The information in this offering memorandum is not complete and may be changed. This offering memorandum is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated November 13, 2017

OFFERING MEMORANDUM CONFIDENTIAL

$750,000,000

VALEANT Pharmaceuticals International, Inc.

Valeant Pharmaceuticals International, Inc.

5.500% Senior Secured Notes due 2025

We are offering $750 million aggregate principal amount of 5.500% Senior Secured Notes due 2025 as additional notes (the "new secured notes") under the indenture dated October 17, 2017 (the "October 2017 Indenture"), pursuant to which we previously issued $1,000 million aggregate principal amount of 5.500% Senior Secured Notes due 2025 (the "initial secured notes" and, together with the new secured notes, the "notes"). The new secured notes constitute a further issuance of, will have the same CUSIP and ISIN numbers as (except for notes issued pursuant to Regulation S which will bear a different CUSIP number for the first 40 days), and will be fungible with, the initial secured notes, and form a single class of debt securities with the initial secured notes for all purposes under the October 2017 Indenture. Immediately after giving effect to the issuance of the new secured notes by this offering memorandum, we will have $1,750 million aggregate principal amount of our 5.500% Senior Secured Notes due 2025 outstanding.

Interest on the new secured notes will accrue from October 17, 2017 and will be payable on May 1 and November 1 of each year, commencing on May 1, 2018. The notes will mature on November 1, 2025. We intend to use the net proceeds, along with cash on hand, from this offering to repay (on a pro rata basis) a portion of our Series F Tranche B Term Loan Facility due 2022, and to pay related fees and expenses. See "Use of Proceeds."

The notes will be redeemable, in whole or in part, at any time on or after November 1, 2020, at the redemption prices set forth in this offering memorandum. In addition, some or all of the notes may be redeemed prior to November 1, 2020, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption plus a "make-whole" premium as described under "Description of the Notes—Optional Redemption." At any time prior to November 1, 2020, up to 40% of the aggregate principal amount of the notes may be redeemed with the net proceeds of certain equity offerings at the redemption prices set forth in this offering memorandum.

The notes are initially guaranteed by each of our subsidiaries that is a guarantor under the Credit Agreement (as defined herein) and of our Existing Notes (as defined herein) (together, the "Note Guarantors").

The notes and the guarantees will be secured senior obligations, subject to permitted liens and certain other exceptions, secured by the same first priority liens that secure our obligations under the Credit Agreement and the Existing Secured Notes (as defined herein), as described under "Description of the Notes—Security for the Notes." The notes and the guarantees will rank equally in right of payment with all of our and the Note Guarantors' respective existing and future unsubordinated indebtedness and senior to our and their respective future subordinated indebtedness. The notes and the guarantees will be effectively pari passu with our and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the Collateral (as defined under "Description of the Notes") and effectively senior to our and their respective existing and future indebtedness that is unsecured, including the Existing Senior Notes, or that is secured by junior liens, in each case to the extent of the value of the Collateral. In addition, the notes will be structurally subordinated to (x) all liabilities of any of our subsidiaries that do not guarantee the notes and (y) any of our debt that is secured by assets that are not Collateral.

We are not obligated under any registration rights agreement or other obligation to register the notes for resale or to exchange the notes for notes registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page 20.

Offering Price for the new secured notes: % plus accrued interest from October 17, 2017.

The notes have not been and will not be registered under the Securities Act, and are being offered and sold only to persons reasonably believed to be qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act and to certain non-U.S. persons in transactions outside the U.S. in reliance on Regulation S under the Securities Act. Prospective purchasers that are QIBs are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In addition, the notes have not been and will not be qualified for sale to the public by prospectus under applicable securities laws in Canada. Accordingly, any offer and sale of the notes in the U.S., Canada or any other jurisdiction will be made on a basis which is exempt from the prospectus requirements of such securities laws. The notes are not transferable except in accordance with the restrictions described herein under "Transfer Restrictions."

The notes are expected to be delivered in book-entry form through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"), on or about , 2017 (the "Closing Date"). See "Description of the Notes—Book-Entry, Delivery and Form."

Joint Book-Running Managers

Barclays	Citigroup	Deutsche Bank Securities	Goldman Sachs & Co. LLC
DNB Markets	J.P. Morgan	Morgan Stanley	RBC Capital Markets

Offering Memorandum dated , 2017

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For purposes of this offering memorandum, unless otherwise indicated or the context otherwise requires, (i) the term "Issuer" refers to, Valeant Pharmaceuticals International, Inc. and not to its subsidiaries; (ii) the term "Valeant" refers to Valeant Pharmaceuticals International, the Issuer's indirect wholly owned subsidiary; and (iii) the terms "Company," "we," "us," and "our" refer to the Issuer and its subsidiaries (including Valeant).

We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This offering memorandum is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in or incorporated by reference in this offering memorandum is current only as of its date.

This offering memorandum is confidential. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of the notes described in this offering memorandum. We have provided the information contained in or incorporated by reference in this offering memorandum. The initial purchasers listed herein under "Plan of Distribution" (the "Initial Purchasers") do not make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in or incorporated by reference in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum or use any information herein for any purpose other than considering the purchase of the notes. You agree to the foregoing by accepting delivery of this offering memorandum.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. We and the Initial Purchasers require persons in whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or invitation would be unlawful.

Notice to Investors

You must comply with all applicable laws and regulations in connection with the distribution of this offering memorandum and the offer or sale of the new secured notes. See “Transfer Restrictions.” You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the notes. Neither we nor the Initial Purchasers is making any representation to you regarding the legality of an investment in the notes by you under applicable laws. In making an investment decision regarding the notes offered by this offering memorandum, you must rely on your own examination of our company and the terms of this offering, including, without limitation, the merits and risks involved. This offering is being made on the basis of this offering memorandum. Any decision to purchase notes in this offering must be based on the information contained in this offering memorandum, including information incorporated by reference herein.

This offering memorandum is being provided on a confidential basis to prospective purchasers in connection with offers and sales: (1) to persons reasonably believed to be “qualified institutional buyers” as defined in Rule 144A under the Securities Act (“Rule 144A”) for informational use solely in connection with their consideration of the purchase of the notes and (2) in offshore transactions complying with Rule 903 of Regulation S under the Securities Act. Its use for any other purpose is not authorized.

This offering memorandum and the documents incorporated by reference herein contain summaries, believed to be accurate, of some of the terms of certain documents, but reference is made to the actual documents, copies of which will be made available upon request. For the complete information contained in those documents, see “Where You Can Find More Information and Incorporation by Reference.”

In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements as indicated in this offering memorandum under the caption “Transfer Restrictions.” The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See “Transfer Restrictions.”

No person is authorized in connection with the offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum, including information incorporated by reference herein, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this offering memorandum is as of the date hereof, and the information contained in any document incorporated by reference herein is as of the date of such document, and such information is subject to change. Neither the delivery of this offering memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set forth in this offering memorandum, including information incorporated by reference herein, or in our affairs since the dates thereof.

We reserve the right to withdraw the offering of the new secured notes at any time, and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the notes, in whole or in part, and to allot to you less than the full amount of notes subscribed for by you. We are making this offering subject to terms described in this offering memorandum and the indenture related to the notes.

The notes will be available in book-entry form only. We expect that the notes sold pursuant to this offering memorandum will be issued in the form of one or more global certificates. The notes will be deposited with, or on behalf of, DTC and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global certificates will be shown on, and transfers of interests in the global certificates will be effected only through, records maintained by DTC, Euroclear and Clearstream and their direct and indirect participants. After the initial issuance of the global certificates, notes in certificated form will be issued in exchange for the associated global certificates only as set forth in the indenture governing the notes. See "Description of the Notes—Book-Entry, Delivery and Form."

Industry and Market Data

This offering memorandum includes and incorporates by reference information with respect to market share, ranking and industry conditions from third-party sources or based upon our estimates using such sources when available. While we believe that such information and estimates are reasonable and reliable, we have not independently verified any of the data from third-party sources, and neither we nor the Initial Purchasers can guarantee the accuracy or completeness of the information. Similarly, our internal research is based upon our understanding of industry conditions, and such information has not been verified by any independent sources.

Any estimates underlying such market-derived information and other factors could cause actual results to differ materially from those expressed in the independent parties' estimates and in our estimates.

SEC and CSA Review

We may receive comments from the Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA") on the filings we make with the SEC and the CSA, respectively, that may require us to modify the information incorporated herein by reference. In addition, the SEC or the CSA may issue guidance relating to existing practice in the presentation of financial information or may promulgate new regulations that may require modifications to the presentation of the information included in this offering memorandum, including information incorporated herein by reference or in filings we make with the SEC or the CSA, as the case may be. Any such modifications may be significant.

SEC rules regulate the use in filings with the SEC and certain of our other communications of "non-GAAP financial measures", such as EBITDA, Adjusted EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised) and Adjusted EBITDA, as further adjusted, which are derived on the basis of methodologies other than in accordance with accounting principles generally accepted in the U.S. ("GAAP"). We believe the financial statements and other financial data included in this offering memorandum comply in all material respects with GAAP and the regulations published by the SEC, with the exceptions of EBITDA, Adjusted EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised), Adjusted EBITDA, as further adjusted, net total debt and net secured debt and ratios using such non-GAAP measures. Please see "Presentation of Financial Information" and "Summary—Summary Historical Consolidated Financial and Other Information."

Presentation of Financial Information

Non-GAAP Financial Information

To supplement the financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures including EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised), Adjusted EBITDA, as further adjusted, net total debt and net secured debt. The reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown under "Summary—Summary Historical Consolidated Financial Information."

Management uses these non-GAAP measures as key metrics in the evaluation of Company performance and the consolidated financial results and, in part, in the determination of cash bonuses for our executive officers. We believe these non-GAAP measures are useful to investors in their assessment of our operating performance and the valuation of our company. In addition, these non-GAAP measures address questions we routinely receive from analysts and investors and, in order to ensure that all investors have access to similar data, we have determined that it is appropriate to make this data available to all investors. However, non-GAAP financial measures are not prepared in accordance with GAAP, as they exclude certain items as described below. Therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. In addition, EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised) and Adjusted EBITDA, as further adjusted, could differ in meaningful ways from the terms “Consolidated Adjusted EBITDA” and “Pro Forma Consolidated Adjusted EBITDA” as those terms are defined in the Credit Agreement and “Consolidated Cash Flow” as defined in the indenture.

EBITDA is net income attributable to the Company (its most directly comparable GAAP financial measure) adjusted for the following items: interest expense, net; provision for income taxes; and depreciation and amortization.

Adjusted EBITDA is EBITDA adjusted for certain items, as further described below. The Company has historically used Adjusted EBITDA to evaluate its performance. Following an evaluation of the Company’s financial performance measures, new management of the Company identified certain new primary financial performance measures that it is now using to evaluate the Company’s financial performance. One of those measures is Adjusted EBITDA, which the Company uses for both actual results and guidance purposes. Management of the Company believes that Adjusted EBITDA, along with the other new measures, most appropriately reflect how the Company measures the business internally and sets operational goals and incentives, especially in light of the Company’s new strategies. In particular, the Company believes that Adjusted EBITDA focuses management on the Company’s underlying operational results and business performance.

As a result, the Company is now using Adjusted EBITDA both to assess the actual financial performance of the Company and to forecast future results as part of its guidance. Adjusted EBITDA is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors. In addition, commencing in 2017, cash bonuses for the Company’s executive officers and other key employees will be based, in part, on the achievement of certain Adjusted EBITDA targets.

Adjusted EBITDA reflects the adjustments below:

Goodwill Impairment: The Company has excluded the impact of goodwill impairment. When the Company has made acquisitions where the consideration paid was in excess of the fair value of the net assets acquired, the remaining purchase price is booked as goodwill. For assets that we developed ourselves, no goodwill is booked. Goodwill is not amortized but is tested for impairment. Goodwill is impaired when an impairment test indicates that the implied fair value of the goodwill acquired has fallen below its carrying value. Management excludes these charges in measuring the performance of the Company and the business.

Restructuring and integration costs: Prior to 2016, the Company completed a number of acquisitions, which resulted in operating expenses which varied significantly from period to period and which would not otherwise have been incurred. The type, nature, size and frequency of the Company’s acquisitions have varied considerably from period to period. As a result, the type and amount of the restructuring, integration and deal costs have also varied significantly from acquisition to acquisition. In addition, the costs associated with an acquisition varied significantly from quarter to quarter, with most costs generally decreasing over time. Consequently, given the variability and volatility of these costs from acquisition to acquisition and period to period and because these costs are incremental and directly related to the acquisition, the Company does not view these costs as normal operating expenses. Furthermore, due to the volatility of these costs and due to the fact that they are directly related to the acquisitions, the Company believes that such costs should be excluded when assessing or estimating the long-term performance of the acquired businesses or assets as part of the Company. Also, the size, complexity and/or volume of past acquisitions, which often drove the magnitude of such expenses, were not necessarily indicative of the size, complexity and/or volume of any future acquisitions. In addition, since 2016 and for the foreseeable future, while the Company has undertaken fewer acquisitions, the Company has incurred (and anticipates continuing to incur) additional restructuring costs as it implements its new strategies, which will involve, among other things, internal reorganizations and divestitures of assets and businesses. The amount, size and timing of these costs fluctuates, depending on the reorganization or transaction and, as a result, the Company does not believe that such costs (and their impact) are representative of the underlying business. In each case, by excluding these expenses from its non-GAAP measures, management believes it provided supplemental information that assisted investors with their evaluation of the Company's ability to utilize its existing assets and with its estimation of the long-term value that acquired assets would generate for the Company. Furthermore, the Company believes that the adjustments of these items provided supplemental information with regard to the sustainability of the Company's operating performance, allowed for a comparison of the financial results to historical operations and forward-looking guidance and, as a result, provided useful supplemental information to investors.

Acquired in-process research and development costs: The Company has excluded expenses associated with acquired in-process research and development, as these amounts are inconsistent in amount and frequency and are significantly impacted by the timing, size and nature of acquisitions. Furthermore, as these amounts are associated with research and development acquired, they are not a representation of the Company's research and development efforts during the period.

Asset Impairments: The Company has excluded the impact of impairments of finite-lived and indefinite-lived intangibles, as well as impairments of assets held for sale, as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions and divestitures. The Company believes that the adjustments of these items correlate with the sustainability of the Company's operating performance. Although the Company excludes intangible impairments from its non-GAAP expenses, the Company believes that it is important for investors to understand that intangible assets contribute to revenue generation.

Share-based compensation: The Company excludes the impact of costs relating to share-based compensation. The Company believes that the exclusion of share-based compensation expense assists investors in the comparison of operating results to peer companies. Share-based compensation expense can vary significantly based on the timing, size and nature of awards granted.

Acquisition-related adjustments excluding amortization of intangible assets and depreciation expense: The Company has excluded the impact of acquisition-related contingent non-cash consideration adjustments due to the inherent uncertainty and volatility associated with such amounts based on changes in assumptions with respect to fair value estimates, and the amount and frequency of such adjustments is not consistent and is significantly impacted by the timing and size of the Company's acquisitions, as well as the nature of the agreed-upon consideration. In addition, the Company has excluded the impact of fair value inventory amortization step-up resulting from acquisitions as the amount and frequency of such adjustments are not consistent and are significantly impacted by the timing and size of its acquisitions.

Loss on extinguishment of debt: The Company has excluded loss on extinguishment of debt as this represents a cost of refinancing our existing debt and is not a reflection of our operations for the period. Further, the amount and frequency of such charges are not consistent and are significantly impacted by the timing and size of debt financing transactions and other factors in the debt market out of management's control.

Foreign exchange and other: For periods prior to 2017, the Company excluded the impact of foreign currency fluctuations primarily related to intercompany financing arrangements in evaluating Company performance. As of the first quarter of 2017, Adjusted EBITDA no longer excludes foreign exchange gains and losses arising from intercompany transactions. Adjusted EBITDA (as revised) includes the foreign exchange gain/loss arising from intercompany transactions for all periods presented.

Other Non-GAAP Charges: The Company has excluded certain other amounts including integration related inventory and technology transfer costs, CEO termination costs, legal and other professional fees incurred in connection with recent legal and governmental proceedings, investigations and information requests respecting certain of our distribution, marketing, pricing, disclosure and accounting practices, litigation and other matters, net (gain)/loss on the sale of assets, acquisition-related transaction costs and certain costs associated with the wind-down of the arrangements with Philidor Rx Services, LLC ("Philidor"). In addition, the Company has excluded certain other expenses that are the result of other, non-comparable events to measure operating performance. These events arise outside of the ordinary course of continuing operations. Given the unique nature of the matters relating to these costs, the Company believes these items are not normal operating expenses. For example, legal settlements and judgments vary significantly, in their nature, size and frequency, and, due to this volatility, the Company believes the costs associated with legal settlements and judgments are not normal operating expenses. In addition, as opposed to more ordinary course matters, the Company considers that each of the recent proceedings, investigations and information requests, given their nature and frequency, are outside of the ordinary course and relate to unique circumstances. The Company believes that the exclusion of such out-of-the-ordinary-course amounts provides supplemental information to assist in the comparison of the financial results of the Company from period to period and, therefore, provides useful supplemental information to investors. However, investors should understand that many of these costs could recur and that companies in our industry often face litigation.

