.9	\$ 73.9
Accretion expense	2.5	4.3
Revisions in estimated cash flows	—	(32.2)
Currency translation and other	(2.0)	(0.1)
Balance at end of period	<u>\$46.4</u>	<u>\$ 45.9</u>

The Company believes that any potential payment of such estimated amounts will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

### **Supply Agreement**

During fiscal 2010, the Company amended an existing supply agreement. In accordance with the amendment, the Company will receive \$6.1 million over a four-year period in exchange for decreasing the purchase requirements under the supply agreement. As a result of this contract amendment, the Company recorded a \$5.5 million gain during fiscal 2010, which was included in selling, general and administrative expenses.

### **Products Liability Litigation**

The Company is one of four manufacturers of Gadolinium-Based Contrast Agents, such as our Optimark product, involved in litigation alleging that administration of these agents causes development of nephrogenic

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systemic fibrosis in a small number of patients with advanced renal impairment. The complaints generally allege design and manufacturing defects, failure to warn, breach of warranty, fraud and violations of various state consumer protection laws. The litigation includes a federal multi-district litigation in the U.S. District Court for the Northern District of Ohio (*In re Gadolinium-Based Contrast Agents Product Liability Litigation*, which was established on February 27, 2008) and cases in various state courts. The Company believes that it has meritorious defenses to these complaints and is defending against them. When appropriate, the Company settles cases. As of January 31, 2013, there were four remaining cases in which the plaintiffs have either documented or specifically alleged use of the Company's Optimark product. The Company believes that it has adequate amounts recorded related to these matters. While it is not possible at this time to determine with certainty the ultimate outcome of these cases, the Company believes that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Beginning with lawsuits brought in July 1976, the Company is also named as a defendant in personal injury lawsuits based on alleged exposure to asbestos-containing materials. A majority of the cases involve product liability claims, based principally on allegations of past distribution of products containing asbestos. A limited number of the cases allege premises liability, based on claims that individuals were exposed to asbestos while on the Company's property. Each case typically names dozens of corporate defendants in addition to the Company. The complaints generally seek monetary damages for personal injury or bodily injury resulting from alleged exposure to products containing asbestos. The Company's involvement in asbestos cases has been limited because it did not mine or produce asbestos. Furthermore, in the Company's experience, a large percentage of these claims have never been substantiated and have been dismissed by the courts. The Company has not suffered an adverse verdict in a trial court proceeding related to asbestos claims, and intends to continue to defend these lawsuits. When appropriate, the Company settles claims; however, amounts paid to settle and defend all asbestos claims have been immaterial. As of January 31, 2013, there were approximately 11,600 asbestos-related cases pending against the Company.

The Company estimates pending asbestos claims and claims that were incurred but not reported, as well as insurance recoveries. The Company's estimate of its liability for pending and future claims is based on claims experience over the past five years and covers claims either currently filed or expected to be filed over the next seven years. The Company believes that it has adequate amounts recorded related to these matters. While it is not possible at this time to determine with certainty the ultimate outcome of these asbestos-related proceedings, the Company believes that the final outcome of all known and anticipated future claims, after taking into account amounts already accrued and insurance coverage, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

### ***Other Matters***

The Company is a defendant in a number of other pending legal proceedings incidental to present and former operations, acquisitions and dispositions. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on the Company's financial condition, results of operations and cash flows.

## **21. Segment and Geographic Data**

The Company is engaged in the development, manufacture and distribution of pharmaceuticals and diagnostic imaging agents. The Company manages and operates its business through the following two segments:

- Specialty Pharmaceuticals produces and markets branded and generic pharmaceuticals and active pharmaceutical ingredients ("API"), comprised of medicinal opioids, synthetic controlled substances, acetaminophen and other active ingredients;
- Global Medical Imaging develops, manufactures and markets contrast media and delivery systems and radiopharmaceuticals (nuclear medicine).

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Management measures and evaluates the Company's operating segments based on segment net sales and operating income. Management excludes corporate expenses from segment operating income. In addition, certain amounts that management considers to be non-recurring or non-operational are excluded from segment operating income because management evaluates the operating results of the segments excluding such items. These items include revenues and expenses associated with related party sales of products to other Covidien businesses, intangible asset amortization, net restructuring and related charges, and separation costs. Although these amounts are excluded from segment operating income, as applicable, they are included in reported combined operating income and in the reconciliations presented below. Selected information by business segment is as follows:

(Dollars in Millions)	2012	2011	2010
<b>Net sales<sup>(1)</sup>:</b>			
Specialty Pharmaceuticals	\$1,005.2	\$ 909.4	\$ 869.0
Global Medical Imaging	996.8	1,060.0	1,128.1
Net sales of operating segments	2,002.0	1,969.4	1,997.1
Net sales to related parties <sup>(2)</sup>	54.2	52.4	50.5
Net sales	<u>\$2,056.2</u>	<u>\$2,021.8</u>	<u>\$2,047.6</u>
<b>Operating income:</b>			
Specialty Pharmaceuticals	\$ 162.8	\$ 121.5	\$ 139.6
Global Medical Imaging	214.3	232.4	221.5
Segment operating income	377.1	353.9	361.1
Unallocated amounts:			
Corporate and allocated expenses <sup>(3)</sup>	(69.9)	(73.3)	(85.8)
Intangible asset amortization	(27.3)	(27.0)	(23.4)
Restructuring and related charges, net	(19.2)	(10.0)	(11.5)
Separation costs	(25.5)	(2.9)	—
Operating income	<u>\$ 235.2</u>	<u>\$ 240.7</u>	<u>\$ 240.4</u>

<sup>(1)</sup> Amounts represent sales to external customers. There are no intersegment sales.

<sup>(2)</sup> Represents products that were sold to other Covidien businesses, which is discussed in note 11.

<sup>(3)</sup> Includes administration expenses and certain compensation, environmental and other costs not charged to the Company's operating segments.

(Dollars in Millions)	2012	2011	2010
<b>Depreciation and amortization<sup>(4)</sup>:</b>			
Specialty Pharmaceuticals	\$ 88.7	\$ 77.5	\$ 68.2
Global Medical Imaging	42.2	42.3	46.0
Depreciation and amortization	<u>\$130.9</u>	<u>\$119.8</u>	<u>\$114.2</u>

<sup>(4)</sup> Depreciation for certain shared facilities is allocated based on occupancy percentage.

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Net sales by products within the Company's segments are as follows:

(Dollars in Millions)	2012	2011	2010
Generic Pharmaceuticals and API	\$ 848.8	\$ 824.7	\$ 781.8
Brands Pharmaceuticals	156.4	84.7	87.2
Specialty Pharmaceuticals	1,005.2	909.4	869.0
Contrast Media and Delivery Systems	542.0	595.5	609.1
Nuclear Imaging	454.8	464.5	519.0
Global Medical Imaging	996.8	1,060.0	1,128.1
Net sales of operating segments	2,002.0	1,969.4	1,997.1
Net sales to related parties <sup>(1)</sup>	54.2	52.4	50.5
Net sales	<u>\$2,056.2</u>	<u>\$2,021.8</u>	<u>\$2,047.6</u>

<sup>(1)</sup> Represents products that were sold to other Covidien businesses, which is discussed in note 11.

Selected information by geographic area is as follows:

(Dollars in Millions)	2012	2011	2010
<b>Net sales<sup>(2)</sup>:</b>			
United States	\$1,350.2	\$1,293.8	\$1,380.5
Europe, Middle East and Africa	411.0	419.7	393.8
Other	295.0	308.3	273.3
	<u>\$2,056.2</u>	<u>\$2,021.8</u>	<u>\$2,047.6</u>
<b>Long-lived assets<sup>(3)</sup>:</b>			
United States	\$ 847.7	\$ 802.0	\$ 802.9
Europe, Middle East and Africa (including \$45.5, \$48.9 and \$49.6 in Ireland)	72.2	81.3	85.6
Other	52.1	48.1	50.6
	<u>\$ 972.0</u>	<u>\$ 931.4</u>	<u>\$ 939.1</u>

<sup>(2)</sup> Net sales are attributed to regions based on the location of the entity that records the transaction, none of which relate to the country of Ireland.

<sup>(3)</sup> Long-lived assets are primarily composed of property, plant and equipment.

## 22. Subsequent Events

Subsequent events have been evaluated for adjustment through November 15, 2012, the date at which the parent's consolidated financial statements were completed and issued, and February 1, 2013, for purposes of evaluating disclosures in these combined financial statements.

On October 1, 2012, the Company's Specialty Pharmaceuticals segment acquired all the outstanding equity of CNS Therapeutics, Inc. ("CNS Therapeutics"), a specialty pharmaceuticals company focused on developing and commercializing products for site-specific administration to the central nervous system to treat neurological disorders and intractable chronic pain, for total consideration of \$95.0 million. The total consideration was comprised of an upfront cash payment of \$88.1 million (net of cash acquired of \$3.6 million) and the fair value of contingent consideration of \$6.9 million. This contingent consideration, which could potentially total a maximum of \$9.0 million, is primarily based on whether the FDA approves another dosage form of Gablofen on or before December 31, 2016. The acquisition of CNS Therapeutics expanded the Company's branded pharmaceuticals portfolio and supports the Company's strategy of leveraging its therapeutic expertise and core capabilities in manufacturing, regulatory and commercialization to serve patients.

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The following amounts represent the preliminary estimate of the fair value of the identifiable assets acquired and liabilities assumed:

<b>(Dollars in millions)</b>	
Current assets <sup>(1)</sup>	\$ 13.6
Intangible assets	91.9
Goodwill (non-tax deductible)	24.3
Total assets acquired	<u>129.8</u>
Current liabilities	4.0
Deferred tax liabilities (non-current)	27.2
Contingent consideration (non-current)	6.9
Total liabilities assumed	<u>38.1</u>
Net assets acquired	<u>\$ 91.7</u>

<sup>(1)</sup> This amount includes \$3.3 million of accounts receivable, which is also the gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

Intangible assets acquired consist of the following:

<b>(Dollars in Millions)</b>	<b>Amount</b>	<b>Weighted-Average Amortization Period</b>
Completed technology	\$ 73.1	13 years
Trademark	0.2	3 years
In-process research and development	18.6	Non-Amortizable
	<u>\$ 91.9</u>	

The in-process research and development projects primarily relate to three intrathecal pain products. As of the date of acquisition, these pain products were in various stages of development. Development, testing, clinical trials and regulatory submission are required in order to bring these products to market. The Company estimates that the total costs to complete these products will be approximately \$18.0 million. In addition, the Company expects that regulatory approvals will occur between 2015 and 2018. The Company determined the valuation of in-process research and development using, among other factors, appraisals. The value was primarily based on the discounted cash flow method and was discounted at a 35% rate, which was considered commensurate with the risks and stages of development of the pain products. Future residual cash flows that could be generated from the products were determined based upon management's estimate of future revenue and expected profitability of the products. These projected cash flows were then discounted to their present values taking into account management's estimate of future expenses that would be necessary to bring the products to completion.

The Company has not yet finalized its deferred tax assets and liabilities for the CNS Therapeutics acquisition, the impact of which is not expected to have a material effect on the Company's financial condition.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**CONDENSED COMBINED STATEMENTS OF INCOME (UNAUDITED)**  
**Three Months Ended December 28, 2012 and December 30, 2011**  
**(in millions)**

	Three Months Ended	
	December 28, 2012	December 30, 2011
<b>Net sales (including sales to a related party of \$14.1 and \$12.9)</b>	\$ 504.0	\$ 503.7
Cost of sales (including purchases from a related party of \$12.9 and \$9.8)	270.5	268.9
<b>Gross profit</b>	233.5	234.8
Selling, general and administrative expenses	146.8	130.1
Research and development expenses	38.4	37.1
Separation costs	12.0	4.0
Restructuring charges, net	0.2	3.7
Gain on divestiture	(0.7)	(0.7)
<b>Operating income</b>	36.8	60.6
Other income (including royalties from a related party of \$0.2 and \$0.2)	0.2	0.5
Interest expense	(0.1)	(0.2)
Interest income	—	0.3
<b>Income from continuing operations before income taxes</b>	36.9	61.2
Provision for income taxes	17.1	24.6
<b>Income from continuing operations</b>	19.8	36.6
Loss from discontinued operations, net of income taxes	(0.6)	(0.3)
<b>Net income</b>	<u>\$ 19.2</u>	<u>\$ 36.3</u>

See Notes to Condensed Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**Three Months Ended December 28, 2012 and December 30, 2011**  
**(in millions)**

	<u>Three Months Ended</u>	
	<u>December 28,</u> <u>2012</u>	<u>December 30,</u> <u>2011</u>
<b>Net income</b>	\$ 19.2	\$ 36.3
<b>Other comprehensive income (loss), net of tax</b>		
Currency translation	0.3	(6.8)
Unrecognized gain (loss) on benefit plans	0.3	(4.8)
<b>Other comprehensive income (loss), net of tax</b>	<u>0.6</u>	<u>(11.6)</u>
<b>Comprehensive income</b>	<u>\$ 19.8</u>	<u>\$ 24.7</u>

See Notes to Condensed Combined Financial Statements.



**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)**  
**At December 28, 2012 and September 28, 2012**  
**(in millions)**

	December 28, 2012	September 28, 2012
<b>Assets</b>		
Current Assets:		
Accounts receivable trade, less allowance for doubtful accounts of \$8.6 and \$9.4	\$ 297.2	\$ 291.1
Inventories	483.1	435.3
Prepaid expenses and other current assets	156.4	150.9
Total current assets	936.7	877.3
Property, plant and equipment, net	964.4	945.2
Goodwill	531.8	507.5
Intangible assets, net	448.7	365.6
Other assets	176.6	179.0
<b>Total Assets</b>	<b>\$ 3,058.2</b>	<b>\$ 2,874.6</b>
<b>Liabilities and Parent Company Equity</b>		
Current Liabilities:		
Current maturities of long-term debt	\$ 7.1	\$ 1.3
Accounts payable	113.7	112.5
Accrued and other current liabilities	242.3	282.0
Total current liabilities	363.1	395.8
Long-term debt	2.8	8.9
Pension and postretirement benefits	150.4	189.6
Environmental liabilities	134.7	136.5
Other liabilities	293.5	251.9
<b>Total Liabilities</b>	944.5	982.7
Commitments and contingencies (note 11)		
Parent Company Equity:		
Parent company investment	2,028.2	1,807.0
Accumulated other comprehensive income	85.5	84.9
<b>Total Parent Company Equity</b>	<b>2,113.7</b>	<b>1,891.9</b>
<b>Total Liabilities and Parent Company Equity</b>	<b>\$ 3,058.2</b>	<b>\$ 2,874.6</b>

See Notes to Condensed Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**Three Months Ended December 28, 2012 and December 30, 2011**  
**(in millions)**

	Three Months Ended	
	December 28, 2012	December 30, 2011
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 19.2	\$ 36.3
Loss from discontinued operations, net of income taxes	0.6	0.3
Income from continuing operations	19.8	36.6
Adjustments to reconcile net cash (used in) provided by continuing operating activities:		
Depreciation and amortization	33.7	31.7
Share-based compensation	3.5	2.8
Deferred income taxes	1.6	2.3
Other non-cash items	(1.1)	(2.4)
Changes in assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	(2.6)	5.3
Inventories	(41.7)	(10.3)
Accounts payable	—	(12.9)
Income taxes	12.1	20.5
Accrued and other liabilities	(83.4)	(57.4)
Other	(0.9)	3.4
Net cash (used in) provided by operating activities	(59.0)	19.6
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(42.8)	(25.3)
Acquisition, net of cash acquired	(88.1)	—
Other	0.7	1.8
Net cash used in investing activities	(130.2)	(23.5)
<b>Cash Flows From Financing Activities:</b>		
Repayment of capital leases	(0.3)	(0.3)
Excess tax benefit from stock-based compensation	1.9	1.1
Net transfer from parent	187.6	3.1
Net cash provided by financing activities	189.2	3.9
<b>Net change in cash</b>	<b>\$ —</b>	<b>\$ —</b>

See Notes to Condensed Combined Financial Statements.