Adjusted EBITDA, as further adjusted, is Adjusted EBITDA (as revised) after giving effect to the sale of the Company's CeraVe®, AcneFree™ and AMBI® skincare brands (the "Skincare Sale"), the sale of all outstanding equity interests in Dendreon Pharmaceuticals, LLC ("Dendreon" and such sale, the "Dendreon Sale"), the sale of our iNova Pharmaceuticals business ("iNova" and such sale, the "iNova Sale") and the sale of our Obagi Medical Products, Inc. business ("Obagi" and such sale, the "Obagi Sale"). The Skincare Sale was completed on March 3, 2017 and the Company no longer holds the rights to these three products. The CeraVe®, AcneFree™ and AMBI® skincare brands involved in the Skincare Sale contributed Adjusted EBITDA of approximately $30 million for the twelve months ended September 30, 2017. The Dendreon Sale was completed on June 28, 2017 and this business contributed Adjusted EBITDA of approximately $95 million for the twelve months ended September 30, 2017. The iNova Sale was completed on September 29, 2017, and this business contributed Adjusted EBITDA of approximately $125 million for the twelve months ended September 30, 2017. The Obagi Sale was completed on November 9, 2017, and this business contributed Adjusted EBITDA of approximately $30 million for the twelve months ended September 30, 2017. Adjusted EBITDA, as further adjusted, does not give effect to the sale of our Sprout Pharmaceuticals, Inc. business ("Sprout") to a buyer affiliated with certain former shareholders of Sprout (the "Sprout Sale"), in exchange for a 6% royalty on global sales of Addyi® (flibanserin 100 mg) beginning May 2019. The Sprout Sale is expected to close in 2017, subject to customary closing conditions, including the approval of the requisite portion of the former shareholders of Sprout to the amendments to the original merger agreement.

Recent Evaluation of Financial Performance Measures

Recently, the Company's new management team undertook an evaluation of how it would measure the financial performance of the Company going forward. In evaluating its financial performance measures, the Company considered its recent changes to its strategy (which included a transition away from growth by acquisition with a greater focus on research and development ("R&D") activity, strengthening of the balance sheet through the paydown of debt and rationalization of the product portfolio through divestitures of non-core assets) and sought to identify performance measures that best reflect the Company's current business operations, strategy and goals. As a result of that evaluation, new management identified the following primary financial performance measures for the Company: GAAP Revenues (measure for both guidance and actual results), GAAP Net Income (measure for actual results), Adjusted EBITDA (measure for both guidance and actual results) and GAAP Cash Flow from Operations (measure for actual results). These measures were selected as the Company believes that these measures most appropriately reflect how the Company measures the business internally and sets operational goals and incentives. For example, the Company believes that Adjusted EBITDA focuses management on the Company's underlying operational results and business performance, while GAAP Revenue focuses management on the overall growth of the business.

In addition, in connection with this evaluation of financial performance measures, the Company assessed the methodology with which it was calculating non-GAAP measures and made updates where it deemed appropriate to better reflect the underlying business. For example, commencing with the first quarter of 2017, Adjusted EBITDA no longer includes adjustments for Foreign exchange gain/loss arising from intercompany transactions.

The Company began to use these new non-GAAP measures, and the new methodologies used to calculate these non-GAAP measures, commencing with the first quarter of 2017. See "Summary—Summary Historical Consolidated Financial and Other Information."

Financial Information With Respect to Note Guarantors and Stock Pledges

In an offering registered with the SEC, Rule 3-10 of Regulation S-X would require the inclusion in the notes to our consolidated financial statements of consolidating balance sheets, statements of operations and comprehensive income and statements of cash flows for the Issuer, the guarantors and the non-guarantors, and Rule 3-16 of Regulation S-X would require the inclusion of financial statements for certain subsidiaries whose stock is pledged to secure the notes. In lieu of the information that would be required by Rule 3-10 of Regulation S-X, we have included elsewhere certain quantitative data in respect of our non-guarantor subsidiaries. For so long as any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the Securities Act.

Where You Can Find More Information and Incorporation by Reference

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and also with the CSA. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, who file electronically with the SEC. The address of that site is www.sec.gov. We file continuous and timely disclosure reports and other information under the CSA's System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

In this offering memorandum, we "incorporate by reference" certain information that we have filed with the SEC, which means that important information can be disclosed to you by referring to these documents. Specifically, this offering memorandum incorporates by reference the documents listed below that we have previously filed with the SEC. These documents contain important information about the Company, our financial condition and other matters:

- Annual Report on Form 10-K for the year ended December 31, 2016, filed on March 1, 2017;
- Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017, filed on May 9, 2017, August 8, 2017 and November 7, 2017, respectively; and
- Current Reports on Form 8-K filed on March 6, 2017, March 9, 2017, March 10, 2017, March 17, 2017, March 21, 2017, March 28, 2017, May 4, 2017, June 19, 2017, October 2, 2017, October 3, 2017, October 17, 2017, November 1, 2017 and November 9, 2017 (other than documents or portions of these documents deemed to be furnished rather than filed).

In addition, we incorporate by reference any future filings we make with the SEC under Section 13(a), 13(c) or 15(d) of the Exchange Act after the date of this offering memorandum and before completion of this offering. These documents include periodic reports, such as Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, as well as proxy statements. Such documents are considered to be a part of this offering memorandum, effective as of the date such documents are filed. To the extent that any information contained in any such document, or any exhibit thereto, is furnished, rather than filed, with the SEC, such information or exhibit is specifically not incorporated by reference into this offering memorandum.

You can obtain any of the documents incorporated by reference into this offering memorandum from the SEC through the SEC's website at www.sec.gov. In addition, you can obtain any of the documents incorporated by reference into this offering memorandum from the CSA through SEDAR at www.sedar.com. We will also provide you with copies of these documents, without charge, upon written or oral request to:

Valeant Pharmaceuticals International, Inc.
2150 St. Elzéar Blvd. West
Laval, Quebec
Canada H7L 4A8
Attn: Investor Relations
Telephone: (514) 856-3855 / (877) 281-6642(toll free)

In the event of conflicting information in this offering memorandum in comparison to any document incorporated by reference into this offering memorandum, or among documents incorporated by reference, the information in the latest filed document controls.

Special Note Regarding Forward-Looking Statements

To the extent any statements made in this offering memorandum and the documents incorporated by reference contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and may be forward-looking information within the meaning defined under applicable Canadian securities legislation (collectively, "forward looking statements").

These forward-looking statements relate to, among other things: our business strategy, business plans and prospects, forecasts and changes thereto, product pipeline, prospective products or product approvals, product development and distribution plans, the timing of product launches, the timing of development activities, anticipated or future research and development expenditures, future performance or results of current and anticipated products, our liquidity and our ability to satisfy our debt maturities as they become due, our ability to reduce debt levels, our anticipated cash requirements, the impact of our distribution, fulfillment and other third party arrangements, proposed pricing actions, the anticipated timing of completion of our pending divestitures, anticipated use of proceeds for certain of our divestitures, exposure to foreign currency exchange rate changes and interest rate changes, the outcome of contingencies, such as litigation, subpoenas, investigations, reviews, audits and regulatory proceedings, general market conditions, our expectations regarding our financial performance, including revenues, expenses, gross margins and income taxes, our ability to meet the financial and other covenants contained in our Credit Agreement and senior note indentures, potential cost savings programs we may initiate and the impact of such programs, and our impairment assessments, including the assumptions used therein and the results thereof.

Forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "estimate", "plan", "continue", "will", "may", "could", "would", "should", "target", "potential", "opportunity", "tentative", "positioning", "designed", "create", "predict", "project", "forecast", "seek", "ongoing", "increase", or "upside" and variations or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. Although we have indicated above certain of these statements set out herein, all of the statements in this offering memorandum and the documents incorporated by reference that contain forward-looking statements are qualified by these cautionary statements. These statements are based upon the current expectations and beliefs of management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding the items outlined above. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following:

- the expense, timing and outcome of legal and governmental proceedings, investigations and information requests relating to, among other matters, our distribution, marketing, pricing, disclosure and accounting practices (including with respect to our former relationship with Philidor Rx Services, LLC ("Philidor")), including pending investigations by the U.S. Attorney's Office for the District of Massachusetts, the U.S. Attorney's Office for the Southern District of New York and the State of North Carolina Department of Justice, the pending investigations by the SEC of the Company, the request for documents and information received by the Company from the Autorité des marchés financiers (the Company's principal securities regulator in Canada), the pending investigation by the California Department of Insurance, a number of pending putative securities class action litigations in the U.S. (including related opt-out actions, including the recently filed securities and RICO claims by Lord Abbett) and Canada, and purported class actions under the federal RICO statute and other claims, investigations or proceedings that may be initiated or that may be asserted;
- the impact of the changes in and reorganizations to our business structure, including changes to our operating and reportable segments;
- the effectiveness of the measures implemented to remediate the material weaknesses in our internal control over financial reporting that were identified by the Company, our deficient control environment and the contributing factors leading to the misstatement of our previously issued results and the impact such measures may have on the Company and our businesses;
- potential additional litigation and regulatory investigations (and any costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom), negative publicity and reputational harm on our Company, products and business that may result from the recent public scrutiny of our distribution, marketing, pricing, disclosure and accounting practices and from our former relationship with Philidor, including any claims, proceedings, investigations and liabilities we may face as a result of any alleged wrongdoing by Philidor and/or its management and/or employees;
- the current scrutiny of our business practices including with respect to pricing (including the investigations by the U.S. Attorney's Offices for the District of Massachusetts and the Southern District of New York and the State of North Carolina Department of Justice) and any pricing controls or price adjustments that may be sought or imposed on our products as a result thereof;
- pricing decisions that we have implemented, or may in the future, elect to implement whether as a result of recent scrutiny or otherwise, such as the decision of the Company to take no further price increases on our Nitropress® and Isuprel® products and to implement an enhanced rebate program for such products, our decision on the price of our Siliq™ product, the Patient Access and Pricing Committee's commitment that the average annual price increase for our prescription pharmaceutical products will be set at no greater than single digits and below the 5-year weighted average of the increases within the branded biopharmaceutical industry or any future pricing actions we may take following review by our Patient Access and Pricing Committee (which is responsible for the pricing of our drugs);
- legislative or policy efforts, including those that may be introduced and passed by the U.S. Congress, designed to reduce patient out-of-pocket costs for medicines, which could result in new mandatory rebates and discounts or other pricing restrictions, controls or regulations (including mandatory price reductions);
- ongoing oversight and review of our products and facilities by regulatory and governmental agencies, including periodic audits by the U.S. Food and Drug Administration (the "FDA"), and the results thereof;
- any default under the terms of our senior notes indentures or Credit Agreement and our ability, if any, to cure or obtain waivers of such default;

- any delay in the filing of any future financial statements or other filings and any default under the terms of our senior notes indentures or Credit Agreement as a result of such delays;
- our substantial debt (and potential additional future indebtedness) and current and future debt service obligations, our ability to reduce our outstanding debt levels in accordance with our stated intention and the resulting impact on our financial condition, cash flows and results of operations;
- our ability to meet the financial and other covenants contained in our Credit Agreement, indentures and other current or future debt agreements and the limitations, restrictions and prohibitions such covenants impose or may impose on the way we conduct our business, prohibitions on incurring additional debt if certain financial covenants are not met, limitations on the amount of additional debt we are able to incur where not prohibited, and restrictions on our ability to make certain investments and other restricted payments;
- any further downgrade by rating agencies in our credit ratings, which may impact, among other things, our ability to raise debt and the cost of capital for additional debt issuances;
- any reductions in, or changes in the assumptions used in, our forecasts for fiscal year 2017 or beyond, which could lead to, among other things, (i) a failure to meet the financial and/or other covenants contained in our Credit Agreement and/or indentures, and/or (ii) impairment in the goodwill associated with certain of our reporting units (including our Salix reporting unit) or impairment charges related to certain of our products or other intangible assets, which impairments could be material;
- changes in the assumptions used in connection with our impairment analyses or assessments, which would lead to a change in such impairment analyses and assessments and which could result in an impairment in the goodwill associated with any of our reporting units or impairment charges related to certain of our products or other intangible assets;
- the pending and additional divestitures of certain of our assets or businesses and our ability to successfully complete any such divestitures on commercially reasonable terms and on a timely basis, or at all, and the impact of any such pending or future divestitures on our Company, including the reduction in the size or scope of our business or market share, loss of revenue, any loss on sale,
- including any resultant write-downs of goodwill, or any adverse tax consequences suffered as a result of any such divestitures;
- our shift in focus to much lower business development activity through acquisitions for the foreseeable future as we focus on reducing our outstanding debt levels and as a result of the restrictions imposed by our Credit Agreement that restrict us from, among other things, making acquisitions over an aggregate threshold (subject to certain exceptions) and from incurring debt to finance such acquisitions, until we achieve a specified leverage ratio;
- the uncertainties associated with the acquisition and launch of new products (such as our Siliq™ product), including, but not limited to, our ability to provide the time, resources, expertise and costs required for the commercial launch of new products, the acceptance and demand for new pharmaceutical products, and the impact of competitive products and pricing, which could lead to material impairment charges;
- our ability to retain, motivate and recruit executives and other key employees, including subsequent to retention payments being paid out and as a result of the reputational challenges we face and may continue to face;
- our ability to implement effective succession planning for our executives and key employees;
- the challenges and difficulties associated with managing a large complex business, which has, in the past, grown rapidly;
- our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;

- our ability to effectively operate, stabilize and grow our businesses in light of the challenges that the Company currently faces, including with respect to its substantial debt, pending investigations and legal proceedings, scrutiny of our pricing, distribution and other practices, reputational harm and limitations
- on the way we conduct business imposed by the covenants in our Credit Agreement, indentures and the agreements governing our other indebtedness;
- the success of our fulfillment arrangements with Walgreen Co. ("Walgreens"), including market acceptance of, or market reaction to, such arrangements (including by customers, doctors, patients, pharmacy benefit managers ("PBMs"), third party payors and governmental agencies), the continued compliance of such arrangements with applicable laws, and our ability to successfully negotiate any improvements to our arrangements with Walgreens;
- the extent to which our products are reimbursed by government authorities, PBMs and other third party payors; the impact our distribution, pricing and other practices (including as it relates to our former relationship with Philidor, any alleged wrongdoing by Philidor and our current relationship with Walgreens) may have on the decisions of such government authorities, PBMs and other third party payors to reimburse our products; and the impact of obtaining or maintaining such reimbursement on the price and sales of our products;
- the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price and sales of our products in connection therewith;
- our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries, including the impact on such matters of the proposals published by the Organization for Economic Co-operation and Development ("OECD") respecting base erosion and profit shifting ("BEPS") and various corporate tax reform proposals being considered in the U.S.;
- our recent shift in business strategy as we are seeking to sell a variety of assets, some of which may be material and/or transformative;
- the actions of our third party partners or service providers of research, development, manufacturing, marketing, distribution or other services, including their compliance with applicable laws and contracts, which actions may be beyond our control or influence, and the impact of such actions on our Company, including the impact to the Company of our former relationship with Philidor and any alleged legal or contractual non-compliance by Philidor;
- the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering and operating in new and different geographic markets (including the challenges created by new and different regulatory regimes in such countries and the need to comply with applicable anti-bribery and economic sanctions laws and regulations);
- adverse global economic conditions and credit markets and foreign currency exchange uncertainty and volatility in the countries in which we do business (such as the current or recent instability in Brazil, Russia, Ukraine, Argentina, Egypt, certain other countries in Africa and the Middle East, the devaluation of the Egyptian pound, and the adverse economic impact and related uncertainty caused by the United Kingdom's decision to leave the European Union (Brexit));
- our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property;
- the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;
- if permitted under our Credit Agreement, and to the extent we elect to resume business development activities through acquisitions, our ability to identify, finance, acquire, close and integrate acquisition targets successfully and on a timely basis;

- factors relating to the acquisition and integration of the companies, businesses and products that have been acquired by the Company and that may in the future be acquired by the Company (if permitted under our Credit Agreement and to the extent we elect to resume business development activities through acquisitions), such as the time and resources required to integrate such companies, businesses and products, the difficulties associated with such integrations (including potential disruptions in sales activities and potential challenges with information technology systems integrations), the difficulties and challenges associated with entering into new business areas and new geographic markets, the difficulties, challenges and costs associated with managing and integrating new facilities, equipment and other assets, the risks associated with the acquired companies, businesses and products and our ability to achieve the anticipated benefits and synergies from such acquisitions and integrations, including as a result of cost-rationalization and integration initiatives. Factors impacting the achievement of anticipated benefits and synergies may include greater than expected operating costs, the difficulty in eliminating certain duplicative costs, facilities and functions, and the outcome of many operational and strategic decisions;
- the expense, timing and outcome of pending or future legal and governmental proceedings, arbitrations, investigations, subpoenas, tax and other regulatory audits, reviews and regulatory proceedings against us or relating to us and settlements thereof;
- our ability to obtain components, raw materials or finished products supplied by third parties (some of which may be single-sourced) and other manufacturing and related supply difficulties, interruptions and delays;
- the disruption of delivery of our products and the routine flow of manufactured goods;
- economic factors over which the Company has no control, including changes in inflation, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;
- interest rate risks associated with our floating rate debt borrowings;
- our ability to effectively distribute our products and the effectiveness and success of our distribution arrangements, including the impact of our arrangements with Walgreens;
- our ability to secure and maintain third party research, development, manufacturing, marketing or distribution arrangements;
- the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or recalls or withdrawals of products from the market;
- the mandatory or voluntary recall or withdrawal of our products from the market and the costs associated therewith;
- the availability of, and our ability to obtain and maintain, adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third party insurance or self-insurance;
- the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the FDA, Health Canada and similar agencies in other countries, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;
- the results of continuing safety and efficacy studies by industry and government agencies;
- the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as other factors impacting the commercial success of our products (such as our Siliq™ product), which could lead to material impairment charges;

- the results of management reviews of our research and development portfolio (including following the receipt of clinical results or feedback from the FDA or other regulatory authorities), which could result in terminations of specific projects which, in turn, could lead to material impairment charges;
- the seasonality of sales of certain of our products;
- declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;
- compliance by the Company or our third party partners and service providers (over whom we may have limited influence), or the failure of our Company or these third parties to comply, with health care "fraud and abuse" laws and other extensive regulation of our marketing, promotional and business practices (including with respect to pricing), worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act), worldwide economic sanctions and/or export laws, worldwide environmental laws and regulation and privacy and security regulations;
- the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Health Care Reform Act") and potential repeal or amendment thereof and other legislative and regulatory healthcare reforms in the countries in which we operate, including with respect to recent government inquiries on pricing;
- the impact of any changes in or reforms to the legislation, laws, rules, regulation and guidance that apply to the Company and its business and products or the enactment of any new or proposed legislation, laws, rules, regulations or guidance that will impact or apply to the Company or its businesses or products;
- the impact of changes in federal laws and policy under consideration by the new administration and Congress, including the effect that such changes will have on fiscal and tax policies, the potential repeal of all or portions of the Health Care Reform Act, international trade agreements and policies and policy efforts designed to reduce patient out-of-pocket costs for medicines (which could result in new mandatory rebates and discounts or other pricing restrictions);
- illegal distribution or sale of counterfeit versions of our products; and
- interruptions, breakdowns or breaches in our information technology systems.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in our Annual Report on Form 10-K for the year ended December 31, 2016 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2017, June 30, 2017 and September 30, 2017 under "Forward Looking Statements", and in the Company's other filings with the SEC and CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this offering memorandum or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements (including the accompanying notes) appearing elsewhere in this offering memorandum or incorporated by reference herein. To understand this offering fully, you should read carefully the entire offering memorandum and the information incorporated by reference herein, including the section of this offering memorandum entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

All references in this offering memorandum to "$" are to U.S. dollars.

The Company

We are a multinational, specialty pharmaceutical and medical device company that develops, manufactures, and markets a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter ("OTC") products, and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment, and aesthetics devices), which are marketed directly or indirectly in approximately 100 countries. We are diverse not only in our sources of revenue from our broad drug and medical device portfolio, but also among the therapeutic classes and geographies we serve.

The Company's portfolio of products falls into three reportable segments: (i) Bausch + Lomb/International, (ii) Branded Rx, and (iii) U.S. Diversified Products.

- *The Bausch + Lomb/International segment* consists of: (i) sales in the U.S. of pharmaceutical products, OTC products and medical device products, primarily comprised of Bausch + Lomb products, with a focus on the Vision Care, Surgical, Consumer and Ophthalmology Rx products, and (ii) sales in Canada, Europe, Asia, Australia and New Zealand, Latin America, Africa and the Middle East of branded pharmaceutical products, branded generic pharmaceutical products, OTC products, medical device products, and Bausch + Lomb products.
- *The Branded Rx segment* consists of sales in the U.S. of: (i) Salix products (gastrointestinal ("GI") products), (ii) Ortho Dermatologics (dermatological products) and (iii) oncology (or Dendreon), dentistry and women's health products. As a result of the Dendreon Sale completed on June 28, 2017, the Company exited the oncology business.
- *The U.S. Diversified Products segment* consists of sales in the U.S. of: (i) pharmaceutical products, OTC products and medical device products in the areas of neurology and certain other therapeutic classes, including aesthetics which includes the Solta business and the Obagi business sold on November 9, 2017 and (ii) generic products.

Business Strategy

Our strategy is to focus our business on core geographies and therapeutic classes that offer attractive growth opportunities. Within our chosen therapeutic classes and geographies, we prioritize durable products which have the potential for strong operating margins and evidence of growth opportunities. The growth of our business is further augmented through our lower risk, output-focused R&D model, which allows us to advance certain development programs to drive future commercial growth, while creating efficiencies in our R&D efforts.

Key Initiatives

Prior to 2016, we had completed a series of mergers and acquisitions which were key to the Company's previous strategy for growth. The Company has transitioned away from a focus on acquisitions, has taken steps to stabilize its business and has begun placing greater emphasis on a select number of internal R&D projects. The Company's key initiatives include: (i) concentrating our focus on core businesses where we believe we have an existing and sustainable competitive edge, (ii) identifying opportunities to improve operational efficiencies and reviewing our internal allocation of capital and (iii) strengthening the Company's balance sheet and capital structure.

In 2017, we have continued to execute on these key initiatives. We have better defined our core businesses, shifted our operations toward those core businesses and made measurable progress in strengthening our balance sheet.

Focus on Core Businesses—We believe that there is significant opportunity in the eye health and branded prescription pharmaceutical businesses. Our existing portfolio, commercial footprint and pipeline of product development projects are expected to position us to compete and be successful in these markets. As a result, we believe these businesses provide us with the greatest opportunity to build value for our stakeholders. In order to focus our efforts, in 2016, we performed a review of our portfolio of assets to identify those areas where we believe we have, and can maintain, a competitive advantage and we continue to define and shape our business around these assets. We identify these areas as "core", meaning that we are best positioned to grow and develop them. By narrowing our focus, we have the opportunity to reduce complexity in our business and maximize the value of our core businesses. We describe our core areas by business and by geography. Within our Branded Rx segment, our core businesses include gastrointestinal ("GI") (or Salix) and dermatology. We also view our global eye health business, within our Bausch + Lomb/International segment, as core. Although the business units that fall outside our definition of "core" assets may be solid, the focus of their product pipelines and geographic footprint are not fully aligned with the focus of our core business, and they are, therefore, at a disadvantage when competing against our core activities for resources and capital within the Company.

Internal Capital Allocation and Operating Efficiencies—In support of the key initiatives outlined above, in 2016, a new leadership team was recruited and many of the executive roles were realigned or expanded to drive value in our product portfolio and generate operational efficiencies. Beginning in the latter half of 2016, the leadership team began to address a number of issues affecting performance and other operational matters. These operational matters included:

- Sales Force Stabilization—We believe that new leadership and the enhanced focus on core assets have enabled the Company to recruit and retain stronger talent for its sales initiatives. We continue to focus on stabilizing our sales forces, which, in turn, will allow us to deliver more consistent and concise messages in the marketplace.
- Patient Access and Pricing Committee and New Pricing Actions—In May 2016, we formed the Patient Access and Pricing Committee responsible for setting, changing and monitoring the pricing of our Branded Rx and other pharmaceutical products. Following this committee's recommendation, we implemented an enhanced rebate program to all hospitals in the U.S. to reduce the price of our Nitropress® and Isuprel® products. In October 2016, the Patient Access and Pricing Committee approved 2% to 9% increases to our gross selling price (wholesale acquisition cost or "WAC") for products in our neurology, GI and urology portfolios. The changes are aligned with the Patient Access and Pricing Committee's commitment that the average annual price increase for our prescription pharmaceutical products will be set at no greater than single digits and below the 5-year weighted average of the increases within the branded biopharmaceutical industry. In addition, in 2016, no pricing increases were taken on our dermatology and ophthalmology products and, in 2016, net pricing of our dermatology and ophthalmology products, after taking into account the impact of rebates and other adjustments, decreased by greater than 10% on average. On April 21, 2017, the Company announced that, following the evaluation and approval of the Patient Access and Pricing Committee, it had decided to list Siliq™ injection at $3,500 per month, which represented the lowest-priced injectable biologic

psoriasis treatment based on total annual costs on the market at the time of the announcement. In the future, we expect that the Patient Access and Pricing Committee will implement or recommend additional price changes and/or new programs to enhance patient access to our drugs and that these pricing changes and programs could affect the average realized pricing for our products and may have a significant impact on our revenue trends.

The ranking of our business units during 2016 changed our view of how capital should be allocated across our activities. Our first step was to review each business unit, consider and assess the appropriate levels of operating expense, and to eliminate non-productive costs. As a result of that review, we identified significant cost savings opportunities.

To position the Company to drive the value of our core assets, we made a number of leadership changes and took steps to increase our promotional efforts, particularly in GI, and increase our commitment to research and development.

The GI unit initiated a significant sales force expansion program in December 2016 to reach potential primary care physician ("PCP") prescribers of Xifaxan® for irritable bowel syndrome with diarrhea ("IBS-D") and Relistor® tablets for opioid induced constipation ("OIC"). In the first quarter of 2017, we hired approximately 250 trained and experienced sales force representatives and managers to create, bolster and sustain deep relationships with PCPs. With approximately 70 percent of IBS-D patients initially presenting with symptoms to a PCP, we believe that the dedicated PCP sales force will be positioned to reach more patients in need of IBS-D treatment. The investment in these additional sales resources, including an increase in associated promotional costs, is expected to be in the range of $50 million to $60 million, as we believe this spend is needed to allow us to capitalize on the full potential of Xifaxan®. The costs of this investment in our GI unit reduced our operating results in the fourth quarter of 2016 and the first quarter of 2017 and we have begun experiencing incremental revenue for Xifaxan®. In addition, we have expanded our dedicated pain sales representatives to strengthen our position in the OIC market, and established a nurse educator team to educate clinical staff within top institutions.

Our R&D organization focuses on the development of products through clinical trials and consists of approximately 1,000 dedicated R&D and quality assurance employees in 18 R&D facilities. Currently, we have over 100 R&D projects in the pipeline and we have launched or expect to launch and/or relaunch over 120 products during 2017. In 2016, we increased our R&D expenditures by 26% over our R&D expenditures in 2015, as we began the transition away from the Company's previous growth by acquisition strategy and moved toward our organic growth supported by investment in R&D strategy. Although R&D expenses for the nine months ended September 30, 2017 were $271 million and were lower when compared to R&D expenses for the nine months ended September 30, 2016 of $328 million, as a percentage of revenues R&D expenses remain between 4% and 5% in 2017 and 2016 and demonstrates our consistent commitment to our investment in R&D strategy. The decrease in dollars spent is attributable to the year over year phasing as we completed the R&D investment in Siliq™ and other newly launched products requiring investment in the prior year, removed projects related to divested businesses and rebalanced our portfolio to better align with our long-term plans.

Core assets that have received a significant portion of our R&D investment are:

- *Dermatology*—On July 27, 2017, we launched Siliq™ in the U.S. Siliq™ is an IL-17 receptor blocker monoclonal antibody biologic for treatment of moderate-to-severe plaque psoriasis, which we estimate to be an over $5,000 million market in the U.S. The FDA approved the Biologics License Application ("BLA") for Siliq™ injection, for subcutaneous use for the treatment of moderate-to-severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy and have failed to respond or have lost response to other systemic therapies. Siliq™ has a Black Box Warning for the risks in patients with a history of suicidal thoughts or behavior and was approved with a Risk Evaluation and Mitigation Strategy involving a one-time enrollment for physicians and one-time informed consent for patients.

- *Dermatology*—IDP-118 is the first and only topical lotion that contains a unique combination of halobetasol propionate and tazarotene for the treatment of moderate-to-severe plaque psoriasis in adults. Halobetasol propionate and tazarotene are each approved to treat plaque psoriasis when used separately, but are limited in duration of use. Halobetasol propionate may be used for up to two weeks and tazarotene may be limited due to irritation. Based on existing data from clinical studies, the combination of these ingredients in IDP-118 with a dual mechanism of action, potentially allows for expanded duration of use, with reduced adverse events. On September 5, 2017, we announced that we had submitted a New Drug Application ("NDA") for IDP-118 to the FDA which included data from two successful Phase 3 clinical trials. On November 2, 2017, we announced that the FDA had accepted the NDA for review, and set a Prescription Drug User Fee Act ("PDUFA") action date of June 18, 2018.
- *Dermatology*—IDP-122 is a novel psoriasis product, for which we expect to file an NDA in 2017.
- *Dermatology*—IDP-121 is a novel acne product, for which we expect to file an NDA in 2017.
- *Dermatology*—IDP-123 is an acne product containing lower concentration of tazarotene in a lotion form to help reduce irritation while keeping efficacy currently in Phase 3 testing.
- *Dermatology*—IDP-120 is an acne product with a fixed combination of mutually incompatible ingredients; benzoyl peroxide and tretinoin. We plan to begin Phase 3 testing of this product in the first half of 2018.
- *Dermatology*— IDP-126 is an acne product with a fixed combination of benzoyl peroxide, clindamycin phosphate and adapalene currently in Phase 2 testing.
- *Gastrointestinal*—A new formulation of rifaximin, which we acquired as part of the Salix Acquisition, is scheduled to begin Phase 2b/3 testing in 2017.
- *Eye Health*—Luminesse™ (provisional name) (brimonidine tartrate ophthalmic solution, 0.025%) is being developed as an ocular redness reliever. On February 27, 2017, we filed the NDA for Luminesse™ with the FDA. In May 2017, we announced that the FDA had accepted the NDA for review, and set a PDUFA action date of December 27, 2017.
- *Eye Health*— Vyzulta™ (latanoprostene bunod ophthalmic solution, 0.024%) is an intraocular pressure lowering single-agent eye drop dosed once daily for patients with open angle glaucoma or ocular hypertension. In September 2015, we announced that the FDA had accepted for review the NDA for this product and set a PDUFA action date of July 21, 2016. On July 22, 2016, we announced that we had received a Complete Response Letter ("CRL") from the FDA regarding the NDA for this product. On February 24, 2017 we refiled the NDA and, on August 7, 2017, we received another CRL from the FDA regarding the NDA for this product. The concerns raised by the FDA in both CRLs pertain to the findings of Current Good Manufacturing Practices ("GMP") inspections at our manufacturing facility in Tampa, Florida where certain deficiencies were identified by the FDA. However, neither CRL identified any efficacy or safety concerns with respect to this product or additional clinical trials needed for the approval of the NDA. On August 16, 2017, we announced that the FDA confirmed that all issues related to the Current Good Manufacturing Practice inspection at the Tampa, Florida facility are being satisfactorily resolved, and a Voluntary Action Indicated inspection classification has since been issued by the FDA for this facility. Then on November 2, 2017, we announced that the FDA approved the NDA for Vyzulta™. We expect to launch Vyzulta™ in 2017.
- *Eye Health*—Vitesse™ is a novel technology using ultrasonic energy for vitreous removal with reduced surgical trauma. On April 26, 2017, Vitesse™ received 510(k) clearance from the FDA. We expect to launch this product in 2017.

- *Dermatology*—Traser™ is an energy-based platform device with significant versatility and power capabilities to address various dermatological conditions, including vascular and pigmented lesions. Product launch is currently planned for the second half of 2019.
- *Eye Health*—We expect to file a Premarket Approval application with the FDA in 2017 for 7-day extended wear for our Bausch + Lomb ULTRA® monthly planned replacement contact lenses.
- *Eye Health*—On April 6, 2017, we announced that our Stellaris Elite™ Vision Enhancement System received 510(k) clearance from the FDA. The Stellaris Elite™ Vision Enhancement System is our next generation phacoemulsification cataract platform, which offers new innovations as well as the opportunity to add upgrades and enhancements every one to two years. Stellaris Elite™ is the first phacoemulsification platform on the market to offer Adaptive Fluidics™, which combines aspiration control with predictive infusion management to create a responsive and controlled surgical environment for efficient cataract lens removal. Stellaris Elite™ was launched in April 2017.
- *Eye Health*—Biotrue® ONEday for Astigmatism is a daily disposable contact lens for astigmatic patients. The Biotrue® ONEday lenses incorporates Surface Active Technology™ to provide a dehydration barrier. The Biotrue® ONEday for Astigmatism also includes evolved peri-ballast geometry to deliver stability and comfort for the astigmatic patient. We launched this product in December 2016 and launched the complete extended power range in 2017.
- *Eye Health*—Bausch + Lomb ULTRA® for Astigmatism is a monthly planned replacement contact lens for astigmatic patients. The Bausch + Lomb ULTRA® for Astigmatism lens was developed using the proprietary MoistureSeal® technology. In addition, the Bausch + Lomb ULTRA® for Astigmatism lens integrates a OpticAlign™ design engineered for lens stability and to promote a successful wearing experience for the astigmatic patient. We launched this product and the extended power range for this product in 2017.
- *Eye Health*—Bausch + Lomb ULTRA® for Presbyopia is a monthly planned replacement contact lens for presbyopic patients. The Bausch + Lomb ULTRA® for Presbyopia lens was developed using the proprietary MoistureSeal® technology. In addition, the Bausch + Lomb ULTRA® for Presbyopia lens integrates a 3 zone progressive design for near, intermediate and distance vision. We will continue to launch expanded parameters of this product throughout 2017.
- *Eye Health*—Bausch + Lomb ScleralFil™ solution is a novel contact lens care solution that makes use of a preservative free buffered saline solution for use with the insertion of scleral lenses. This contact lens care solution was launched in 2017.
- *Eye Health*—Bausch + Lomb Renu® Advanced Formula multi-purpose solution is a novel soft and silicone hydrogel contact lenses solution that makes use of three disinfectants and two moisture agents. This contact lens multipurpose care solution was launched in May 2017.
- *Eye Health*—On February 21, 2017, EyeGate Pharmaceuticals, Inc. granted the Company the exclusive licensing rights to manufacture and sell its EyeGate® II Delivery System and EGP-437 combination product candidate worldwide for the treatment of post-operative pain and inflammation in ocular surgery patients. EyeGate Pharmaceuticals, Inc. will be responsible for the continued development of this product candidate in this field in the U.S. and all associated costs. The Company has the right to further develop the product in this field outside of the U.S., at its cost. In July 2017, EyeGate Pharmaceuticals, Inc. enrolled its first patient in a new Phase IIB clinical study for cataract surgery.
- *Eye Health*—We are developing a new Ophthalmic Viscosurgical Device product, with a formulation to protect corneal endothelium during Phaco emulsification process during a cataract surgery and to help chamber maintenance and lubrication during intraocular lens delivery. We expect to initiate an investigative device exemption (“IDE”) study in 2017.

- *Dermatology*—Next Generation Thermage® is a fourth-generation non-invasive treatment option using a radiofrequency platform designed to optimize key functional characteristics, expand clinical indication set, and improve patient outcomes. On September 22, 2017, we received 510(k) clearance from the FDA and expect to launch this product in 2017.
- *Gastrointestinal*—NER1006 (provisionally named Plenvu®) is a novel, lower-volume polyethylene glycol-based bowel preparation that has been developed to help provide complete bowel cleansing, with an additional focus on the ascending colon. In June 2017, we announced that the FDA accepted for review the NDA for NER1006 and we expect an FDA decision in 2018. NER1006 was licensed by Norgine B.V. to Salix in August 2016.
- *Eye Health*—Loteprednol Gel 0.38% is a new formulation for the treatment of post-operative ocular inflammation and pain with lower drug concentration and less frequent dosing and has completed Phase III testing.
- *Eye Health*—enVista® Trifocal intraocular lens is an innovative lens design for which we expect to initiate an IDE study in 2017.