**THE PHARMACEUTICALS BUSINESS OF COVIDIEN PLC**  
**NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of Presentation**

***Separation***

On December 15, 2011, Covidien plc (“Covidien” or “parent”) announced a plan to spin off its Pharmaceuticals business into a separate, publicly traded company. Upon completion of the separation, Mallinckrodt plc will be the parent company which will own the Pharmaceuticals business.

***Basis of Presentation***

The Pharmaceuticals business of Covidien plc (such business referred to as the “Company”), presented herein, represents a combined reporting entity comprising the assets and liabilities used in managing and operating the Company, including corporations, branches and operations that have been carved out which relate to Covidien’s Pharmaceuticals business. The unaudited combined financial statements have been presented on a standalone basis and are derived from the consolidated financial statements of Covidien. The unaudited combined financial statements have been prepared in United States (“U.S.”) dollars and in accordance with accounting principles generally accepted in the U.S. (“GAAP”). The preparation of the unaudited combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may differ from those estimates. In management’s opinion, the unaudited combined financial statements contain all normal recurring adjustments necessary for a fair presentation of the interim results reported. The year-end balance sheet data were derived from audited combined financial statements, but do not include all of the annual disclosures required by GAAP; accordingly, these financial statements should be read in conjunction with the Company’s audited combined financial statements included elsewhere in this information statement.

Intercompany transactions between the Company and Covidien have been included in these condensed combined financial statements and are considered to be effectively settled for cash in the condensed combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the condensed combined statements of cash flows as a financing activity and in the condensed combined balance sheets as parent company investment.

The Company’s unaudited combined financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent, publicly traded company during the periods presented. The unaudited combined financial statements include expense allocations for certain functions provided by Covidien, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, employee benefits and incentives, insurance and stock-based compensation. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of operating expenses, headcount or other measures. During the three months ended December 28, 2012 and December 30, 2011, the Company was allocated \$11.9 million and \$10.8 million, respectively, of general corporate expenses incurred by Covidien which are included within selling, general and administrative expenses in the unaudited combined statements of income. Management considers the bases on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expense the Company would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the separation, the

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Company will perform these functions using its own resources or purchased services. For an interim period, however, some of these functions will continue to be provided by Covidien under a transition services agreement, particularly in relation to areas outside the U.S.

The unaudited combined financial statements include certain assets and liabilities that have historically been recorded at the Covidien corporate level but are specifically identifiable or otherwise allocable to the Company. The cash and cash equivalents held by Covidien at the corporate level are not specifically identifiable to the Company. Accordingly, cash and cash equivalents have not been allocated to the Company for any of the periods presented. Covidien's debt and the related interest expense have not been allocated to the Company for any of the periods presented since the Company is not the legal obligor of the debt and Covidien's borrowings were not directly attributable to the Company's business. Debt incurred by the Company directly has been included in the unaudited combined financial statements.

## 2. Related Party Transactions

### *Related Party Sales and Purchases*

During the three months ended December 28, 2012 and December 30, 2011, the Company sold inventory to another Covidien business in the amount of \$14.1 million and \$12.9 million, respectively, which is included in net sales in the condensed combined statements of income. The Company also purchases inventories from other Covidien businesses. The Company recognized cost of sales from the inventory purchased from Covidien of \$12.9 million and \$9.8 million during the three months ended December 28, 2012 and December 30, 2011, respectively. As of December 28, 2012 and September 28, 2012, the aggregate amount of inventories purchased from other Covidien businesses that remained on the Company's condensed combined balance sheets was \$7.7 million and \$4.5 million, respectively.

### *Royalty Income*

During the three months ended December 28, 2012 and December 30, 2011, a subsidiary of Covidien paid royalties to the Company for use of certain trademarks and technology. Amounts outstanding under these agreements are considered settled for cash in the condensed combined financial statements at the end of each reporting period and, as such, are included in parent company investment. During both the three months ended December 28, 2012 and December 30, 2011, the Company recognized royalty income of \$0.2 million, which is included in other income in the condensed combined statements of income.

## 3. Restructuring and Related Charges, Net

Net restructuring and related charges by segment are as follows:

<u>(Dollars in Millions)</u>	<u>Three Months Ended</u>	
	<u>December 28, 2012</u>	<u>December 30, 2011</u>
Specialty Pharmaceuticals	\$ 0.7	\$ 3.2
Global Medical Imaging	0.3	2.7
	1.0	5.9
Less: accelerated depreciation	(0.8)	(2.2)
Restructuring charges, net	\$ 0.2	\$ 3.7

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Net restructuring and related charges are comprised of the following:

(Dollars in Millions)	Three Months Ended	
	December 28, 2012	December 30, 2011
2011 program	\$ 1.1	\$ 5.8
2009 program	(0.1)	0.1
Restructuring and related charges, net	1.0	5.9
Less: non-cash charges, including accelerated depreciation	(0.9)	(2.2)
Total charges expected to be settled in cash	<u>\$ 0.1</u>	<u>\$ 3.7</u>

The following table summarizes cash activity for restructuring reserves that are specifically identifiable to the Company, substantially all of which relates to employee severance and benefits under the 2011 program:

(Dollars in Millions)	Total
Balance at September 28, 2012	\$ 8.9
Charges	0.6
Changes in estimate	(0.5)
Cash payments	(2.5)
Balance at December 28, 2012	<u>\$ 6.5</u>

Net restructuring and related charges, including associated asset impairments, incurred cumulative to date related to the 2011 program are as follows:

(Dollars in Millions)	2011 Program
Specialty Pharmaceuticals	\$ 17.5
Global Medical Imaging	14.0
Total	<u>\$ 31.5</u>

Substantially all of the restructuring reserves are included in accrued and other current liabilities on the Company's condensed combined balance sheets.

## 4. Acquisition

*CNS Therapeutics*—On October 1, 2012, the Company's Specialty Pharmaceuticals segment acquired all the outstanding equity of CNS Therapeutics, Inc. ("CNS Therapeutics"), a specialty pharmaceuticals company focused on developing and commercializing products for site-specific administration to the central nervous system to treat neurological disorders and intractable chronic pain, for total consideration of \$95.0 million. The total consideration was comprised of an upfront cash payment of \$88.1 million (net of cash acquired of \$3.6 million) and the fair value of contingent consideration of \$6.9 million. This contingent consideration, which could potentially total a maximum of \$9.0 million, is discussed further in note 10. The acquisition of CNS Therapeutics expanded the Company's branded pharmaceuticals portfolio and supports the Company's strategy of leveraging its therapeutic expertise and core capabilities in manufacturing, regulatory and commercialization to serve patients.

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The following amounts represent the preliminary estimate of the fair value of the identifiable assets acquired and liabilities assumed:

<b>(Dollars in millions)</b>	
Current assets <sup>(1)</sup>	\$ 13.6
Intangible assets	91.9
Goodwill (non-tax deductible) <sup>(2)</sup>	24.3
Total assets acquired	<u>129.8</u>
Current liabilities	4.0
Deferred tax liabilities (non-current)	27.2
Contingent consideration (non-current)	6.9
Total liabilities assumed	<u>38.1</u>
Net assets acquired	<u>\$ 91.7</u>

<sup>(1)</sup> This amount includes \$3.3 million of accounts receivable, which is also the gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

<sup>(2)</sup> Goodwill relates to the Company's ability to exploit CNS Therapeutics' technologies.