Our investment in R&D reflects our commitment to drive organic growth through internal development of new products, a pillar of our new strategy.

Strengthening the Balance Sheet/Capital Structure—We have made measurable progress in reducing our debt level, improving our capital structure and generating additional liquidity for our operations. Using our cash flows from operations and the net cash proceeds from sales of certain non-core assets, during the period from January 1, 2016 through the date of this offering memorandum, we repaid (net of additional borrowings) over $5,300 million of long-term debt, which includes over $1,200 million of repayments made after September 30, 2017 using the net proceeds from the iNova Sale and the Obagi Sale, along with cash on hand. In addition, in March 2017 and October 2017, we accessed the credit markets and completed a series of transactions to improve our capital structure, whereby we extended the maturities of certain debt obligations originally scheduled to mature in the years 2018 through 2020 out to April 2020 and beyond. Our repayments through the date of this offering memorandum, and the refinancings we completed in March 2017 and October 2017 have eliminated any further mandatory principal long-term debt repayments until March 2020, providing us with additional liquidity and greater flexibility to execute our business plans. Our reduced debt levels and improved debt portfolio will translate to lower payments of principal over the next three years, which in turn should free up cash flows to be directed toward developing our core assets and repaying additional debt amounts.

We continuously evaluate opportunities to address certain of our outstanding indebtedness, including refinancing certain of our series of unsecured notes in whole or in part. The ability to refinance any such indebtedness will depend on market conditions and other factors at such time and may include the issuance of unsecured debt securities, potentially in the near-term. No assurances can be made as to whether or not any such issuances will occur or, if they do, the price or interest rate at which any such debt securities would be issued, what debt would be refinanced or the price at which any such refinancing would be completed.

Recent Developments

On September 29, 2017, we completed the iNova Sale for $938 million in cash, subject to certain working capital provisions. iNova markets a diversified portfolio of weight management, pain management, cardiology and cough and cold prescription and over-the-counter products in more than 15 countries, with leading market positions in Australia and South Africa, as well as an established platform in Asia. iNova revenues were $196 million for the nine months ended September 30, 2017 and were $246 million and $252 million during the years 2016 and 2015, respectively. On October 5, 2017, the net proceeds of the iNova Sale were used to repay

$923 million aggregate principal amount of our Series F Tranche B Term Loan Facility due 2022 (the "iNova Paydown"). Following the iNova Paydown, there are no further quarterly amortization payments required under our senior secured credit facilities.

On October 17, 2017 we issued $1,000 million aggregate principal amount of our 5.500% Senior Secured Notes due 2025 (the "Secured Notes Issuance").

On October 17, 2017, Valeant Pharmaceuticals International, our wholly-owned Delaware incorporated subsidiary, repurchased $431 million aggregate principal amount of its outstanding 7.000% Senior Notes due 2020 and $569 million aggregate principal amount of its outstanding 6.375% Senior Notes due 2020 pursuant to previously announced tender offers (the "2020 Notes Repurchase").

On November 2, 2017, we repaid $125 million of Series F Tranche B Term Loan Facility due 2022, using cash on hand (the "Term Loan Paydown").

On November 6, 2017, we announced we had entered into a definitive agreement relating to the Sprout Sale. In connection with the completion of the Sprout Sale, the terms of the October 2015 merger agreement relating to our acquisition of Sprout will be amended to terminate our ongoing obligation to make future royalty payments associated with the Addyi® product, as well as certain related provisions (including the obligation to make certain marketing and other expenditures). In connection with the completion of the Sprout Sale, the current litigation against us, initiated on behalf of the former shareholders of Sprout, which disputes our compliance with certain contractual terms of that same merger agreement with respect to the use of certain diligent efforts to develop and commercialize the Addyi® product (including a disputed contractual term with respect to the spend of no less than $200 million in certain expenditures), will be dismissed with prejudice. Upon completion of the Sprout Sale, we will issue the buyer a five-year $25 million loan for initial operating expenses. Addyi®, a once-daily, non-hormonal tablet approved for the treatment of acquired, generalized hypoactive sexual desire disorder in premenopausal women, is the only approved and commercialized product of Sprout. The Sprout Sale is expected to close in 2017, subject to certain closing conditions, including the approval of the requisite portion of the former shareholders of Sprout to the amendments to the original merger agreement.

On November 9, 2017, we completed the Obagi Sale for $190 million in cash, subject to certain working capital provisions. Obagi revenues were $60 million for the nine months ended September 30, 2017 and were $71 million and $91 million during the years 2016 and 2015, respectively. On November 10, 2017, the net proceeds of the Obagi Sale were used to repay $181 million aggregate principal amount of our Series F Tranche B Term Loan Facility due 2022 (the "Obagi Paydown").

We refer to the iNova Paydown, the Secured Notes Issuance, the 2020 Notes Repurchase, the Term Loan Paydown and the Obagi Paydown as the "Recent Developments Transactions."

Credit Facility Amendment and Repricing

On November 9, 2017, we launched an amendment and repricing of the term loans that will remain outstanding under our Credit Agreement after giving effect to this offering and the application of the proceeds thereof (the "Credit Agreement Amendment"). We intend to seek a reduction in interest rate on our current Series F Tranche B Term Loan (the "Series F Tranche B Term Loan") maturing in 2022 pursuant to a refinancing of all Series F Tranche B Term Loans outstanding (after giving effect to the issuance of the new secured notes and the application of the proceeds thereof) into a new Series F-4 Tranche B Term Loan (the "Series F-4 Tranche B Term Loan"). The Series F-4 Tranche B Term Loan would thereafter be the only tranche of term loans outstanding under the Credit Facility, and would have terms identical to the currently outstanding Series F Tranche B Term Loans, other than a reduction in interest rate and certain other changes referred to in the Credit

Agreement Amendment. We are also seeking an increase to the letter of credit sublimit under the revolving facility provided for in our Credit Agreement and increased flexibility for treasury-related transactions. We have offered a soft call premium of 1.00% for a period of six months.

The Credit Agreement Amendment is subject to market and other conditions. Closing of the Credit Agreement Amendment is not a condition to the closing of this offering. There can be no assurance that we will be able to successfully complete the Credit Agreement Amendment on the terms described above, or at all.

We refer to this offering collectively with the subsequent Credit Facility Amendment and Repricing as the "Transactions."

The Offering

The following summary contains basic information about the notes. For a more complete understanding of the notes and this offering, see "Description of the Notes."

Issuer	Valeant Pharmaceuticals International, Inc.
Notes Offered	$750 million aggregate principal amount of 5.500% Senior Secured Notes due 2025. The new secured notes are being offered as additional notes under the October 2017 Indenture pursuant to which we previously issued the initial secured notes. The new secured notes constitute a further issuance of, and will be fungible with, the initial secured notes and will bear the same CUSIP numbers as the initial secured notes except for notes issued pursuant to Regulation S which will bear a different CUSIP number for the first 40 days. The new secured notes will form a single class of debt securities with the initial secured notes for all purposes under October 2017 Indenture. Immediately after giving effect to the issuance of the new secured notes by this offering memorandum, we will have outstanding $1,750 million in aggregate principal amount of 5.500% Senior Secured Notes due 2025.
Maturity Date	The notes will mature on November 1, 2025.
Interest	The notes will bear interest at a rate of 5.500% per annum payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2018. Interest will accrue from October 17, 2017.
Guarantees	The notes are initially jointly and severally guaranteed on a senior secured basis by each of our subsidiaries that is a guarantor under the Credit Agreement, the Existing Secured Notes and our existing senior unsecured notes (the "Existing Senior Notes" and, together with the Existing Secured Notes, the "Existing Notes"). The guarantee of any subsidiary may be released under certain circumstances as described under "Description of the Notes—Note Guarantees." Certain Note Guarantees may be subject to certain limitations. See "Risk Factors—Each guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability. Applicable U.S. and Canadian laws allow courts, under certain circumstances, to void the notes or the guarantees and any related security or take other actions detrimental to the holders of the notes such that the resources of the Issuer and the Note Guarantors may not be available to make payments in respect of the notes."
Collateral	The Company and the Note Guarantors, subject to certain exceptions, granted (or will grant) liens on a first-priority basis on substantially all of their tangible and intangible assets, now owned or hereafter

acquired, that secure borrowings under the Credit Agreement, in favor of the relevant Notes Collateral Agent (as defined herein) and the Existing Secured Notes, pursuant to certain security documents (the “Collateral Documents”). The Collateral excludes certain Excluded Assets (as defined under “Description of the Notes”) and certain assets of certain subsidiaries organized in various foreign jurisdictions (including tangible assets in Germany, accounts receivable and assignments of rights under contracts in Germany and Poland, accounts receivable and assets the subject of an assignment in the United Arab Emirates, pledges of shares in Italian and United Arab Emirates companies) where applicable law does not permit the grant or simultaneous perfection of liens to a subsequent secured party beyond the Credit Agreement Collateral Agent or where the grant of such liens to a subsequent secured party is inconsistent with local practice. There is also a risk that certain asset pledges in Colombia may be determined to be invalid pursuant to local law (see “Risk Factors—Risks Relating to the Notes”). As of and for the year ended December 31, 2016 and the nine months ended September 30, 2017, in the aggregate, approximately 6% and 7%, respectively, of our consolidated revenues and 4% and 5%, respectively of our consolidated assets relate to such foreign jurisdictions.

We will use commercially reasonable efforts to create and perfect liens on the Collateral that were not perfected on or prior to the issue date of the initial secured notes within 120 days after the issue date of the initial secured notes. We granted liens on substantially all personal property collateral in the United States, Canada and France on or prior to the Closing Date, subject to certain exceptions, and perfected certain of such liens by UCC and PPSA filings for U.S. and Canadian Note Guarantors on the Closing Date (subject to certain exceptions). See “Description of the Notes—Security—Perfection and Non-Perfection of Security Interests in Collateral” and “Annex A— Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.”

For more information on the security granted, see “Description of the Notes—Security.”

Intercreditor Agreement .... The collateral agents for the notes (the “Notes Collateral Agents”) joined and became parties to that certain First Lien Intercreditor Agreement (the “First Lien Intercreditor Agreement”) dated as of March 21, 2017, among Barclays Bank PLC (the “Credit Agreement Collateral Agent”) and the other agents party thereto, setting forth therein the relative rights with respect to the Shared Collateral (as defined under “Description of the Notes”) and covering certain other matters relating to the administration of security interests. Pursuant to the First Lien Intercreditor Agreement, the Credit Agreement Collateral Agent generally controls substantially all matters related to the Shared Collateral, including with respect to decisions, or enforcement, and may take actions that the holders of the notes may disagree with or that may be contrary to the interests of the holders of the notes. The First Lien Intercreditor Agreement also includes waivers of certain important rights that holders of secured debt would otherwise have. See “Description of the Notes—Security for the Notes—Intercreditor Agreement.”

Ranking . . . . The notes and the guarantees are senior secured obligations of the Company and the Note Guarantors. Accordingly, they are:

- general secured obligations, secured by a first-priority lien (subject to permitted liens and certain other exceptions) on the Collateral;
- pari passu in right of payment with all existing and future unsubordinated indebtedness of the Company and the Note Guarantors;
- senior in right of payment to all indebtedness of the Company and the Note Guarantors that expressly provides for its subordination to the notes;
- effectively pari passu with all existing and future indebtedness secured by a first-priority lien on the Collateral (including the Credit Facilities and the Existing Secured Notes);
- effectively senior to all existing and future indebtedness that is unsecured (including the Existing Senior Notes and the guarantees thereof) or that is secured by junior liens, in each case to the extent of the value of the Collateral; and
- structurally subordinated to (x) the liabilities of any of the Company’s subsidiaries that do not guarantee the notes to the extent of the value of such subsidiaries’ assets and (y) any of the Company’s debt that is secured by assets that are not Collateral to the extent of the value of such assets.

As of September 30, 2017, after giving effect to the Recent Developments Transactions and the Transactions, we and the Note Guarantors would have had (i) $9.2 billion aggregate principal amount of secured indebtedness outstanding, (ii) $16.9 billion aggregate principal amount of senior unsecured indebtedness outstanding and (iii) approximately $1.0 billion would have been available for borrowing under the Revolving Credit Facility, after adjusting for outstanding standby letters of credit. As of September 30, 2017, we have no subordinated debt outstanding.

In addition, the notes and the guarantees are effectively junior in right of payment to all liabilities of our non-guarantor subsidiaries. As of September 30, 2017, on a non-consolidated basis, our non-guarantor subsidiaries had an aggregate of $2.9 billion of assets and $1.3 billion of liabilities.

Optional Redemption of the Notes	The notes will be redeemable, in whole or in part, at any time on or after November 1, 2020 at the redemption prices set forth in this offering memorandum. In addition, the notes may be redeemed, in whole or in part, prior to November 1, 2020 at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption plus a "make-whole" premium as described under "Description of the Notes—Optional Redemption." At any time prior to November 1, 2020 up to 40% of the aggregate amount of the notes may be redeemed with the net proceeds of certain equity offerings at the redemption price set forth under "Description of the Notes—Optional Redemption," plus accrued and unpaid interest to, but not including, the date of redemption.
Change of Control	Upon the occurrence of a change of control (as defined herein), unless the Company has exercised its right to redeem all of the notes as described above, holders of the notes may require the Company to repurchase such holder's notes, in whole or in part, at a purchase price equal to 101% of the principal amount of such series plus accrued and unpaid interest to, but not including, the purchase date applicable to the notes.
Asset Sale Proceeds	If we or our restricted subsidiaries engage in certain asset sales, we must either prepay certain debt, invest the net cash proceeds from such sales in our business within a specified period of time or make an offer to purchase a principal amount of notes equal to the excess net cash proceeds of such asset sale, subject to certain exceptions. The purchase price of the notes purchased will be 100% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date, and shall be payable in cash, as described under the heading "Description of the Notes—Repurchase at the Option of Holders—Asset Sales."
Certain Covenants	The indenture governing the notes contains covenants that, among other things, limit the ability of the Company and our restricted subsidiaries to: • incur or guarantee additional indebtedness; • make certain investments and other restricted payments; • create liens; • enter into transactions with affiliates; • engage in mergers, consolidations or amalgamations; and • transfer and sell assets. These covenants are subject to a number of important limitations and exceptions. At any time the notes are rated investment grade, certain covenants will no longer be in effect for the remaining term of the notes. See "Description of the Notes—Certain Covenants—Changes in Covenants When Notes Rated Investment Grade."

Additional Amounts	In the event that certain taxes are payable in respect of payments on the notes or the guarantees, the Company or the applicable Note Guarantor, as the case may be, will, subject to certain exceptions, pay such additional amounts as will result, after deduction or withholding of such taxes, in holders or beneficial owners of notes receiving the amounts which such holder or beneficial owners of notes would have received in respect of the notes and the guarantees, respectively, had no such withholding or deduction been required. See "Description of the Notes—Payment of Additional Amounts."
Optional Tax Redemption	The notes may be redeemed at the option of the Company, in whole but not in part, at the principal amount thereof plus accrued and unpaid interest to, but not including, the redemption date, in certain circumstances in which the Company or the applicable Note Guarantor, as the case may be, would become obligated to pay additional amounts under the notes. See "Description of the Notes—Optional Redemption."
Governing Law	The notes, the guarantees and the indenture governing the notes are governed by the law of the State of New York.
Transfer Restrictions	The notes have not been and are not required to be registered under the Securities Act or any state securities laws. We do not intend to register the notes. Unless they are registered, the notes may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. The notes have not been and will not be qualified for sale to the public by prospectus under the securities laws of any province or territory of Canada. The notes initially sold to investors in Canada are subject to restrictions on transfer in Canada and may not be sold or transferred directly or indirectly except in compliance with applicable securities laws of any province or territory of Canada. These resale restrictions may in some circumstances apply to resales made outside of Canada. See "Transfer Restrictions." Additionally, the indenture that governs the notes is not subject to the provisions of the Trust Indenture Act of 1939, as amended (the "TIA").
Use of Proceeds	We intend to use the net proceeds, along with cash on hand, from this offering to repay (on a pro rata basis) a portion of our Series F Tranche B Term Loan Facility due 2022, and to pay related fees and expenses. See "Use of Proceeds" and "Summary—Recent Developments—Credit Facility Amendment and Repricing" Certain of the Initial Purchasers and/or their respective affiliates are lenders to our Series F Tranche B Term Loan Facility due 2022, and such Initial Purchasers or their affiliates may receive a portion of the proceeds of this offering. See "Use of Proceeds" and "Plan of Distribution."

No Prior Market	There is no public trading market for the notes, and we do not intend to apply for a listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. See "Risk Factors—Risks Relating to the Notes—There is no established trading market for the notes. If an actual trading market does not develop for the notes, you may not be able to resell them quickly, for the price that you paid or at all."
Trustee, Registrar, Transfer Agent and Paying Agent	The Bank of New York Mellon.
Notes Collateral Agents	The Bank of New York Mellon, Lord Securities Corporation (and/or certain of Lord Securities Corporation's subsidiaries or affiliates) and those persons who became (or in the future may become) "Notes Collateral Agents" pursuant to the terms of the Indenture and the First Lien Intercreditor Agreement. References herein to the "Notes Collateral Agents" shall be deemed to refer to the applicable Notes Collateral Agents; moreover, for the avoidance of any doubt, the Notes Collateral Agents shall be severally and not jointly liable for any actions taken by any of them in connection with the notes.
Risk Factors	Investing in the notes involves substantial risk. See the section entitled "Risk Factors" for a discussion of certain factors that you should carefully consider before investing in the notes.

Summary Historical Consolidated Financial and Other Information

The summary historical consolidated statements of operations information for the years ended December 31, 2014, 2015 and 2016 and the summary historical consolidated balance sheet information as of December 31, 2015 and 2016 has been derived from the audited consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference in this offering memorandum. The summary historical consolidated statements of operation information for the nine months ended September 30, 2016 and 2017 and the summary historical consolidated balance sheet information as of September 30, 2017 has been derived from the unaudited consolidated financial statements appearing in our Quarterly Report on Form 10-Q for the period ended September 30, 2017, which are incorporated by reference in this offering memorandum. The summary historical consolidated balance sheet information as of December 31, 2014 and as of September 30, 2016 has been derived from our audited consolidated financial statements and unaudited financial statements not included or incorporated in this offering memorandum. We prepared our unaudited interim financial statements on the same basis as our audited financial statements and have included all adjustments, consisting of normal and recurring adjustments that we consider necessary to present fairly our financial position and results of operations for the unaudited periods. Operating results for the nine-month periods are not necessarily indicative of results for a full financial year, or any other periods.

The summary historical unaudited consolidated statement of operations information for the twelve month period ended September 30, 2017 has been derived by adding our consolidated financial and operating data for the year ended December 31, 2016 to our consolidated unaudited financial and operating data for the nine months ended September 30, 2017 and subtracting our consolidated unaudited financial and operating data for the nine months ended September 30, 2016.

The credit statistics information set out below has been derived from our historical financial information, but has been adjusted to reflect the Transactions and the Recent Developments Transactions and to present the face value of debt, before reduction for unamortized discount and debt issuance costs. See “Capitalization” for further details.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of the Company, and you should read the following information in conjunction with the information appearing under "Risk Factors" in this offering memorandum, and in conjunction with our consolidated financial statements and the related notes incorporated by reference in this offering memorandum. See "Where You Can Find More Information and Incorporation by Reference."

	LTM Ended September 30,	Nine Months Ended September 30,		Years Ended December 31,		
	2017	2017	2016	2016(1)	2015(1)	2014(1)
			(in millions)			
	(unaudited)	(unaudited)	(unaudited)			
Statement of Operations Information						
Product sales	$ 8,830	$ 6,462	$ 7,168	$ 9,536	$10,292	$8,046
Other revenues	134	99	103	138	155	160
Total revenues	8,964	6,561	7,271	9,674	10,447	8,206
Expenses:						
Cost of goods sold (exclusive of amortization and impairments of intangible assets)	2,524	1,869	1,917	2,572	2,532	2,178
Cost of other revenues	42	32	29	39	53	58
Selling, general and administrative	2,608	1,943	2,145	2,810	2,700	2,026
Research and development	364	271	328	421	334	246
Amortization of intangible assets	2,573	1,915	2,015	2,673	2,257	1,427
Goodwill impairments	340	312	1,049	1,077	—	—
Asset impairments	657	629	394	422	304	145
Restructuring and integration costs	96	42	78	132	362	382
Acquired in-process research and development costs	5	5	34	34	106	20
Acquisition-related contingent consideration	(328)	(297)	18	(13)	(23)	(14)
Other (income) expense (2)	(491)	(584)	(20)	73	295	(263)
	8,390	6,137	7,987	10,240	8,920	6,205
Operating income (loss)	574	424	(716)	(566)	1,527	2,001
Interest expense, net	(1,848)	(1,383)	(1,363)	(1,828)	(1,559)	(966)
Loss on extinguishment of debt	(65)	(65)	—	—	(20)	(130)
Foreign exchange and other	42	87	4	(41)	(103)	(144)
Gain on investments, net	—	—	—	—	—	293
(Loss) income before (recovery of) provision for income taxes	(1,297)	(937)	(2,075)	(2,435)	(155)	1,054
(Recovery of) provision for income taxes	(2,677)	(2,829)	(179)	(27)	133	174
Net income (loss)	1,380	1,892	(1,896)	(2,408)	(288)	880
Less: Net income (loss) attributable to noncontrolling interest	4	1	(2)	1	4	(1)
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	$ 1,376	$ 1,891	$ (1,894)	$ (2,409)	$ (292)	$ 881
Balance Sheet Information (at end of period)						
Cash and cash equivalents		$ 964	$ 659	$ 542	$ 597	$ 323
Restricted cash (3)		928	—	—	—	—
Total assets		39,974	45,761	43,529	48,965	26,305
Long-term debt including current portion (4)		27,141	30,445	29,846	31,088	15,229
Secured debt (4)		9,320	11,148	10,646	11,870	6,541
Equity		5,422	4,274	3,258	6,029	5,402
Other Information						
Capital expenditures	$ 172	$ 118	$ 181	$ 235	$ 235	$ 292
EBITDA (5)	3,293	2,484	1,449	2,258	3,867	3,635
Adjusted EBITDA (as revised) (5)	3,782	2,763	3,272	4,291	5,274	3,889
Adjusted EBITDA, as further adjusted (5)(6)	3,502					
Credit Statistics (as adjusted) (7)						
Cash and cash equivalents	768					
Restricted cash	5					
Total debt, at face value	26,197					
Total secured debt, at face value	9,246					
Ratio of net total debt to Adjusted EBITDA, as further adjusted (5)(6)(8)	7.26x					
Ratio of net secured debt to Adjusted EBITDA, as further adjusted (5)(6)(8)	2.42x					

(1) Amounts for 2014, 2015 and 2016 include the impact of several acquisitions of businesses, including the impact of the Solta Medical, Inc. and Precision Dermatology, Inc. acquisitions that occurred in 2014 and the Salix, Amoun Pharmaceutical Company S.A.E. ("Amoun") and Sprout acquisitions and the acquisitions of certain assets from Dendreon Corporation and Marathon Pharmaceuticals, LLC that occurred in 2015. For more information regarding the Company's acquisitions, see note 3 of the notes to consolidated financial statements in Item 15 of our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference herein. Amounts for 2016 include the impact of several divestitures, including the Ruconest® commercialization rights divestiture and the divestiture of Paragon Holdings I, Inc. ("Paragon"). For more information regarding the Company's divestitures, see Note 4 to our audited consolidated financial statements in Item 15 of our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference herein.

(2) Amount for 2014 includes a net gain of $324 million related to the divestiture of facial aesthetic fillers and toxins. Amount for 2015 includes (i) post-combination expenses of $168 million related to the acceleration of unvested restricted stock for Salix employees (including $3 million of related payroll taxes) in connection with the Salix acquisition, (ii) a legal-related charge of $25 million related to the AntiGrippin® litigation, and (iii) a post-combination expense of $12 million related to bonuses paid to Amoun employees. Amount for 2016 includes a loss on litigation settlements that includes (i) an unfavorable adjustment of $90 million related to the proposed settlement of the Salix securities litigation and (ii) a favorable adjustment of $39 million related to the settlement of the investigation into Salix's pre-acquisition sales and promotional practices for the Xifaxan®, Relistor® and Apriso® products. Amount for 2016 also includes (i) a gain of $20 million related to an amendment to a license agreement terminating the Company's right to develop and commercialize brodalumab in Europe and (ii) a loss of $22 million related to the divestiture of Ruconest®. Amount for the nine months ended September 30, 2017 includes the gains on the (i) Skincare Sale of $316 million, (ii) iNova Sale of $306 million and (iii) Dendreon Sale of $98 million and were partially offset by charges for litigation and other matters of $112 million.

(3) Restricted cash primarily represents the net proceeds of the iNova Sale and was used for the iNova Paydown on October 5, 2017.

(4) Net of unamortized debt discounts and debt issuance costs.

(5) To supplement the financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures including EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised), Adjusted EBITDA, as further adjusted, net total debt and net secured debt. Management uses these non-GAAP measures as key metrics in the evaluation of our performance and our consolidated financial results and, in part, in the determination of cash bonuses for our executive officers. We believe these non-GAAP measures are useful to investors in their assessment of our operating performance and the valuation of our company. In addition, these non-GAAP measures address questions we routinely receive from analysts and investors and, in order to ensure that all investors have access to similar data, we have determined that it is appropriate to make this data available to all investors. However, non-GAAP financial measures are not prepared in accordance with GAAP, as they exclude certain items as described under "Presentation of Financial Information." Therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. EBITDA, Adjusted EBITDA (as reported), Adjusted EBITDA (as revised) and Adjusted EBITDA, as further adjusted, differ in meaningful ways from the terms "Consolidated Adjusted EBITDA" and "Pro Forma Consolidated Adjusted EBITDA" as those terms are defined in the Credit Agreement.

The following table reconciles net income (loss) attributable to Valeant Pharmaceuticals International, Inc. to EBITDA, Adjusted EBITDA (as reported) and Adjusted EBITDA (as revised).

	LTM Ended September 30,	**Nine Months Ended September 30,**		**Years Ended December 31,**		
	2017	**2017**	**2016**	**2016**	**2015**	**2014**
	(in millions)					
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	**$1,376**	**$1,891**	**$(1,894)**	**$(2,409)**	**$ (292)**	**$ 881**
Interest expense, net	1,848	1,383	1,363	1,828	1,559	966
(Recovery of) provision for income taxes	(2,677)	(2,829)	(179)	(27)	133	174
Depreciation and amortization	2,746	2,039	2,159	2,866	2,467	1,614
EBITDA	**3,293**	**2,484**	**1,449**	**2,258**	**3,867**	**3,635**
Adjustments:						
Goodwill impairments (a)	340	312	1,049	1,077	—	—
Restructuring and integration costs, excluding depreciation	96	42	78	132	360	372
Acquired in-process research and development costs (b)	5	5	34	34	106	20
Asset impairments (c)	657	629	394	422	304	145
Share-based compensation	101	70	134	165	140	78
Acquisition-related adjustments excluding amortization and depreciation expenses (d)	(328)	(297)	56	25	112	13
Loss on extinguishment of debt	65	65	—	—	20	130
Foreign exchange and other	28	—	(14)	14	95	135
Other non-GAAP charges (e)	(447)	(547)	78	178	365	(504)
Adjusted EBITDA (as reported) (f)	**3,810**	**2,763**	**3,258**	**4,305**	**5,369**	**4,024**
Foreign exchange loss/gain on intercompany transactions	(28)	—	14	(14)	(95)	(135)
Adjusted EBITDA (as revised) (g)	**$3,782**	**$2,763**	**$ 3,272**	**$ 4,291**	**$5,274**	**$3,889**

(a) In connection with a change in the Company's reporting units during the third quarter of 2016, the Company conducted goodwill impairment testing under the former reporting unit structure immediately prior to the change, as well as under the current reporting unit structure immediately subsequent to the change. However, as goodwill impairment testing involves estimates of fair value, which are complex and require significant amounts of time and judgment, the Company could not complete the testing prior to the release of its financial statements for the period ended September 30, 2016. Under these circumstances, accounting guidance requires that a company recognize an estimated impairment charge if management determines that it is probable that an impairment loss has occurred and such impairment can be reasonably estimated. Using its best estimates, the Company determined that goodwill associated with its former U.S. reporting unit and the goodwill associated with the Salix reporting unit under the current reporting unit structure were impaired and recognized goodwill impairment charges of $1,049 million, in the aggregate, during the third quarter of 2016. In the fourth quarter of 2016, the Company completed its testing and recognized incremental net goodwill impairment charges of $28 million during the fourth quarter of 2016. In the third quarter of 2017, the Sprout business was classified as held for sale. As the Sprout business represented only a portion of a Branded Rx reporting unit, the Company assessed the goodwill of the remaining reporting unit for impairment and after completing the impairment testing, determined and recorded a goodwill impairment charge of $312 million during the third quarter of 2017.

(b) In 2014, acquired in-process research and development costs of $20 million was primarily related to (i) a $12 million up-front payment in connection with a license and distribution agreement and (ii) payments associated with the achievement of specific development milestones prior to regulatory approval under certain research and development programs, including Jublia®. In 2015, acquired in-process research and development costs of $106 million was primarily related to the $100 million upfront payment in connection with the license of brodalumab (which is currently being marketed in the U.S. as Siliq™). In 2016, acquired in-process research and development costs of $34 million was primarily related to a $25 million license payment in the third quarter.

(c) Amount for 2014 included (i) $55 million related to the discontinuance of the Kinerase® product, (ii) $32 million related to the withdrawal of the supplemental Abbreviated NDA for Grifulvin® and (iii) $13 million related to an in-process research and development asset related to a dermatological product candidate associated with the acquisition of Medicis Pharmaceutical Corporation. Amount for 2015 and included (i) $90 million related to the Rifaximin SSD development program based on analysis of Phase 2 study data, (ii) $79 million related to the termination of the arrangements with and relating to Philidor, (iii) $28 million related to the Emerade® program in the U.S. based on analysis of feedback received from the FDA, (iv) $27 million related to the remaining intangible asset for ezogabine/retigabine (immediate-release formulation) resulting from declining sales trends, (v) $26 million related to Zelapar® resulting from declining sales trends and (vi) $12 million related to the Arestin® Peri-Implantitis development program based on analysis of Phase 3 study data. Amount for 2016 included (i) $199 million related to Ruconest®, (ii) $25 million related to IBSChek™ and (iii) $14 million related to the termination of the development program for Cirle 3-dimensional surgical navigation technology. Amount for the nine months ended September 30, 2017 included (i) $352 million related to the Sprout business classified as held for sale, (ii) $115 million related to other assets classified as held for sale, (iii) $86 million, in aggregate, related to certain product/patent assets associated with the discontinuance of specific product lines not aligned with the focus of the Company's core business, (iv) $73 million reflecting decreases in forecasted sales for other product lines and (v) $3 million related to acquired IPR&D.

(d) Amount for 2017 includes an adjustment of $259 million reflecting a decrease in forecasted sales for the Addyi® product which reduced the fair value of the expected future royalty payments included in acquisition-related contingent consideration.

	LTM Ended September 30,	Nine Months Ended September 30,		Years Ended December 31,		
	2017	2017	2016	2016	2015	2014
		(in millions)				
(e) **Other non-GAAP charges include**	$(447)	$(547)	$78	$178	$365	$(504)
Integration related inventory and technology transfer costs	(1)	—	10	9	23	39
CEO termination costs (cash severance payment)	—	—	10	10	—	—
Legal and other professional fees (i)	45	37	57	65	7	—
Settlement of certain disputed invoices related to transition services	—	—	16	16	—	—
Litigation and other matters (ii)	202	111	(32)	59	37	(45)
Net (gain)/loss on sale of assets (iii)	(692)	(695)	(9)	(6)	8	(251)
Gain/loss on disposal of fixed assets	—	—	—	—	8	—
Acquisition related transaction costs	—	—	2	2	39	6
Post-combination expenses (iv)	—	—	—	—	183	27
Philidor Rx Services, LLC net loss through deconsolidation as of January 31, 2016	—	—	3	3	39	—
Gain on sale of investments	—	—	—	—	—	(293)
Other	(1)	—	21	20	21	13

(i) Legal and other professional fees were in connection with recent legal and governmental proceedings, investigations and information requests related to, among other matters, our distribution, marketing, pricing, disclosure and accounting practices.

(ii) Litigation and other matters in 2014 include a favorable adjustment of $50 million related to the AntiGrippin® litigation. Litigation and other matters in 2015 include a charge of $25 million related to the AntiGrippin® litigation. Litigation and other matters in 2016 include an unfavorable adjustment of $90 million from the proposed settlement from Salix securities litigation, partially offset by a favorable adjustment of $39 million from settlement of the investigation into Salix's pre-acquisition sales and promotional practices for the Xifaxan®, Relistor® and Apriso® products.

(iii) For the nine months ended September 30, 2017, net (gain)/loss on sale of assets includes the $306 million gain on the iNova Sale in September of 2017, the $98 million gain on the Dendreon Sale in June of 2017, and the $316 million gain on the Skincare Sale in March of 2017.

(iv) Post-combination expenses relate to payments made to certain employees of Salix and certain employees of other acquired entities, for bonuses and the acceleration of unvested stock that became due upon the completion of the respective acquisitions.

(f) Adjusted EBITDA (as reported) reflects Adjusted EBITDA reported by the Company for the years ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2016 using the methodology for calculating Adjusted EBITDA as of that date. The Company began to use certain new non-GAAP measures and methodologies to calculate these non-GAAP measures commencing with the first quarter of 2017. See "Presentation of Financial Information—Non-GAAP Financial Information" and "—Recent Evaluation of Financial Performance Measures."

(g) Adjusted EBITDA (as revised) includes the foreign exchange gain/loss arising from intercompany transactions that was previously excluded.

(6) Adjusted EBITDA, as further adjusted, is Adjusted EBITDA (as revised) after giving effect to the sale of the Skincare Sale, the Dendreon Sale, the iNova Sale and the Obagi Sale. The Skincare Sale was completed on March 3, 2017 and the Company no longer holds the rights to these three products. The CeraVe®, AcneFree™ and AMBI® skincare brands involved in the Skincare Sale contributed Adjusted EBITDA of approximately $30 million for the twelve months ended September 30, 2017. The Dendreon Sale was completed on June 28, 2017 and this business contributed Adjusted EBITDA of approximately $95 million for the twelve months ended September 30, 2017. The iNova Sale was completed on September 29, 2017, and this business contributed Adjusted EBITDA of approximately $125 million for the twelve months ended September 30, 2017. The Obagi Sale was completed on November 9, 2017, and this business contributed Adjusted EBITDA of approximately $30 million for the twelve months ended September 30, 2017. Adjusted EBITDA, as further adjusted, does not give effect to the Sprout Sale. The Sprout Sale is expected to close in 2017, subject to customary closing conditions, including the approval of the requisite portion of the former shareholders of Sprout to the amendments to the original merger agreement.

(7) As adjusted information has been adjusted to give effect to the Transactions.

(8) Net total debt and net secured debt is calculated as total debt, or total secured debt, at face value, minus cash and cash equivalents.