Intangible assets acquired consist of the following:

<b>(Dollars in Millions)</b>	<b>Amount</b>	<b>Weighted-Average Amortization Period</b>
Completed technology	\$ 73.1	13 years
Trademark	0.2	3 years
In-process research and development	18.6	Non-Amortizable
	<u>\$ 91.9</u>	

The in-process research and development projects primarily relate to three intrathecal pain products. As of the date of acquisition, these pain products were in various stages of development. Development, testing, clinical trials and regulatory submission are required in order to bring these products to market. The Company estimates that the total costs to complete these products will be approximately \$18.0 million. In addition, the Company expects that regulatory approvals will occur between 2015 and 2018. The Company determined the valuation of in-process research and development using, among other factors, appraisals. The value was primarily based on the discounted cash flow method and was discounted at a 35% rate, which was considered commensurate with the risks and stages of development of the pain products. Future residual cash flows that could be generated from the products were determined based upon management's estimate of future revenue and expected profitability of the products. These projected cash flows were then discounted to their present values taking into account management's estimate of future expenses that would be necessary to bring the products to completion.

The Company has not yet finalized its deferred tax assets and liabilities for the CNS Therapeutics acquisition, the impact of which is not expected to have a material effect on the Company's financial condition.

## 5. Inventories

Inventories were comprised of the following at the end of each period:

<b>(Dollars in Millions)</b>	<b>December 28, 2012</b>	<b>September 28, 2012</b>
Raw materials and supplies	\$ 97.1	\$ 74.1
Work in process	191.9	184.7
Finished goods	194.1	176.5
Inventories	<u>\$ 483.1</u>	<u>\$ 435.3</u>

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**6. Goodwill and Intangible Assets**

The changes in the carrying amount of goodwill were as follows:

(Dollars in Millions)	Specialty Pharmaceuticals	Global Medical Imaging	Total
Goodwill at September 28, 2012	\$ 287.8	\$ 219.7	\$507.5
Acquisition	24.3	—	24.3
Goodwill at December 28, 2012	<u>\$ 312.1</u>	<u>\$ 219.7</u>	<u>\$531.8</u>

The gross carrying amount and accumulated amortization of intangible assets at the end of each period were as follows:

(Dollars in Millions)	December 28, 2012		September 28, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortizable:</b>				
Completed technology	\$ 449.2	\$ 179.4	\$ 376.1	\$ 173.7
Licenses	191.1	70.1	191.1	67.1
Trademarks	7.9	3.6	7.7	3.5
Total	<u>\$ 648.2</u>	<u>\$ 253.1</u>	<u>\$ 574.9</u>	<u>\$ 244.3</u>
<b>Non-Amortizable:</b>				
Trademarks	\$ 35.0		\$ 35.0	
In-process research and development	18.6		—	
Total	<u>\$ 53.6</u>		<u>\$ 35.0</u>	

Intangible asset amortization expense for the three months ended December 28, 2012 and December 30, 2011 was \$8.9 million and \$6.8 million, respectively. The estimated aggregate amortization expense on intangible assets owned by the Company is expected to be as follows:

(Dollars in Millions)	
Fiscal 2013	\$35.4
Fiscal 2014	35.4
Fiscal 2015	35.4
Fiscal 2016	35.3
Fiscal 2017	33.9

**7. Retirement Plans**

The net periodic benefit cost for the Company's defined benefit pension plans was as follows:

(Dollars in Millions)	Three Months Ended	
	December 28, 2012	December 30, 2011
Service cost	\$ 1.2	\$ 1.3
Interest cost	4.6	5.4
Expected return on plan assets	(7.4)	(6.2)
Amortization of net actuarial loss	3.0	2.9
Amortization of prior service cost	0.1	0.2
Net periodic benefit cost	<u>\$ 1.5</u>	<u>\$ 3.6</u>

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During the three months ended December 28, 2012, Covidien made a \$37.5 million voluntary contribution to the Company's pension plans.

The net periodic benefit credit for postretirement benefit plans for the three months ended December 28, 2012 and December 30, 2011 was \$1.6 million and \$1.4 million, respectively, the components of which were not material.

### **8. Guarantees**

In disposing of assets or businesses, the Company often provides representations, warranties and indemnities to cover various risks and liabilities, including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities related to periods prior to disposition. Except as discussed below, the Company generally does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that these uncertainties would have a material adverse effect on its financial condition, results of operations and cash flows.

In connection with the sale of the Specialty Chemicals business (formerly known as "Mallinckrodt Baker"), in fiscal 2010 the Company agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to environmental, health and safety matters have a term of 17 years, while some of the other indemnification obligations have an indefinite term. The amount of the liability relating to all of these indemnification obligations included in other liabilities on the Company's combined balance sheets at both December 28, 2012 and September 28, 2012 was \$22.4 million, of which \$18.3 million related to environmental health and safety matters. The value of the environmental, health and safety indemnity was measured based on the probability-weighted present value of the costs expected to be incurred to address environmental, health and safety claims made under the indemnity. The aggregate fair value of these indemnification obligations did not differ significantly from their aggregate carrying value at December 28, 2012 and September 28, 2012. As of December 28, 2012, the maximum future payments the Company could be required to make under all of these indemnification obligations was \$76.1 million. The Company was required to pay \$30.0 million into an escrow account as collateral for all of these indemnification obligations to the purchaser, of which \$24.1 million and \$24.5 million remained in other assets on the condensed combined balance sheets at December 28, 2012 and September 28, 2012, respectively.

The Company has recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in note 11. In addition, the Company is liable for product performance; however in the opinion of management, such obligations will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company is required to provide the Nuclear Regulatory Commission financial assurance demonstrating its ability to cover the cost of decommissioning its Maryland Heights, Missouri radio pharmaceuticals production facility upon closure, though the Company does not intend to close this facility. The Company has provided this financial assurance in the form of a \$58.0 million surety bond. In addition, as of December 28, 2012, the Company had a \$21.1 million letter of credit to guarantee decommissioning costs associated with its St. Louis, Missouri plant.

As of December 28, 2012, the Company had various other letters of credit and guarantee and surety bonds totaling \$15.7 million. In addition, at December 28, 2012, Covidien had outstanding letters of credit and guarantee and surety bonds totaling \$109.9 million, which supported multiple Covidien businesses, including the Company.



## 9. Derivative Instruments

The Company is exposed to certain risks relating to its business operations. Risks that relate to foreign exchange exposure and certain commodity price exposures are managed by participating in the centralized hedging functions of Covidien which are designed to minimize exposure to such risks. Foreign currency option and forward contracts are used to economically manage the foreign exchange exposures of operations outside the U.S. Swap contracts on commodities are periodically entered into to manage the price risk associated with forecasted purchases of commodities used in the Company's manufacturing processes. The associated derivative assets and liabilities have not been included on the Company's condensed combined balance sheet since derivative activity is centrally managed by Covidien. Changes in the derivative financial instrument's fair value which related to the Company's business operations, however, have been recognized in the Company's earnings unless specific hedge criteria are met. Covidien has designated certain commodity swap contracts as cash flow hedges. Covidien has not designated the foreign currency forward and option contracts as hedging instruments.

### Foreign Exchange Exposure

*Derivatives not designated as hedging instruments*—The Company has foreign exchange exposure on the translation of the financial statements and on transactions denominated in foreign currencies. Covidien's policy is to use various forward and option contracts to economically manage foreign currency exposures on accounts and notes receivable, accounts payable, intercompany loans and forecasted transactions that are denominated in certain foreign currencies. Covidien generally manages its exposure for forecasted transactions for the upcoming 12 months. These contracts do not meet the necessary criteria to qualify for hedge accounting; accordingly, all associated changes in fair value are recognized in earnings.

The location and amount of the net (loss) gain on foreign exchange forward and option contracts not designated as hedging instruments and related hedged items were recorded as follows:

(Dollars in Millions)	Three Months Ended	
	December 28, 2012	December 30, 2011
Cost of goods sold	\$ (0.9)	\$ 0.8
Selling, general and administrative expenses	1.1	—
	<u>\$ 0.2</u>	<u>\$ 0.8</u>

### Commodities Exposure

Covidien has entered into gas commodity swap contracts on behalf of the Company. The amounts of the net losses on these contracts were recorded as follows:

(Dollars in Millions)	Three Months Ended	
	December 28, 2012	December 30, 2011
Cost of goods sold	\$ 0.1	\$ 0.2
Selling, general and administrative expenses	0.3	0.6
	<u>\$ 0.4</u>	<u>\$ 0.8</u>

## 10. Financial Instruments and Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes a three-level fair value hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs used in measuring fair value. The levels within the hierarchy are as follows:

- Level 1— observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2— significant other observable inputs that are observable either directly or indirectly; and
- Level 3— significant unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

The following tables provide a summary of the significant assets and liabilities that are measured at fair value on a recurring basis at December 28, 2012 and September 28, 2012:

(Dollars in Millions)	December 28, 2012	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Debt and equity securities held in rabbi trust	\$ 23.6	\$ 13.2	\$ 10.4	\$ —
<b>Liabilities:</b>				
Deferred compensation liabilities	\$ 10.2	\$ 10.2	\$ —	\$ —
Contingent consideration	6.9	—	—	6.9
Total liabilities at fair value	\$ 17.1	\$ 10.2	\$ —	\$ 6.9

(Dollars in Millions)	September 28, 2012	Basis of Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Debt and equity securities held in rabbi trust	\$ 25.2	\$ 13.7	\$ 11.5	\$ —
<b>Liabilities:</b>				
Deferred compensation liabilities	\$ 9.3	\$ 9.3	\$ —	\$ —

*Debt and equity securities held in rabbi trust*—Debt securities held in the rabbi trust primarily consist of U.S. government and agency securities and corporate bonds. When quoted prices are available in an active market, the investments are classified as level 1. When quoted market prices for a security are not available in an active market, they are classified as level 2. Equity securities held in the rabbi trust primarily consist of U.S. common stocks, which are valued using quoted market prices reported on nationally recognized securities exchanges.

*Deferred compensation liabilities*—Covidien maintains a non-qualified deferred compensation plan in the U.S., which permits eligible employees of the Company to defer a portion of their compensation. A recordkeeping account is set up for each participant and the participant chooses from a variety of funds for the deemed investment of their accounts. The measurement funds generally correspond to the funds offered in Covidien's U.S. tax-qualified defined contribution retirement plan and the account balance fluctuates with the investment returns on those funds.

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**Contingent consideration**—During the three months ended December 28, 2012, the Company recorded contingent consideration of \$6.9 million upon the acquisition of CNS Therapeutics. This contingent consideration, which could potentially total a maximum of \$9.0 million, is primarily based on whether the FDA approves another dosage form of Gablofen on or before December 31, 2016. The fair value of the contingent payments was measured based on the probability-weighted present value of the consideration expected to be transferred using a discount rate of 1.0%.

### **Financial Instruments Not Measured at Fair Value**

The fair value of restricted cash is equivalent to its carrying value of \$24.2 million and \$24.6 million as of December 28, 2012 and September 28, 2012, respectively (level 1), substantially all of which is included in other assets on the condensed combined balance sheets. The Company's life insurance contracts are carried at cash surrender value (level 3). The fair value of these contracts approximates the carrying value of \$48.3 million and \$47.6 million at December 28, 2012 and September 28, 2012, respectively. Since quoted market prices for the Company's debentures are not available in an active market, they are classified as level 2 for purposes of developing an estimate of their fair value. The fair value of the Company's debt did not differ significantly from its carrying value at December 28, 2012 and September 28, 2012.

### **Concentration of Credit and Other Risks**

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of accounts receivable. The Company does not require collateral from customers. A portion of the Company's trade accounts receivable outside the U.S., however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. Deteriorating credit and economic conditions in parts of Western Europe, particularly in Spain and Italy, may continue to increase the average length of time it takes the Company to collect its accounts receivable in certain regions within these countries.

The Company routinely evaluates all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. The Company has not incurred any significant losses on government receivables; however, if the financial condition of customers or the countries' healthcare systems continue to deteriorate such that their ability to make payments is uncertain, additional allowances may be required in future periods.

The Company's accounts receivable, net of the allowance for doubtful accounts, in Spain and Italy at the end of each period are as follows:

(Dollars in Millions)	December 28, 2012	September 28, 2012
Spain	\$ 16.8	\$ 15.0
Italy	13.0	12.5

Net sales to customers in Spain and Italy totaled \$12.2 million and \$13.5 million for the three months ended December 28, 2012 and December 30, 2011, respectively.

The following table shows net sales attributable to distributors that accounted for 10% or more of the Company's total net sales:

	Three Months Ended	
	December 28, 2012	December 30, 2011
Cardinal Health, Inc.	22%	17%
McKesson Corporation	15%	14%
AmerisourceBergen Corporation	8%	13%

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The following table shows accounts receivable attributable to distributors that accounted for 10% or more of the Company's gross accounts receivable at the end of each period:

	<u>December 28, 2012</u>	<u>September 28, 2012</u>
Cardinal Health, Inc.	22%	19%
McKesson Corporation	18%	20%
AmerisourceBergen Corporation	9%	10%

The following table shows net sales attributable to products that accounted for 10% or more of the Company's total net sales:

	<u>Three Months Ended</u>	
	<u>December 28, 2012</u>	<u>December 30, 2011</u>
Optiray (CMDS)	16%	17%
Acetaminophen products (API)	9%	10%

Molybdenum-99 ("Mo-99") is a key raw material in the Company's Ultra-Technekow DTE technetium generators that are sold by its Global Medical Imaging segment. There are only eight suppliers of this raw material worldwide. The Company has agreements to obtain Mo-99 from three nuclear research reactors and relies predominantly on two of these reactors for its Mo-99 supply. Accordingly, a disruption in the commercial supply or a significant increase in the cost of this material from these sources could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

## **11. Commitments and Contingencies**

The Company is subject to various legal proceedings and claims, including patent infringement claims, product liability matters, environmental matters, employment disputes, contractual disputes and other commercial disputes, including those described below. Management believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these matters, management is of the opinion that their ultimate resolution should not have a material adverse effect on the Company's financial position, results of operations and cash flows.

### ***Governmental Proceedings***

On January 7, 2009, the Company received a subpoena from the U.S. Attorney's Office for the Northern District of California requesting production of documents relating to the sales and marketing of its Tofranil-PM, Restoril and Magnacet products. The Company is complying as required by the terms of the subpoena. The Company believes that the amount accrued related to this matter is adequate, the amount of which is not significant.

### ***Patent/Antitrust Litigation***

*Tyco Healthcare Group LP, et al. v. Mutual Pharmaceutical Company, Inc.* The Company filed a patent infringement suit in the U.S. District Court for the District of New Jersey against Mutual Pharmaceutical Co., Inc., et al. (collectively, "Mutual") on March 20, 2007 pursuant to procedures set out in the Drug Price Competition and Patent Term Restoration Act of 1984, after Mutual submitted an Abbreviated New Drug Application ("ANDA") to the FDA seeking to sell a generic version of the Company's 7.5 mg Restoril sleep aid product. Mutual also filed antitrust and unfair competition counterclaims. The patents at issue have since expired or been found invalid. On January 18, 2013, the trial court issued an opinion and order granting the Company's motion for summary judgment regarding Mutual's antitrust and unfair competition counterclaims. Mutual has the right to appeal this decision. While it is not possible at this time to determine with certainty the ultimate outcome of the counterclaims, the Company believes that the final resolution of the claims will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

### ***Pricing Litigation***

Two cases are pending against the Company that allege generally that the Company and numerous other pharmaceuticals companies reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs. These cases, brought by state Attorneys General in Utah and Louisiana, generally seek monetary damages and attorneys' fees. The Company is named as a defendant in *State of Utah v. Actavis US, Inc., et al.* filed May 8, 2008, which is pending in the Third Judicial Circuit of Salt Lake County, Utah and in *State of Louisiana v. Abbott Laboratories Inc., et al.* filed November 3, 2010, which is pending in the 19th Judicial District, Parish of East Baton Rouge, Louisiana. The Company intends to contest these cases and to explore other options as appropriate. The Company believes that the amount accrued related to these cases, the amount of which is not significant, is adequate.