RISK FACTORS

In addition to the other information included in and incorporated by reference into this offering memorandum, including the matters addressed in the section entitled "Special Note Regarding Forward-Looking Statements," you should carefully consider the following risks and the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2017, June 30, 2017 and September 30, 2017, incorporated by reference in this offering memorandum before purchasing the notes. You should also read and consider the other information in this offering memorandum and the other documents incorporated by reference into this offering memorandum. See "Where You Can Find More Information and Incorporation by Reference."

Risks Relating to Our Business

See Item 1A in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.

Risks Relating to the Notes

Even though the holders of the notes will benefit from a first-priority lien on the Shared Collateral, the representative of the lenders under the Credit Facilities will initially have the exclusive right to control actions (including the exercise of remedies) with respect to the Shared Collateral. The First Lien Intercreditor Agreement contains customary provisions for a New York law intercreditor agreement, but does not contain any provisions that seek to address European or other non-New York law insolvency and restructuring considerations typically available in European or other non-New York law intercreditor agreements.

The rights of the holders of the notes in the Shared Collateral (including the right to exercise remedies) will be subject to the First Lien Intercreditor Agreement among the Credit Agreement Collateral Agent, the collateral agents for the March 2022 Senior Secured Notes and the March 2024 Senior Secured Notes, the Notes Collateral Agents and any representative for the holders of future pari passu obligations. Under the First Lien Intercreditor Agreement, any actions that may be taken with respect to the Shared Collateral, including the ability to cause the commencement of enforcement proceedings against the Shared Collateral or to control such proceedings, will be at the direction of the Credit Agreement Collateral Agent until the earlier to occur of (x) the discharge of our obligations under the Credit Facilities (which discharge does not include certain refinancings of the Credit Facilities) and (y) 180 days after the occurrence of an event of default under the agreement governing the series of first priority lien obligations representing the largest outstanding principal amount of indebtedness secured by a first-priority lien on the Shared Collateral (including the Credit Facilities) and the acceleration of such indebtedness; provided the representative of such indebtedness has complied with the applicable notice provisions and; provided further that such 180 day period will be stayed and will not occur and will be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Credit Agreement Collateral Agent has commenced and is diligently pursuing any enforcement action with respect to such Collateral or (2) at any time the grantor of the security interest in such Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

At any time that the Credit Agreement Collateral Agent does not have the right to take action with respect to the Shared Collateral pursuant to the First Lien Intercreditor Agreement as described above, then the authorized representative for the series of notes or other debt that has the greatest outstanding principal amount would exercise such right to take action under the First Lien Intercreditor Agreement.

Under the First Lien Intercreditor Agreement, none of the Notes Collateral Agents, the trustee for the notes (the "Trustee") or the holders of the notes may object following the filing of a bankruptcy petition or commencement of any other insolvency, restructuring or liquidation proceeding to (i) any debtor-in-possession financing that is not opposed or objected to by the controlling collateral agent or (ii) the use of the Shared Collateral to secure debtor-in-possession financing that meets certain specified conditions, subject to certain conditions and limited exceptions. After the filing of any bankruptcy petition or commencement of any other insolvency, restructuring or liquidation proceeding, the value of the Shared Collateral could materially deteriorate, and holders of the notes would be prohibited from raising an objection thereto. For a description of important waivers by holders of the notes and limits on their rights as secured creditors see "Description of the Notes—Security for the Notes—Intercreditor Agreement."

The First Lien Intercreditor Agreement contains customary provisions for New York Law intercreditor agreements governing priority of claims among secured creditors. See "Description of the Notes—Security for the Notes—Intercreditor Agreement." While a number of the Note Guarantors are incorporated, organized, or have their center of main interest in jurisdictions other than New York, including, for example, the European jurisdictions of Belgium, Belarus, England, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, the Netherlands, Poland, Russia, Slovenia, Sweden, Switzerland and Wales, the First Lien Intercreditor Agreement does not contain provisions that typically would be included in these and other local jurisdictions. For example, a typical European intercreditor agreement would address, on a contractual basis, certain European insolvency and restructuring considerations which arise in the absence of consistent statutory provisions in Europe equivalent to the framework under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), including, among others, provisions on standstill on the enforcement of liens on assets and on the making of claims on direct debt obligations and guarantees, release or forced transfer of junior debt claims upon the occurrence of "distressed disposals" during a restructuring or enforcement process and debt purchase options.

The lien of the Notes Collateral Agents in the Collateral will be created pursuant to security documents entered into with the applicable Notes Collateral Agents and perfected in a manner that, under the laws applicable to the creation and priority of liens in the jurisdictions in which the Collateral is pledged, will give it, in many cases, as a matter of law, third priority to the rights of the Credit Agreement Collateral Agent and second priority to the rights of the collateral agents for the Existing Secured Notes. In such cases, holders of the notes will have to rely on the Intercreditor Agreement to provide equal priority liens on such assets subject to applicable law in such local jurisdictions, as the case may be. In addition, certain assets in certain foreign jurisdictions are not capable of being pledged to more than one party at the same time and, as a result, in such jurisdictions, such assets are pledged to the lenders under the Credit Agreement but will not be pledged for the benefit of holders of the notes.

In addition, the lien of the Notes Collateral Agents in the Collateral will be created pursuant to security documents entered into with the applicable Notes Collateral Agents and perfected in a manner that, under the laws applicable to the creation and priority of collateral in the jurisdictions in which the Collateral is pledged, will give it, in most cases, as a matter of law, third priority to the rights of the Credit Agreement Collateral Agent and second priority to the rights of the collateral agents for the Existing Secured Notes. As a result, the first priority lien of the holders of the notes with respect to the Shared Collateral will be dependent on the First Lien Intercreditor Agreement, which provides that the rights of the holders of the notes with respect to the Shared Collateral are secured on a first priority basis and to which the Credit Facility Collateral Agent and the collateral agents for the Existing Secured Notes are a party. Such agreement may not be recognized in certain jurisdictions.

Certain of the collateral that has been pledged to the Credit Agreement Collateral Agent (including tangible assets in Germany, accounts receivable and assignments of rights under contracts in Germany and Poland, accounts receivable and assets the subject of an assignment in the United Arab Emirates, and pledges of shares in Italian and United Arab Emirates companies) will, pursuant to certain laws governing such collateral or local practice applicable to such collateral, not be capable of being pledged and/or perfected (as applicable) at the same time to the Notes Collateral Agents. The Credit Facility Collateral Agent holds a lien on such assets on behalf of the lenders under the Credit Agreement, but will not be holding a lien on such assets or be acting as agent for the benefit of the holders of the notes. In addition, there is a risk that, in Colombia, asset pledges subsequent to the pledges in favor of the Credit Agreement Collateral Agent, including the pledges intended to secure the notes, may be determined to be invalid pursuant to local law where the pledged asset is in the possession of the Credit Agreement Collateral Agent (as is the case for the pledge of shares in the Issuer's Colombian subsidiary). In each case, the lenders under the Credit Agreement will have a lien on such assets and the holders of the notes will not have lien on such assets. See "Description of the Notes—Security for the Notes—General." As of and for the year ended December 31, 2016 and the nine months ended September 30, 2017, in the aggregate, approximately 6% and 7%, respectively, of our consolidated revenues and 4% and 5%, respectively, of our consolidated assets relate to such foreign jurisdictions.

It may be difficult to realize the value of the Collateral. The lien on Collateral will be released under certain circumstances.

No appraisal of the value of the Collateral securing the notes has been made in connection with this offering and the fair market value of the Collateral is subject to fluctuations based on factors that include, among others, market and other economic conditions, including the availability of suitable buyers. By its nature, some or all of the Collateral may be illiquid and may have no readily ascertainable market value. We cannot assure you that the fair market value of the Collateral as of the date of this offering memorandum exceeds the principal amount of the debt secured thereby. The value of the Collateral and the guarantees could be impaired in the future as a result of changing economic conditions, our failure to implement our business strategy, competition, unforeseen liabilities and other future events. Accordingly, there may not be sufficient Collateral to pay all or any of the amounts due on the notes. Any claim for the difference between the amount, if any, realized by holders of the notes from the sale of the Collateral and the guarantees and the obligations under the notes will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables. Additionally, in the event that a bankruptcy or insolvency proceeding is commenced by or against us, if the value of the Collateral is less than the amount of principal and accrued and unpaid interest on the notes and all other senior secured obligations, interest may cease to accrue on the notes from and after the date such proceedings are commenced or initiated. Also, any disposition of the Collateral during a bankruptcy or insolvency proceeding outside of the ordinary course of our business would require approval from the bankruptcy court (which may not be given under the circumstances).

To the extent that third parties enjoy prior liens on any of the Collateral, such third parties may have rights and remedies with respect to the Collateral that, if exercised, could adversely affect the value of the Collateral. In addition, the existence of certain permitted liens will cause the relevant assets to become Excluded Assets (as defined under "Description of the Notes"), which will not secure the notes or the guarantees. Additionally, the terms of the indenture allow us to issue additional notes and additional debt that may rank pari passu with the notes and incur refinancing indebtedness in certain circumstances. The indenture does not require that we maintain the current level of collateral or maintain a specific ratio of indebtedness to asset values. Under the indenture, any such additional notes issued pursuant to the indenture and refinancing indebtedness or other additional debt incurred in accordance with the terms of the indenture will rank pari passu with the notes and be entitled to the same rights and priority with respect to the Collateral. Thus, the issuance of any such additional debt and refinancing indebtedness may have the effect of significantly diluting your ability to recover payment in full of the notes from the then existing pool of Collateral. Releases of Collateral from the liens securing the notes will be permitted under certain circumstances. See "Description of the Notes."

In the future, the obligation to grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary or otherwise, is subject to the provisions of the First Lien Intercreditor Agreement. Furthermore, upon enforcement against any Collateral or during a bankruptcy insolvency proceeding, under the terms of the First Lien Intercreditor Agreement, the claims of the holders of the notes to the proceeds thereof will rank equally with the claims of the holders of obligations under our Credit Facilities and Existing Secured Notes. The security interest of the Notes Collateral Agents is subject to practical problems generally associated with the realization of security interests in collateral. For example, the Notes Collateral Agents may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. The Notes Collateral Agents may not be able to obtain any such consent. Also, the consents of any third parties may not necessarily be given when required to facilitate a foreclosure or realization on the Collateral. Accordingly, the Notes Collateral Agents may not have the ability to foreclose or realize upon those assets and the value of the Collateral may significantly decrease.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections that may exist in respect of the security interests under the Credit Agreement.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections that may exist in respect of the security interests under the Credit Agreement. In addition, foreign security filings outside of the United States in respect of the security interests of the notes will only be made in jurisdictions (and in the manner) where such security filings have been made under the Credit Agreement. The existence of any such exceptions, defects, encumbrances, liens and other imperfections or lack of filings could adversely affect the value of the Collateral as well as the ability of the Notes Collateral Agent to realize or foreclose on the Collateral for the benefit of the holders of the notes. The Initial Purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and imperfections, including the lack of any such filing in foreign jurisdictions outside of the United States, and the existence thereof could adversely affect the value of the Collateral as well as the ability of the Notes Collateral Agents to realize or foreclose on the Collateral for the benefit of the holders of the notes.

Enforcing your rights against the Company or under the guarantees of the notes by certain of our foreign subsidiaries across multiple jurisdictions may be difficult.

The Company is a public corporation continued under the British Columbia Business Corporations Act and certain of our existing subsidiaries that will guarantee and/or provide collateral for the notes are organized in Australia, Barbados, Belarus, Belgium, Bermuda, Brazil, Canada, Colombia, England and Wales, France, Germany, Hungary, Ireland, Italy, Japan, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Poland, Russia, Slovenia, Sweden, Switzerland and the United Arab Emirates. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of any future guarantor of the notes. Your rights under the notes and the guarantees and Collateral Documents will thus be subject to the laws of several jurisdictions, and you may not be able to effectively enforce your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

In addition, while the Issuer and the Note Guarantors will agree, in accordance with the terms of the indenture governing the notes, to accept service of process in any suit, action or proceeding with respect to the indenture governing the notes or the notes brought in any federal or state court located in New York City by an agent designated for such purpose, and to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings, it may be difficult for holders of the notes to effect service within the U.S. upon directors, officers and experts who are not residents of the U.S. in order to institute actions in U.S. courts predicated solely upon civil liability under U.S. federal or state securities laws or other laws of the U.S. There may be doubt as to the enforceability in non-U.S. jurisdictions in original actions, or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the U.S. federal or state securities laws or other laws of the U.S. You should not assume that the non-U.S. jurisdictions: (a) would enforce judgments of U.S. courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the U.S. or "blue sky" laws of any state within the U.S.; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the U.S. or "blue sky" laws of any state within the U.S.

Rights of the holders of the notes in the Collateral may be adversely affected by the failure to perfect liens on certain Collateral acquired in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. Furthermore, in certain jurisdictions, "blanket" or "floating" liens will not be available to secure any Collateral. The Trustee or the Notes Collateral Agents will not monitor, or we may not inform the Trustee or the Notes Collateral Agents of, the future acquisitions of property and rights that constitute Collateral, and necessary action may not be taken to properly perfect the security interest in such after-acquired Collateral. Neither the Trustee nor the Notes Collateral Agents has any obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest in favor of the notes against third parties. As a result, the inability or failure of the Issuer or any Note Guarantor to promptly take all actions necessary to create properly perfected security interests in the Collateral may result in the loss of the priority, or a defect in the perfection, of the security interest for the benefit of the noteholders to which they would have been otherwise entitled. In addition, as described further herein, even if the liens on Collateral acquired in the future are properly perfected, such liens may potentially be avoidable as a preference in any bankruptcy or insolvency proceeding under certain circumstances. See "—Any future pledge of collateral or guarantee provided after the notes are issued might be avoided by a trustee in bankruptcy."

The Collateral is subject to casualty risks.

Although we maintain insurance policies to insure against losses, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate us fully for our losses in the event of a catastrophic loss. If there is a total or partial loss of any of the Collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the notes.

We will, in most cases, have control over the Collateral, and the sale of particular assets by us could reduce the pool of assets securing the notes and any future guarantees. In addition, certain assets, including Excluded Assets, will be excluded from the Collateral.

Subject to the terms of the First Lien Intercreditor Agreement and the Credit Agreement, the security documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral. For example, so long as no default or event of default under the indenture would result therefrom, we may, among other things, without any release or consent by the Trustee, conduct activities with respect to Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making cash payments (including repayments of indebtedness). The lien on the Collateral will be automatically released upon any permitted disposition thereof to a person that is not the Issuer or a Notes Guarantor. See "Description of the Notes."

In addition, certain assets, including Excluded Assets, will be excluded from the Collateral. See "Description of the Notes—Security" for the definition of "Excluded Assets."

Security interests in certain Collateral were not in place at the time of the offering of the initial secured notes or were not perfected by such time. Such actions likewise will not have been taken by the closing of this offering. Creation or perfection of such security interests after the issue date of the initial secured notes and/or the closing date of this offering increases the risk that such security interests could be avoided.

Certain security interests in favor of the Notes Collateral Agents, including, but not limited to, mortgages on certain of our material real properties and liens on collateral not owned by Notes Guarantors organized in Canada or the United States, were not in place and/or perfected as of the date on which the offering of the initial secured notes closed and will not be in place and/or perfected as of the closing date of this offering. Filings with respect to intellectual property Collateral in the United States are expected to be made on a post-closing basis. With respect to any liens on or security interests in the Collateral that were not created or perfected on or prior to the Issue Date, we will use our commercially reasonable efforts to have all such security interests created or perfected within 120 days of the issue date of the initial secured notes. Under U.S. bankruptcy law, to the extent a security interest in certain Collateral is granted or perfected after the date this offering closes, that security interest would remain at risk of being avoided as a preferential transfer by the pledgor (as debtor in possession) or by its trustee in bankruptcy if we were to file for bankruptcy within 90 days after the grant or after perfection (or, under certain circumstances, up to one year). Other jurisdictions where we and the Note Guarantors will pledge assets have similar and sometimes longer hardening periods.

Similarly, in Canada, there are a number of remedies under federal and provincial legislation available to a trustee in bankruptcy, creditors of the debtor, a receiver, a monitor appointed in a Companies' Creditors Arrangement Act (Canada) proceeding, other court appointed officer and other interested parties to seek to set aside or void a future pledge of collateral for existing indebtedness. See "—Each guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability. Applicable U.S. and Canadian laws allow courts, under certain circumstances, to void the notes or the guarantees and any related security or take other actions detrimental to the holders of the notes such that the resources of the Issuer and the Note Guarantors may not be available to make payments in respect of the notes."

In addition, mortgagee title insurance policies were not in place at the time of the issuance of the initial secured notes and will not be in place as of the closing date of this offering to insure, among other things, (i) loss resulting from the entity represented by us to be the fee owner thereof not holding valid fee title to the properties or such fee being encumbered by unpermitted liens and (ii) the validity and lien priority of the mortgage granted to the Notes Collateral Agents for their benefit, and for the benefit of the Trustee and the holders of the notes. There was no independent assurance prior to issuance of the initial secured notes that all properties contemplated to be mortgaged as security for the notes will be mortgaged, or that we hold the real property interests we represent we hold or that we may mortgage such interests, or that there will be no lien encumbering such real property interests other than those permitted by the indenture governing the notes. Moreover, land surveys were not be completed at the time of the issuance of the initial secured notes. As a result, there is no independent assurance that, among other things, no encroachments, adverse possession claims, zoning or other restricts exist with respect to the properties intended to be mortgaged which could result in a material adverse effect on the value or utility of such properties. The title insurance process and surveys could reveal certain issues that we will not be able to resolve. If we are unable to resolve any issues raised by the surveys or that are otherwise raised in connection with obtaining the mortgages or title insurance policies, the mortgages and title insurance policies will be subject to such issues. Such issues could have a significant impact on the value of the Collateral or any recovery under the title insurance policies. If we are unable to obtain any mortgage or title insurance policy on any of the real property intended to constitute collateral for the notes and guarantees, the value of the Collateral securing the notes and the guarantees will be significantly reduced. In addition, the properties intended to be mortgaged may be subject to both known and unknown environmental risks, and these risks may reduce or change the value of such properties.