### ***Environmental Remediation and Litigation Proceedings***

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites, including those described below. The ultimate cost of site cleanup and timing of future cash outlays is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. The Company concluded that, as of December 28, 2012, it was probable that it would incur remedial costs in the range of \$145.7 million to \$259.7 million. The Company concluded that, as of December 28, 2012, the best estimate within this range was \$145.8 million, of which \$11.1 million was included in accrued and other current liabilities and the remainder was included in environmental liabilities on our combined balance sheet at December 28, 2012.

*Orrington, Maine*—The Company is a successor to a company which owned and operated a chemical manufacturing facility in Orrington, Maine from 1967 until 1982. The Company is currently responsible for the costs of completing an environmental site investigation required by the U.S. Environmental Protection Agency ("EPA") and the Maine Department of Environmental Protection ("MDEP"). Based on the site investigation, the Company submitted a Corrective Measures Study plan and identified a preferred alternative which was submitted to the EPA and MDEP for approval in 2004. MDEP disagreed with the proposed alternative and served a compliance order on the Company and United States Surgical Corporation, a subsidiary of Covidien, in December 2008. The compliance order included a directive to remove a significant volume of soils at the site. On December 19, 2008, the Company filed an appeal with the Maine Board of Environmental Protection ("Maine Board") to challenge the terms of the compliance order. A hearing before the Maine Board began on January 25, 2010 and concluded on February 4, 2010. On August 19, 2010, the Maine Board modified the MDEP order and issued a final order requiring removal of two landfills, capping of the remaining three landfills, installation of a groundwater extraction system and long-term monitoring of the site and the three remaining landfills.

On September 17, 2010, the Company appealed the final order issued by the Maine Board in Maine Superior Court. On appeal, the Company has requested that the Superior Court invalidate the Maine Board's final order in its entirety or, in the alternative, reverse or modify the final order to eliminate the requirements that it remove one of the two landfills and recap the remaining three landfills. The Company also appealed certain administrative requirements of the final order. On November 1, 2012, the Superior Court affirmed the Maine Board's final order. The Company has appealed the Superior Court's decision to the Maine Supreme Judicial Court. The Company has assessed the status of this matter and has concluded that it is more likely than not that the Maine Board's final order will be either invalidated, reversed or modified, and, further, intends to vigorously pursue all available means to achieve such result.

The Company estimates that, as of December 28, 2012, the cost to comply with the proposed remediation alternatives at this site ranges from \$94.7 million to \$170.8 million. However, there are still significant uncertainties in the outcome of the pending litigation, and the Company continues to disagree with the level of remediation outlined in the Maine Board's final order. At December 28, 2012, estimated future investigation and remediation costs of \$94.7 million were accrued for this site.

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*Penobscot River and Bay*—Since April 2000, the Company has also been involved in a lawsuit, *Maine People’s Alliance and Natural Resources Defense Council, Inc. v. HoltraChem Manufacturing Company, LLC and Mallinckrodt US LLC*, filed in the U.S. District Court for the District of Maine by the Natural Resources Defense Council and the Maine People’s Alliance. Plaintiffs sought an injunction requiring the Company to conduct extensive studies of mercury contamination of the Penobscot River and Bay and options for remediating such contamination, and to perform appropriate remedial activities, if necessary.

On July 29, 2002, following a March 2002 trial, the District Court entered an opinion and order which held that conditions in the Penobscot River and Bay may pose an imminent and substantial endangerment and that the Company was liable for the cost of performing a study of the river and bay. The District Court subsequently appointed a study panel to oversee the study and ordered the Company to pay costs associated with the study. The study panel conducted Phase I studies and proposed a Phase II study which was approved by the District Court. The Phase II study calls for several additional years of field work, followed by an additional year for data synthesis. The Company has accrued for the cost of the studies as estimated by the study panel; however, due to the uncertainties involved pending completion of the study panel’s work, it is not possible to estimate the costs, if any, which might result from an order to conduct remediation in the Penobscot River and Bay. Accordingly, costs of any such remediation are not included in the range of estimated aggregate environmental remediation costs.

The entity with liability for the investigation and remediation described under “Orrington, Maine” and “Penobscot River and Bay” will not be transferred to Mallinckrodt plc as part of the separation. Accordingly, this will be a liability of a Covidien entity following the separation.

*Crab Orchard National Wildlife Refuge Superfund Site, near Marion, Illinois*—The Company is a successor in interest to International Minerals and Chemicals Corporation (“IMC”). Between 1967 and 1982, IMC leased portions of the AUS Operable Unit at the Crab Orchard Superfund Site (the “Site”) from the government and manufactured various explosives for use in mining and other operations. In March 2002, the Department of Justice (“DOJ”), the U.S. Department of the Interior and the EPA (together, the “Government Agencies”) issued a special notice letter to General Dynamics Ordnance and Tactical Systems, Inc. (“General Dynamics”), one of the other potentially responsible parties (“PRPs”) at the Site, to compel General Dynamics to perform the remedial investigation and feasibility study (“RI/FS”) for the AUS Operable Unit. General Dynamics negotiated an Administrative Order on Consent with the Government Agencies to conduct an extensive RI/FS at the Site under the direction of the U.S. Fish and Wildlife Service. General Dynamics asserted in August 2004 that the Company is jointly and severally liable, along with approximately eight other lessees and operators at the AUS Operable Unit, for alleged contamination of soils and groundwater resulting from historic operations and has threatened to file a contribution claim against the Company and other parties for recovery of its costs incurred in connection with the RI/FS activities being conducted at the AUS Operable Unit. The Company and other PRPs who received demand letters from General Dynamics have explored settlement alternatives, but have not reached settlement to date. The Company and other PRPs are awaiting completion of the RI/FS by General Dynamics before the initiation of formal PRP negotiations to address resolution of these alleged claims. While it is not possible at this time to determine with certainty the ultimate outcome of this case, the Company believes that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on the Company’s financial condition, results of operations and cash flows.

*Mallinckrodt Veterinary, Inc., Millsboro, Delaware*—The Company previously operated a plant in Millsboro, Delaware (the “Millsboro Site”) that manufactured various animal healthcare products. In 2005, the Delaware Department of Natural Resources and Environmental Control found trichloroethylene (“TCE”) in the Millsboro public water supply at levels that exceeded the federal drinking water standards. Further investigation to identify the TCE plume in the ground water indicated that the plume has extended to property owned by a third party near the Millsboro Site. The Company, and other former owners assumed responsibility for the Millsboro Site cleanup under the Alternative Superfund Program administered by the EPA. The Company and other PRPs entered into an Administrative Order on Consent with the EPA on May 10, 2010 which was

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subsequently amended in November 2010 and January 2011 to investigate the potential source of TCE contamination and to evaluate options to abate, mitigate and/or eliminate the release or threat of release of hazardous substances at the Millsboro Site. The Company, along with other parties, continues to conduct the studies and prepare remediation plans in accordance with the amended Administrative Order on Consent. While it is not possible at this time to determine with certainty the ultimate outcome of this case, the Company believes that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