Any future pledge of collateral or guarantee provided after the notes are issued might be avoided by a trustee in bankruptcy.

The indenture governing the notes and the Collateral Documents require us to cause any subsidiary that guarantees the Credit Agreement or Existing Notes of the Issuer to provide a guarantee of the notes and require us to and to cause such subsidiary guarantors to grant liens on certain assets that we or any such subsidiary guarantor holds at the time the notes are issued or acquires after the notes are issued. Any future guarantee or additional lien in favor of the Notes Collateral Agents for the benefit of the holders of the notes might be avoidable by the grantor (as debtor-in possession) or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting a future guarantee or additional lien was insolvent at the time of the grant and if such grant was made within 90 days before that entity commenced a bankruptcy proceeding (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the guarantee or lien is an "insider" under the Bankruptcy Code), and the granting of the future guarantee or additional lien enabled the holders of the notes to receive more than they would if the grantor were liquidated under chapter 7 of the Bankruptcy Code, then such guarantee or lien could be avoided as a preferential transfer. Liens recorded or perfected after the issue date may be treated under bankruptcy law as if they were delivered to secure previously existing indebtedness. In bankruptcy proceedings commenced within 90 days of lien perfection, a lien given to secure previously existing indebtedness is materially more likely to be avoided as a preference by the bankruptcy court than if delivered and promptly recorded on the issue date (or recorded within a 30-day safe harbor provided for in the Bankruptcy Code). Accordingly, if we or any Note Guarantor were to file for bankruptcy protection after the issue date of the outstanding notes or the issue date with respect to the notes being offered hereby and the liens had been perfected less than 90 days before the commencement of such bankruptcy proceeding, the liens securing the notes may be particularly subject to challenge as a result of having been delivered after the issue date. To the extent that such challenge succeeded, the holders of the notes would lose the benefit of the security that the Collateral was intended to provide.

You may have difficulty enforcing U.S. and Canadian bankruptcy and insolvency laws.

Under the Bankruptcy Code, U.S. bankruptcy courts are given jurisdiction over a debtor's property wherever it is located, including property situated in other countries. However, courts outside of the U.S. may not recognize the U.S. bankruptcy court's jurisdiction. Accordingly, you may have difficulty administering a U.S. bankruptcy case or a ruling of a U.S. bankruptcy court involving the Issuer, because its center of main interest and/or the substantial majority of its respective property are located outside of the U.S. Any orders or judgments of a bankruptcy court in the U.S. may not be enforceable against the Issuer with respect to its property located outside the U.S.

Similarly, under Canadian bankruptcy and insolvency laws, courts have jurisdiction over a debtor's property wherever it is located, including property situated in other countries. However, courts outside of Canada may not recognize the Canadian court's jurisdiction. Accordingly, you may have difficulty administering a Canadian bankruptcy or insolvency case involving the Issuer, because its center of main interest and/or the substantial majority of their respective property is located outside of Canada. Any orders or judgments of a Canadian court may not be enforceable against the Issuer with respect to its property located outside Canada. Similar difficulties may arise in administering bankruptcy cases in other jurisdictions.

Lien searches may not reveal all existing liens on the Collateral.

We conducted lien searches on the Collateral in the United States and Canada (but not all other applicable jurisdictions) solely in connection with the issuance of the initial secured notes (and will not be re-running or updating such searches), and we cannot guarantee that these lien searches revealed (or would have revealed) all existing liens on the Collateral. Any existing undiscovered lien could be significant, could be prior in ranking to the liens securing the notes or the guarantees and could have an adverse effect on the ability of the Notes Collateral Agents to realize or foreclose upon the Collateral. In addition, certain statutory priority liens may also exist that cannot be discovered by lien searches.

Each guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability. Applicable U.S. and Canadian laws allow courts, under certain circumstances, to void the notes or the guarantees and any related security or take other actions detrimental to the holders of the notes such that the resources of the Issuer and the Note Guarantors may not be available to make payments in respect of the notes.

Each Note Guarantor guarantees the payment of the notes on a first lien, senior secured basis and provides the holders of the notes, the Trustee and the Notes Collateral Agents with a direct claim against each relevant Note Guarantor. However, the indenture provides that each guarantee will be limited to the maximum amount that can be guaranteed by the relevant Note Guarantor without rendering the relevant guarantee, as it relates to that Note Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each guarantee would be subject to certain generally available defenses. The indenture also permits guarantees by foreign subsidiaries to be limited to the extent necessary to comply with applicable local law, and these limitations could limit the value of the guarantees. For example, our subsidiaries in France can only guarantee the notes up to an amount equal to the amount of proceeds actually contributed to the French subsidiaries.

Enforcement of any of the guarantees against any Note Guarantor will be subject to certain defenses available to Note Guarantors in the relevant jurisdiction. These laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, transfer at undervalue, avoidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. The Issuer or its creditors or the creditors of one or more Note Guarantors could challenge the issuances of any of the notes or the guarantees and any related security as fraudulent transfers, conveyances or preferences, transfers at under value or on other grounds under applicable Canadian federal or provincial law or applicable U.S. federal or state law or other applicable law. If one or more of these laws and defenses are applicable, a Note Guarantor may have no liability or decreased liability under its guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could also limit the enforceability of any guarantee against any Note Guarantor.

A court could avoid the obligations under the notes or any guarantee and any related security or take other actions detrimental to the holders of the notes if, among other things, it were to determine that the Issuer or the applicable Note Guarantor:

- issued the notes or guarantee or any related security with the intent to prefer or defeat, hinder, delay or defraud its existing or future creditors;
- received less than reasonably equivalent value or fair consideration in return for issuing the notes or the guarantee or any related security; and (i) was insolvent or rendered insolvent by reason of issuing the notes or the guarantee; (ii) was undercapitalized or became undercapitalized because of the relevant guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; or
- under Canadian law only and with respect only to the Issuer and Note Guarantors that are Canadian companies, acted in an oppressive manner, unfairly prejudicial to or unfairly disregarded the interests of any stakeholder or other interested party.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the indenture, which are also subject to the risk of being avoided as a preference to the extent they are issued after the date this offering closes.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that a Note Guarantor did not receive reasonably equivalent value or fair consideration for its guarantee or any related security to the extent such Note Guarantor did not obtain a reasonably equivalent benefit from the issuance of the notes.

The measures of insolvency for purposes of the fraudulent transfer laws vary depending upon the law being applied in any particular proceeding, such that we cannot assure you which standard a court would apply in determining whether a Note Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Note Guarantor was insolvent on that date, or a that a court would not determine, regardless of whether or not a Note Guarantor was insolvent on the date its guarantee was issued, that payments to holders of the notes constituted preferences, fraudulent transfers or conveyances on other grounds under United States law. Generally, a Note Guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

The liability of each Note Guarantor under its guarantee will be limited to the amount that will result in such guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside (although this provision may not be effective to protect the guarantees from being avoided under fraudulent transfer laws). However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Note Guarantor. There is a possibility that the entire guarantee may be set aside, in which case the entire liability may be extinguished.

Under U.S. and Canadian law, to the extent a court avoids a guarantee and any related security as a fraudulent transfer, preference or conveyance or holds it unenforceable for any other reason, holders of the notes would cease to have any direct claim against the Note Guarantor that delivered the guarantee and would be creditors solely of the Issuer and, if applicable, of any other Note Guarantor under the relevant guarantee which has not been avoided. In the event that any guarantee is invalid or unenforceable, in whole or in part, the notes would be, to the extent of such invalidity or unenforceability, structurally subordinated to all liabilities of the applicable Note Guarantor, and if we cannot satisfy our obligations under the notes or any guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the notes. Similar limitations could apply in other jurisdictions. With respect to such other jurisdictions, there may be certain local limitations on perfection of collateral or enforcement against security interests which could affect your ability to realize the full or intended benefits of the security interests over the Collateral, which limitations may be material. See "Annex A—Certain Insolvency Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests" for a discussion of certain limitations applicable to certain foreign subsidiaries.

The security interests over the Collateral will be granted to the Notes Collateral Agents rather than directly to the holders of the notes. The ability of the Notes Collateral Agents to enforce the Collateral may be restricted by local law.

In certain jurisdictions, the security over the Collateral that (if and when granted) will constitute security for the obligations under the notes and the indenture will not be granted directly to the holders of the notes but only in favor of the Notes Collateral Agents, as beneficiaries of parallel debt or analogous obligations, or "parallel debt." This parallel debt is created to satisfy a requirement under the applicable laws that the Notes Collateral Agents, as grantees of certain types of collateral, be treated as if they were creditors of the relevant security provider. The parallel debt is in the same amount and payable at the same time as the obligations under the indenture and the notes, or the "principal obligations." Any payment in respect of the principal obligations shall discharge the corresponding parallel debt and any payment in respect of the parallel debt shall discharge the corresponding principal obligations. Although the Notes Collateral Agents will have, pursuant to the parallel debt, a claim for the full principal amount of the notes, holders of the notes bear some risks associated with a possible insolvency or bankruptcy of the Notes Collateral Agents. The parallel debt obligations referred to above are contained in the indenture, which is governed by New York law. There is no assurance that such a structure will be effective before applicable courts as there is no judicial or other guidance as to its efficacy, and therefore the ability of the Notes Collateral Agents to enforce the Collateral may be restricted.

Rights of the holders of the notes in the Collateral may be adversely affected by bankruptcy and insolvency proceedings and the holders of the notes may not be entitled to post-petition interest, fees, or expenses in any bankruptcy or insolvency proceeding.

The right of the Notes Collateral Agents to repossess and dispose of the Collateral is likely to be significantly impaired, and at a minimum delayed if U.S. bankruptcy proceedings are commenced by or against us prior to or possibly even after the Notes Collateral Agents have repossessed and disposed of the Collateral. Under the Bankruptcy Code, pursuant to the automatic stay imposed upon a bankruptcy filing, secured creditors, such as the Notes Collateral Agents, are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without prior bankruptcy court approval (which may not be given under the circumstances). Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection". The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in collateral and may include cash payments or the granting of additional or replacement security, if and at such time as the court in its discretion determines, for any diminution in the value of collateral as a result of the stay of repossession or disposition or any use of collateral by the debtor during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor does not require compensation for diminution in the value of its collateral if the value of such collateral exceeds the debt it secures. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, it is impossible to predict whether or when payments under the notes could be delayed following the commencement of a bankruptcy case (or the length of the delay in making any such payments), whether or when the Notes Collateral Agents would repossess or dispose of the Collateral, or whether or to what extent the holders of the notes would be compensated for any delay in payment or loss of value of the Collateral through the requirements of "adequate protection."

Furthermore, in the event a U.S. bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the notes and any additional obligations secured by first priority liens, the holders of the notes would have "undersecured claims" as to the difference. U.S. bankruptcy laws do not permit the payment or accrual of post-petition interest, costs, expenses and attorneys' fees for "undersecured claims" during the debtor's bankruptcy case. Other consequences of a finding of under-collateralization would include, among other things, a lack of entitlement to receive "adequate protection" under U.S. bankruptcy laws with respect to the unsecured portion of the notes. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by a U.S. bankruptcy court as a reduction of the principal amount of the notes.

In addition, as set forth above, the First Lien Intercreditor Agreement will impose limitations on the ability of the holders of the notes to object to a proposed debtor-in-possession financing unless the controlling collateral agent opposes or objects thereto.

Similarly, in Canada, the right of the Notes Collateral Agents to repossess and dispose of the Collateral upon acceleration is likely to be significantly impaired by Canadian bankruptcy and insolvency law if such proceedings are commenced by or against us prior to or possibly even after the Notes Collateral Agents have repossessed and disposed of the Collateral. Pursuant to the stay imposed in certain Canadian bankruptcy and insolvency proceedings, secured creditors, such as the Notes Collateral Agents, are prohibited from repossessing their security from a debtor, or from disposing of security from a debtor, without court approval. Moreover, certain Canadian bankruptcy and insolvency proceedings permit the debtor (or its trustee, receiver or similar representative) to continue to retain and to use collateral, and the proceeds, products, rents or profits of collateral, even though the debtor is in default under the applicable debt instruments, so long as the secured creditor is not unduly prejudiced having regard to the interest of the stakeholders generally. Moreover, in such proceedings, the court may, subject to certain conditions, create court-ordered charges on the assets of the debtor to secure interim financing, professional fees, post-filing amounts owing to critical suppliers, statutory director liabilities or other amounts, in priority to the liens that secure the notes.

What constitutes undue prejudice may vary according to the circumstances, but the concept is intended in general to protect the value of the secured creditor's interest in the collateral. In some cases, the court will grant orders to avoid undue prejudice to a secured creditor that may include cash payments, the granting of replacement liens or replacement or additional collateral as security for any diminution in the value of the collateral as a result of the stay of repossession or the disposition or any use of the collateral by the debtor during the pendency of the bankruptcy or insolvency proceedings. One of the factors that a court is required to consider before granting such court-ordered charges is whether any creditor would be materially prejudiced by the granting of such a charge; however, this is only one of the factors that the court will assess in such circumstances and there is no express concept of "adequate protection" under Canadian bankruptcy and insolvency laws. Moreover, certain provisions of the First Lien Intercreditor Agreement may limit the collateral agent's voting rights on a proposal or plan of arrangement and may limit the collateral agent's ability to seek other protection for the holders of the notes. See "Description of the Notes."

Any such restructuring plan or proposal, if accepted by the requisite majorities of creditors and if approved by the relevant Canadian court, would likely result in the compromise or extinguishment of the rights of the holders of the notes and the indenture and may result in the relevant debtor retaining possession and administration of its property notwithstanding that an event of default occurred under the notes. The powers of the court under the Bankruptcy and Insolvency Act (Canada) and particularly under the Companies' Creditors Arrangement Act (Canada) have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, in the event that the benefit of such legislation is sought with respect to us or the guarantors, we cannot predict if payments under the notes would be made following commencement of or during any such proceeding, whether or when the Notes Collateral Agents could exercise their rights under the indenture and the applicable Collateral Documents, whether claims of holders could be compromised or extinguished under such a proceeding or whether and to what extent holders would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Notes Collateral Agents.

A restructuring proposal, if accepted by the requisite majorities of each affected class of creditors, and if approved by the relevant Canadian court, would be binding on all creditors within each affected class, including those creditors that did not vote to accept the proposal. Moreover, this legislation, in certain instances, permits the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument, during the period that the stay against proceedings remains in place. In addition, it may be possible to restructure certain debt obligations, including guarantees, under the applicable corporate governing statute.

The powers of the court under the Bankruptcy and Insolvency Act (Canada), and particularly under the Companies' Creditors Arrangement Act (Canada), have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, we cannot predict whether payments under the notes or the guarantees thereof would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the Trustee could exercise its rights under the indenture governing the notes or whether and to what extent holders of the notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Trustee.

We have incurred significant indebtedness, including the notes offered hereby, which restricts the manner in which we conduct business.

As of September 30, 2017, after giving effect to the Recent Developments Transactions and the Transactions, we and the Note Guarantors would have had (i) $9.2 billion aggregate principal amount of secured indebtedness outstanding, (ii) $16.9 billion aggregate principal amount of senior unsecured indebtedness outstanding and (iii) approximately $1.0 billion would have been available for borrowing under the Revolving Credit Facility, after adjusting for outstanding standby letters of credit. As of September 30, 2017, we have no subordinated indebtedness outstanding. We may incur additional long-term debt and working capital lines of credit to meet future financing needs, subject to certain restrictions and prohibitions under the agreements governing our indebtedness, including the indenture governing the notes, which would increase our total debt. This additional debt may be substantial and some of this indebtedness may be secured.

The agreements governing our indebtedness contain restrictive covenants which impose certain limitations on the way we conduct our business, including limitations on the amount of additional debt we are able to incur, prohibitions on incurring additional debt if certain financial covenants are not met and restrictions on our ability to make certain investments and other restricted payments. Any additional debt, to the extent we are able to incur it, may further restrict the manner in which we conduct business. Such restrictions, prohibitions and limitations could impact our ability to implement elements of our strategy in the following ways:

- our ability to obtain additional debt financing on favorable terms or at all could be limited;
- there may be instances in which we are unable to meet the financial covenants contained in our debt agreements or to generate cash sufficient to make required payments on our debt, which circumstances may result in the acceleration of the maturity of some or all of our outstanding indebtedness (which we may not have the ability to pay);
- there may be instances in which we are unable to meet the financial covenants contained in our debt agreements, at which time we may be prohibited from incurring any additional debt until such covenants are met;
- in 2017 and possibly beyond, a substantial portion of our cash flow from operations will be allocated (and, in future years, may be allocated) to service our debt, thus reducing the amount of our cash flow available for other purposes, including operating costs and capital expenditures that could improve our competitive position and results of operations;
- we may issue debt or equity securities or sell some of our assets (subject to certain restrictions under our existing indebtedness) to meet payment obligations or to reduce our financial leverage, and we cannot assure you whether such transactions will be on favorable terms;
- our flexibility to plan for, or react to, competitive challenges in our business and the pharmaceutical and medical device industries may be compromised;
- we may be put at a competitive disadvantage relative to competitors that do not have as much debt as we have, and competitors that may be in a more favorable position to access additional capital resources; and
- as further described below, our ability to make acquisitions and execute business development activities through acquisitions will be limited and may, in future years, continue to be limited.