*Coldwater Creek, St. Louis County, Missouri*—The Company is one of several companies named as defendants in three tort complaints (*McClurg, et al. v. MI Holdings, Inc., et al.*, filed February 28, 2012; *Adams, et al. v. MI Holdings, Inc., et al.*, filed April 10, 2012 and *Steinmann et al. v. MI Holdings, Inc., et al.*, filed October 23, 2012) with numerous plaintiffs pending in the U.S. District Court for the Eastern District of Missouri. These cases allege personal injury for alleged exposure to radiological substances present in Coldwater Creek in Missouri. Plaintiffs lived in various locations in St. Louis County, Missouri near Coldwater Creek. Radiological residues which may have been present in the creek have been remediated by the U.S. Army Corps of Engineers. The Company believes that it has meritorious defenses to these complaints and is vigorously defending against them. The Company is unable to estimate a range of reasonably possible losses for the following reasons: (i) the proceedings are in early stages; (ii) the Company has not received and reviewed complete information regarding the plaintiffs and their medical conditions; and (iii) there are significant factual issues to be resolved. While it is not possible at this time to determine with certainty the ultimate outcome of these cases, the Company believes that the final resolution of all known claims will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company has also recorded asset retirement obligations for the estimated future costs primarily associated with legal obligations to decommission two facilities within the Global Medical Imaging segment. Substantially all of these obligations are included in other liabilities on the condensed combined balance sheets. The following table provides a summary of the changes in the Company's asset retirement obligations:

<b>(Dollars in Millions)</b>	
Balance at September 28, 2012	\$46.4
Accretion expense	0.7
Currency translation	0.6
Balance at December 28, 2012	<u>\$47.7</u>

The Company believes that any potential payment of such estimated amounts will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

### ***Products Liability Litigation***

The Company is one of four manufacturers of Gadolinium-Based Contrast Agents, such as our Optimark product, involved in litigation alleging that administration of these agents causes development of nephrogenic systemic fibrosis in a small number of patients with advanced renal impairment. The complaints generally allege design and manufacturing defects, failure to warn, breach of warranty, fraud and violations of various state consumer protection laws. The litigation includes a federal multi-district litigation in the U.S. District Court for the Northern District of Ohio (In re Gadolinium-Based Contrast Agents Product Liability Litigation, which was established on February 27, 2008) and cases in various state courts. The Company believes that it has meritorious defenses to these complaints and is vigorously defending against them. When appropriate, the Company settles cases. As of January 31, 2013, there were four remaining cases in which the plaintiffs have either documented or specifically alleged use of the Company's Optimark product. The Company believes that it has adequate amounts recorded related to these matters. While it is not possible at this time to determine with certainty the ultimate outcome of these cases, the Company believes that the final resolution of all known claims, after taking into

account amounts already accrued, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Beginning with lawsuits brought in July 1976, the Company is also named as a defendant in personal injury lawsuits based on alleged exposure to asbestos-containing materials. A majority of the cases involve product liability claims based principally on allegations of past distribution of products containing asbestos. A limited number of the cases allege premises liability based on claims that individuals were exposed to asbestos while on the Company's property. Each case typically names dozens of corporate defendants in addition to the Company. The complaints generally seek monetary damages for personal injury or bodily injury resulting from alleged exposure to products containing asbestos. The Company's involvement in asbestos cases has been limited because it did not mine or produce asbestos. Furthermore, in the Company's experience, a large percentage of these claims have never been substantiated and have been dismissed by the courts. The Company has not suffered an adverse verdict in a trial court proceeding related to asbestos claims, and intends to continue to defend these lawsuits. When appropriate, the Company settles claims; however, amounts paid to settle and defend all asbestos claims have been immaterial. As of January 31, 2013, there were approximately 11,600 asbestos-related cases pending against the Company.

The Company estimates pending asbestos claims and claims that were incurred but not reported, as well as insurance recoveries. The Company's estimate of its liability for pending and future claims is based on claims experience over the past five years and covers claims either currently filed or expected to be filed over the next seven years. The Company believes that it has adequate amounts recorded related to these matters. While it is not possible at this time to determine with certainty the ultimate outcome of these asbestos-related proceedings, the Company believes that the final outcome of all known and anticipated future claims, after taking into account amounts already accrued and insurance coverage, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

***Other Matters***

The Company is a defendant in a number of other pending legal proceedings incidental to present and former operations, acquisitions and dispositions. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on the Company's financial condition, results of operations and cash flows.



## 12. Segment Data

Selected information by business segment is as follows:

(Dollars in Millions)	Three Months Ended	
	December 28, 2012	December 30, 2011
<b>Net sales<sup>(1)</sup> :</b>		
Specialty Pharmaceutical	\$ 260.2	\$ 236.1
Global Medical Imaging	229.7	254.7
Net sales of operating segments	489.9	490.8
Net sales to related parties <sup>(2)</sup>	14.1	12.9
Net sales	<u>\$ 504.0</u>	<u>\$ 503.7</u>
<b>Operating income:</b>		
Specialty Pharmaceuticals	\$ 35.0	\$ 38.8
Global Medical Imaging	49.1	53.5
Segment operating income	84.1	92.3
Unallocated amounts:		
Corporate and allocated expenses <sup>(3)</sup>	(25.4)	(15.0)
Intangible asset amortization	(8.9)	(6.8)
Restructuring and related charges, net (note 3)	(1.0)	(5.9)
Separation costs	(12.0)	(4.0)
Operating income	<u>\$ 36.8</u>	<u>\$ 60.6</u>

<sup>(1)</sup> Amounts represent sales to external customers. Intersegment sales are not significant.

<sup>(2)</sup> Represents products that were sold to other Covidien businesses, which is discussed in note 2.

<sup>(3)</sup> Includes administration expenses and certain compensation, environmental and other costs not charged to the Company's operating segments.

## 13. Subsequent Events

Subsequent events have been evaluated for adjustment through February 4, 2013, the date at which the parent's consolidated financial statements were completed and issued, and March 15, 2013, for purposes of evaluating disclosures in these condensed combined financial statements.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Mallinckrodt plc:

We have audited the accompanying balance sheet of Mallinckrodt plc (the "Company") as of January 11, 2013 (date of capitalization). This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of the Company as of January 11, 2013 (date of capitalization), in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP  
Boston, Massachusetts  
February 1, 2013

**MALLINCKRODT PLC**  
**BALANCE SHEET**  
**At January 11, 2013 (date of capitalization)**  
**(in thousands of U.S. dollars)**

<b>Assets</b>	
Current Assets:	
Cash	\$ 53
<b>Total Assets</b>	<b><u>\$ 53</u></b>
Commitments and contingencies (Note 4)	
<b>Stockholders' Equity</b>	
Ordinary A shares; €1.00 par value, 40,000 shares authorized, 40,000 shares issued and outstanding	\$ 53
Ordinary shares; \$0.20 par value, 300,000 shares authorized, 7 shares issued and outstanding	—
<b>Total Stockholder's Equity</b>	<b><u>\$ 53</u></b>

See Notes to Financial Statements.

**MALLINCKRODT PLC**  
**NOTES TO FINANCIAL STATEMENTS**

**1. History and Description of the Company**

Mallinckrodt plc (the "Company") was incorporated in Ireland, as a public limited company, on January 9, 2013 and capitalized on January 11, 2013 as a holding company for the purposes of being the parent company of Covidien plc's Pharmaceuticals business. The Company has not engaged in any business or other activities.

**2. Basis of Presentation and Summary of Significant Accounting Policies**

***Basis of Presentation***

The balance sheet and accompanying notes have been prepared in accordance with accounting principles generally accepted in the U.S.

***Cash***

Cash as of January 11, 2013 was received in exchange for ordinary shares issued.

***Functional Currency***

Items included in these financial statements are measured using the currency of the primary economic environment in which Mallinckrodt plc operates. The financial statements are presented in U.S. dollars, which is the Company's functional and presentation currency.

***Subsequent Events***

The Company has evaluated subsequent events for recognition or disclosure through February 1, 2013, the date the financial statements were available to be issued.

**3. Share Capital**

Ordinary A shares have no voting or dividend rights. In addition, in the event of the liquidation of the Company, the holders of any ordinary A shares then outstanding would be entitled to payment only after the holders of ordinary shares have received amounts owed to them in accordance with the articles of association.

**4. Commitments and Contingencies**

The Company is not currently a party to any loss contingencies or litigation.

***Tax Matters***

Upon separation, Covidien will transfer its interest in the businesses comprising its Pharmaceuticals segment to the Company. In addition, assets and liabilities related to certain non-operating activities of Covidien, primarily intercompany transactions, will also be transferred to the Company; historically, these activities were not managed by the Pharmaceuticals segment. Most of these assets and liabilities are not significant. However, as measured as of September 28, 2012, the Company expects to assume a net income tax payable of approximately \$125 million, primarily consisting of non-current contingent tax liabilities associated with unresolved tax matters related to these non-operating activities. In addition, the Company expects to enter into a tax matters agreement, pursuant to which Covidien will indemnify it, net of certain tax benefits realized by us, for any payments related to these liabilities which in the aggregate (after taking into account certain tax benefits realized by us) exceed \$200 million, and which pertain to periods prior to the distribution date. In addition, the Company expects to assume a net deferred tax liability of approximately \$134 million as measured as of September 28, 2012, primarily resulting from different treatment for book and tax purposes of certain intercompany transactions and the deferred tax effect of the aforementioned contingent tax liabilities. As the Company is not currently obligated to pay any of these liabilities and will not be obligated to do so until the separation has been completed, they are not included in the Company's balance sheet.

ANNEX A

Relevant Territories as of February 1, 2013

Albania	Estonia	Luxembourg	Russia
Armenia	Finland	Macedonia	Saudi Arabia
Australia	France	Malaysia	Serbia
Austria	Georgia	Malta	Singapore
Bahrain	Germany	Mexico	Slovak Republic
Belarus	Greece	Moldova	Slovenia
Belgium	Hong Kong	Montenegro	South Africa
Bosnia & Herzegovina	Hungary	Morocco	Spain
Bulgaria	Iceland	Netherlands	Sweden
Canada	India	New Zealand	Switzerland
Chile	Israel	Norway	The Republic of Turkey
China	Italy	Pakistan	United Arab Emirates
Croatia	Japan	Panama	United Kingdom
Cyprus	Korea	Poland	United States
Czech Republic	Kuwait	Portugal	Uzbekistan
Denmark	Latvia	Qatar	Vietnam
Egypt	Lithuania	Romania	Zambia

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May 8, 2013

## VIA HAND DELIVERY AND EDGAR

Mr. Jeffrey P. Riedler  
Assistant Director  
U.S. Securities and Exchange Commission  
Division of Corporation Finance  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Mallinckrodt plc  
Amendment No. 1 to Registration Statement on Form 10-12B  
Filed March 15, 2013  
File No. 001-35803

Dear Mr. Riedler:

On behalf of our client, Mallinckrodt plc (the "Company"), we are providing the Company's responses to the comments of the Staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") set forth in your letter, dated March 27, 2013, with respect to the filing referenced above.

This letter and Amendment No. 2 ("Amendment No. 2") to the Registration Statement on Form 10 (File No. 001-35803) (the "Registration Statement") are being filed electronically via the EDGAR system today. In addition to the EDGAR filing, we are delivering a hard copy of this letter, along with six copies of Amendment No. 2 marked to indicate changes from Amendment No. 1 to the Registration Statement filed on March 15, 2013.

For the Staff's convenience, the text of the Staff's comments is set forth below in bold, followed in each case by the Company's response. Terms not otherwise defined in this letter shall have the meanings set forth in Amendment No. 2. All references to page numbers in these responses are to the pages of the information statement filed as Exhibit 99.1 (the "Information Statement") in the marked version of Amendment No. 2.

## **Risk Factors**

### **Risks Related to Our Business**

#### **The manufacture of our products is highly exacting and complex, and our business..., page 20**

- 1. We note your response to our prior comment 7 indicating that in fiscal 2012 you experienced disruptions in supplying products to your customers due to a number of factors, including mechanical, capacity and quality issues at one of your manufacturing facilities, which resulted in higher than usual backorders and obligations to pay contractual damages for failure to meet supply requirements. Please revise your disclosure to describe the quality issues you experienced, identify the manufacturing facility where these problems occurred and quantify the amount of contractual damages you were forced to pay.**

*Response:* The Information Statement has been revised on page 21 in response to the Staff's comment.

#### **Risks Related to the Separation, page 30**

- 2. We note your response to our prior comment 19 indicating that the Company received completed questionnaires from expected directors and officers of the Company which describe their ownership of Covidien ordinary shares. Please supplementally provide us with the basis for your conclusion that actual or potential conflicts of interest because of their ownership of Covidien ordinary shares is not a material risk to investors.**

*Response:* In response to the Staff's comment, the Company supplementally advises the Staff as follows. As described on page 158 of the Information Statement, Covidien equity awards held by Mallinckrodt employees will convert into Mallinckrodt equity awards in connection with the separation. As a result, the only Covidien ordinary shares that the expected Mallinckrodt directors and officers will have upon completion of the distribution are actual Covidien ordinary shares that they held prior to the distribution. According to information received by the Company with respect to the holdings of the

expected directors and officers, seven of the nine expected directors and four of the eight expected officers (not counting Mark Trudeau, who is also a director) do not own any Covidien ordinary shares. As of the date of this letter, among the Company's nine expected directors, only Mark Trudeau and Joseph A. Zaccagnino own Covidien ordinary shares (4,077 and 12,520, respectively); and among the Company's eight expected officers (not counting Mark Trudeau), only Matthew Harbaugh, David Silver, Thomas Berry and Ian Watkins own Covidien ordinary shares (7,939 shares, 2,727 shares, 1,666 shares and 73 shares, respectively).

Moreover, even for those expected directors and officers that do own Covidien ordinary shares, any decisions they may make in their positions at Mallinckrodt are unlikely to affect the value of their holdings of Covidien ordinary shares, given Covidien's relatively large market capitalization (approximately \$30 billion, as of the close of trading on May 7, 2013), the very small percentage of Covidien shares owned by the expected Mallinckrodt directors and officers (as a group, they own approximately 0.0062% of Covidien's outstanding ordinary shares) and the relatively limited nature of the expected dealings between the two companies following the separation.

Based on the foregoing, the Company has concluded that actual or potential conflicts of interest because of ownership of Covidien ordinary shares by some of its expected directors and officers are not a material risk to investors.

**Unaudited Pro Forma Condensed Combined Financial Statements, pages 43-48**

3. **We acknowledge your responses to our comments 4 and 21. As a reminder for future amendments, please quantify your proforma adjustments, proforma earnings per share and proforma weighted-average shares outstanding. Please be sure to disclose the relevant assumptions in the proforma amounts quantified.**

Response: The Company acknowledges the Staff's comment.

**Employee Matters Agreement, page 155**

4. **We note your response to our prior comment 30. Please expand your disclosure to list the employee benefit obligations of Mallinckrodt relating to current and former employees of Covidien's Pharmaceuticals business.**

Response: The Information Statement has been revised on pages 157 and 158 in response to the Staff's comment.

\* \* \*



Jeffrey P. Riedler  
U.S. Securities and Exchange Commission  
May 8, 2013  
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We hope that the foregoing, and the revisions set forth in Amendment No. 2, have been responsive to the Staff's comments. If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at (212) 403-1005 or by email at [VGoldfeld@wlrk.com](mailto:VGoldfeld@wlrk.com).

Sincerely,

/s/ Victor Goldfeld  
Victor Goldfeld

Enclosures

cc: Jack Kapples  
Vice President and Corporate Secretary  
Covidien plc

Miriam Singer  
Vice President and Corporate Secretary, Pharmaceutical Products  
Covidien plc