In addition, the Credit Agreement imposes a number of restrictions on us until the time that our leverage ratio (being the ratio, as of the last day of any fiscal quarter, of Consolidated Total Debt (as defined in the Credit Agreement) as of such day to Consolidated Adjusted EBITDA (as defined in the Credit Agreement) for the four fiscal quarter period ending on such date) is less than 4.50 to 1.00, including (i) imposing a $500 million per annum aggregate cap (the “Transaction Cap”) on acquisitions, subject to a 50% one year carry-over for unused amounts and certain other exceptions and applicable baskets, (ii) restricting the incurrence of debt to finance such acquisitions and (iii) requiring the net proceeds from certain asset sales be used to repay the term loans instead of being reinvested in the business. In addition, our ability to make certain other investments, dividends, distributions, share repurchases and other restricted payments will also be restricted and subject to the further limitations until our leverage ratio is less than 4.00 to 1.00.

The notes will mature after a substantial portion of our other indebtedness.

The notes will mature on November 1, 2025. A substantial portion of our existing indebtedness (including under the Credit Agreement and many of our Existing Notes) will mature prior to those dates. Therefore, we will be required to repay a substantial portion of our other debt before we are required to repay the notes. As a result, we may not have sufficient cash to repay all amounts owing on the notes. There can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay or refinance such amounts.

To service our debt, we will be required to generate a significant amount of cash. Our ability to generate cash depends on a number of factors, some of which are beyond our control, and any failure to meet our debt service obligations would have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of the notes to decline.

We have a significant amount of indebtedness. Our ability to satisfy our debt obligations will depend principally upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, some of which are beyond our control, may affect our ability to make payments on our debt. If we do not generate sufficient cash flow to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. Our inability to generate sufficient cash flow to satisfy our debt service obligations or to refinance our obligations on commercially reasonable terms could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of the notes to decline.

Repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. Certain non-guarantor subsidiaries include non-U.S. subsidiaries that may be prohibited by law or other regulations from distributing funds to us and/or we may be subject to payment of taxes and withholdings on such distributions. In the event that we do not receive distributions from our subsidiaries or receive cash via services rendered and intellectual property licensed, we may be unable to make required principal and interest payments on our indebtedness.

We have publicly indicated that it is our intention during 2017 to focus on reducing our outstanding debt levels. As described above, our ability to reduce our indebtedness will depend upon factors including our future operating performance and prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We can provide no assurance of the amount by which we will reduce our debt, if at all.

The Credit Agreement and the indentures governing our Existing Notes, impose restrictive and financial covenants on us. Our failure to comply with these covenants could trigger events, which could result in the acceleration of the related debt, a cross-default or cross-acceleration to other debt, foreclosure upon any collateral securing the debt and termination of any commitments to lend, each of which would have a material adverse effect on our business, financial condition, cash flows and results of operations and would cause the market value of the notes to decline and could lead to bankruptcy or liquidation.

The Credit Agreement and the various indentures governing our Existing Notes contain covenants that restrict the way we conduct business for example, requiring us to satisfy certain financial tests in connection with the incurrence of certain debt.

The Revolving Credit Facility under the Company’s Credit Agreement contains specified quarterly financial maintenance covenants (consisting of a secured leverage ratio and an interest coverage ratio). As of September 30, 2017, we were in compliance with all financial maintenance covenants related to our outstanding debt. However, we can make no assurance that we will be able to comply with the restrictive and financial covenants contained in the Credit Agreement and indentures in the future. We continue to take steps to reduce our debt levels and improve profitability to ensure continual compliance with the financial maintenance covenants.

During the nine months ended September 30, 2017, the Company completed several actions which included using the proceeds from divestitures and cash flows from operations to repay debt, amending financial maintenance covenants, extending a significant portion of the Revolving Credit Facility, and refinancing certain debt with near term maturities. These actions reduced the Company's debt balance and positively affected the Company's ability to comply with its financial maintenance covenants. The Company, based on its current forecast for the next twelve months from the date of issuance of its quarterly report on Form 10-Q for the period ended September 30, 2017 and the amendments executed, expects to remain in compliance with these financial maintenance covenants and meet its debt service obligations over that same period. If we perform below our forecasted levels, we will implement certain cost-efficiency initiatives, such as rationalization of selling, general and administrative expenses and research and development spend, which would allow us to continue to comply with the financial maintenance covenants. If we perform below our forecasted levels and the actions referenced above are not effective in reducing our secured debt levels or increasing adjusted EBITDA, we would fail to comply with one or both of these financial maintenance covenants. In that instance, we would be in default, and our lenders would be permitted to accelerate our debt unless we could obtain an amendment or waiver. If our debt was accelerated, we would not have sufficient funds to repay our debt absent a refinancing, and we cannot assure you that we will be able to obtain a refinancing. The Company continues to take steps to improve its operating results to ensure continual compliance with its financial maintenance covenants and take other actions to reduce its debt levels to align with the Company's long term strategy. The Company may consider taking other actions, including divesting other businesses and refinancing debt as deemed appropriate, to provide additional coverage in complying with the financial maintenance covenants and meeting its debt service obligations.

In the past, we have had a number of defaults under our Credit Agreement and indentures due to delays in the filing of Exchange Act reports, the related financial statements and other required securities reporting obligations. While we have been able to obtain waivers and amendments, the terms of such waivers and amendments have added additional restrictions on our activities. For instance, the Credit Agreement imposes a number of restrictions on us until the time that our leverage ratio (being the ratio, as of the last day of any fiscal quarter, of Consolidated Total Debt (as defined in the Credit Agreement) as of such day to Consolidated Adjusted EBITDA (as defined in the Credit Agreement) for the four fiscal quarter period ending on such date) is less than 4.50 to 1.00, including (i) the Transaction Cap, (ii) restricting the incurrence of debt to finance such acquisitions and (iii) requiring the net proceeds from certain asset sales be used to repay the term loans instead of being reinvested in the business. In addition, our ability to make certain other investments, dividends, distributions, share repurchases and other restricted payments will also be restricted and subject to certain limitations until our leverage ratio is less than 4.00 to 1.00.

Our inability to comply with the covenants in our debt instruments could lead to a default or an event of default under the terms of the Credit Agreement or the applicable indentures, for which we may need to seek relief from our lenders and noteholders in order to waive the associated default or event of default and avoid a potential acceleration of the related indebtedness or cross-default or cross-acceleration to other debt. There can be no assurance that we would be able to obtain such relief on commercially reasonable terms or otherwise and we may be required to incur significant additional costs. In addition, the lenders under the Credit Agreement and holders of our Existing Notes may impose additional operating and financial restrictions on us as a condition to granting any such waiver.

If an event of default is not cured or is not otherwise waived, a majority of lenders in principal amount under the Credit Agreement or the Trustee or holders of at least 25% in principal amount of a series of our Existing Notes or the notes offered hereby may accelerate the maturity of the related debt under these agreements, foreclose upon any collateral securing the debt and terminate any commitments to lend, any of which would have a material adverse effect on our business, financial condition, cash flows and results of operations and would cause the market value of our securities, including the notes, to decline. Furthermore, under these circumstances, we may not have sufficient funds or other resources to satisfy all of our obligations and we may be unable to obtain alternative financing on terms acceptable to us or at all. In such circumstances, we could be forced into bankruptcy or liquidation and, as a result, investors could lose all or a portion of their investment in the notes.

The assets of our subsidiaries that are not guarantors will be subject to prior claims by creditors of those subsidiaries.

You will not have a claim as a creditor against our subsidiaries that are not guarantors of the notes. Not all of our subsidiaries will guarantee the notes and our subsidiaries that do guarantee the notes may obtain releases of their guarantees as set forth in the indenture. See “Description of the Notes—Note Guarantees.” Therefore, the assets of our non-guarantor subsidiaries will be subject to prior claims by creditors of those subsidiaries, whether secured or unsecured. In addition, unrestricted subsidiaries under the indenture will not be subject to the covenants in the indenture. Except for the Note Guarantors, our subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The notes will therefore be structurally subordinated to all indebtedness and other obligations of any non-guarantor subsidiary such that, in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any such subsidiary, all of such subsidiary’s creditors (including trade creditors and preferred stockholders, if any) would be entitled to payment in full out of such subsidiary’s assets before the holders of the notes would be entitled to any payment. The indenture will permit non-guarantor subsidiaries to incur additional debt, subject to specified limits, and will not limit their ability to incur liabilities that do not constitute indebtedness. As of September 30, 2017, on a non-consolidated basis, our non-guarantor subsidiaries had an aggregate of $2.9 billion of assets and $1.3 billion of liabilities.

We may incur substantially more debt, including secured debt.

Subject to the restrictions in the indenture governing the notes and our other outstanding indebtedness, including the Credit Agreement and the Existing Notes, we may incur significant additional debt, including secured debt that could share in the Collateral that secures the notes. As of September 30, 2017, after giving effect to the Recent Developments Transactions and the Transactions, we and the Note Guarantors would have had (i) $9.2 billion aggregate principal amount of secured indebtedness outstanding, (ii) $16.9 billion aggregate principal amount of senior unsecured indebtedness outstanding and (iii) approximately $1.0 billion would have been available for borrowing under the Revolving Credit Facility, after adjusting for outstanding standby letters of credit. As of September 30, 2017, we have no subordinated debt outstanding. Although the terms of the Credit Agreement, the indentures governing the Existing Notes and the indenture governing the notes contain restrictions on the incurrence of additional debt, including secured debt, these restrictions are subject to a number of important exceptions, including our ability under certain circumstances to enter into new senior secured credit facilities that are secured by all of our and our subsidiaries’ assets, and debt incurred in compliance with these restrictions could be substantial. If we and our restricted subsidiaries incur significant additional debt, the related risks that we face could intensify.

Canadian bankruptcy and insolvency laws may impair the Trustee’s ability to enforce remedies against the Company or under the guarantee of any Note Guarantor organized under Canadian law.

The rights of the Trustee who represents the holders of the notes to enforce remedies could be delayed by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to the Company or any Note Guarantor organized under Canadian law. For example, both the Bankruptcy and Insolvency Act (Canada) and the Companies’ Creditors Arrangement Act (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and to file a proposal to be voted on by the various classes of its affected creditors. Accordingly, we cannot predict whether payments under the notes or the guarantees thereof would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the Trustee could exercise its rights under the indenture governing the notes or whether and to what extent holders of the notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Trustee.

The Issuer may not be able to repurchase the notes if it experiences a change of control.

The indenture governing the notes will require the Issuer to offer to repurchase the notes when certain change of control events occur. If a change of control of the Company occurs, you will have the right to require the Issuer to repurchase some or all of your notes at a purchase price in cash equal to 101% of the principal amount of your notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date. In addition, the indentures governing the Existing Notes contain change of control provisions which give the holders of the notes the right to require the applicable issuer thereunder to repurchase the notes at a purchase price in cash equal to 101% of the principal amount of the applicable notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date, and a change of control may constitute a default under the Credit Agreement.

In the event that we experience a change of control that results in having to repurchase the notes, we may not have sufficient financial resources to satisfy our obligations under the notes, our Existing Notes and our other indebtedness. In addition, the change of control covenant in the indenture governing the notes offered hereby will not cover all corporate reorganizations, mergers or similar transactions and may not provide you with protection in a highly leveraged transaction. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

The ability of holders of notes to require the Issuer to repurchase notes as a result of a disposition of "substantially all" of the Company's assets may be uncertain.

The definition of change of control in the indenture governing the notes will include a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the assets or properties of the Company and its restricted subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Issuer to repurchase such notes as a result of a sale, transfer, conveyance or other disposition of less than all of the assets or properties of the Company and its restricted subsidiaries taken as a whole to another person or group may be uncertain.

Holders of the notes will not be entitled to registration rights and we do not currently intend to register the notes under applicable securities laws, and there are restrictions on your ability to transfer or resell the notes.

The notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws and Canadian provincial securities laws and we do not currently intend to register the notes or to offer to exchange the notes for notes registered under the Securities Act. The holders of the notes will not be entitled to require us to register the notes for resale or otherwise. Therefore, you may transfer or resell the notes in the U.S. or Canada only in a transaction exempt from or not subject to the registration requirements of the Securities Act and applicable state securities laws and Canadian provincial securities laws or Canadian prospectus requirements, as applicable, and you may be required to bear the risk of your investment for an indefinite period of time. Additionally, the indenture that will govern the notes will not be subject to the provisions of the TIA. See "Transfer Restrictions."

There is no established trading market for the notes. If an actual trading market does not develop for the notes, you may not be able to resell them quickly, for the price that you paid or at all.

The notes will constitute a new issue of securities with no established trading market. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. The Initial Purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so. Each Initial Purchaser may discontinue any market making in the notes at any time, in its sole discretion, without prior notice. As a result, we cannot assure you as to the liquidity of any trading market for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. If no active trading market develops, you may not be able to resell your notes at their fair market value, or at all. The liquidity of, and trading market for, the notes may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

Our credit ratings may not reflect the risks of investing in the notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the value of the notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. There can be no assurance that our credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Since late 2015, our corporate credit ratings have been lowered or revised on multiple occasions by both Moody's Investors Service ("Moody's") and S&P Global Ratings ("Standard & Poor's"). Any further downgrade in our corporate credit ratings or other credit ratings may increase our cost of borrowing and may negatively impact our ability to raise additional debt capital.

Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the value of the notes, may increase our borrowing costs and may negatively impact our ability to incur additional debt.

Many of the covenants in the indenture would not apply from and after such time that the notes are rated investment grade by Moody's or Standard & Poor's, even if the notes are subsequently rated below investment grade.

Many of the covenants contained in the indenture relating to the notes will not apply from and after such time that the notes are rated investment grade by Moody's or Standard & Poor's, and such covenants will not be reinstated if the notes are subsequently downgraded below investment grade. These covenants restrict, among other things, the ability of the Company and its restricted subsidiaries to incur or guarantee additional indebtedness or issue preferred stock, to pay distributions on, redeem or repurchase capital stock or redeem or repurchase certain debt, sell assets, enter into certain merger transactions, enter into transactions with affiliates, enter into agreements limiting the ability of subsidiaries to make distributions and enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that the notes will maintain such ratings. However, termination of these covenants will allow us to engage in certain actions that would not have been permitted were these covenants in force, even if the notes are subsequently downgraded below investment grade.

We are not providing all of the information that would be required if this offering were being registered with the SEC or qualified under applicable Canadian Securities Laws (as defined herein).

This offering memorandum does not include all of the information that would be required if we were registering this offering of the notes with the SEC or qualifying it under applicable Canadian Securities Laws. Among other things, we have not included any financial statements of our affiliates whose securities constitute collateral for the notes, even though the book value or fair market value of such affiliates' securities may exceed 20% of the principal amount of the notes or footnotes in our financial statements that show condensed consolidating financial information for us and the guarantors of the notes. See "Presentation of Financial Information—Financial Information with Respect to Note Guarantors and Stock Pledges." This lack of information could affect your ability to evaluate your investment in the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering, after giving effect to the Initial Purchasers' discount and fees and expenses payable by us, of approximately $ million.

We intend to use the net proceeds, along with cash on hand, from this offering to repay (on a pro rata basis) a portion of our Series F Tranche B Term Loan Facility due 2022, and to pay related fees and expenses. Subsequent to the consummation of this offering and the use of proceeds thereof, we intend to effectuate a repricing transaction with respect to our then remaining Series F Tranche B Term Loans. See "Summary—Recent Developments—Credit Facility Amendment and Repricing" and "Capitalization."

The following table outlines the intended sources and uses of funds for the Transactions:

Sources (in millions)	Amount	Uses	Amount
New secured notes offered hereby	$750	Repayment of Series F Tranche B Term Loan Facility due 2022	$750
Balance sheet cash	47	Offering Fees and Expenses	7
Total Sources	$797	Repricing Fees and Expenses	40
		Total Uses	$797

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2017,

- on an actual basis;
- on an as adjusted basis to give effect to the Recent Developments Transactions; and
- on an as further adjusted basis to give effect to the Transactions.

This table should be read in conjunction with "Use of Proceeds," "Description of Other Indebtedness," "Summary—Recent Developments" and our audited consolidated financial statements that are incorporated by reference in this offering memorandum. See "Where You Can Find More Information and Incorporation by Reference."

	Actual	As adjusted	As further adjusted
		(in millions)	
Cash, cash equivalents and restricted cash (1)	$ 1,892	$ 820	$ 773
Credit Facilities (2)			
Revolving Credit Facility (3)	$ 425	$ 425	$ 425
Series F Tranche B Term Loan Facility due 2022	5,800	4,571(4)	3,821(4)
Senior Secured Notes: (2)			
6.750% Senior Secured Notes due 2022	1,250	1,250	1,250
7.000% Senior Secured Notes due 2024	2,000	2,000	2,000
5.500% Senior Secured Notes due 2025	—	1,000	1,750(5)
Senior Unsecured Notes: (2)			
5.375% Senior Notes due 2020	2,000	2,000	2,000
6.375% Senior Notes due 2020	2,250	1,681	1,681
7.000% Senior Notes due 2020	690	259	259
5.625% Senior Notes due 2021	900	900	900
6.750% Senior Notes due 2021	650	650	650
7.500% Senior Notes due 2021	1,625	1,625	1,625
7.250% Senior Notes due 2022	550	550	550
4.500% Senior Notes due 2023 (6)	1,772	1,772	1,772
5.500% Senior Notes due 2023	1,000	1,000	1,000
5.875% Senior Notes due 2023	3,250	3,250	3,250
6.125% Senior Notes due 2025	3,250	3,250	3,250
Other	14	14	14
Total Debt	27,426	26,197	26,197
Total Equity (7)	5,422	5,422	5,422
Total Capitalization (7)	$32,848	$31,619	$31,619

(1) Cash, cash equivalents and restricted cash includes $928 million of restricted cash, on an actual basis, of which $923 million is from the proceeds of the iNova Sale. Subsequent to September 30, 2017, we used such cash to pay down debt in the Recent Developments Transactions. See "Summary—Recent Developments."

(2) Balances of our Credit Facilities, Existing Secured Notes, Existing Senior Notes and the new secured notes offered hereby reflect the full outstanding principal amount of those obligations without reduction for unamortized debt discounts and debt issuance costs.

(3) As of September 30, 2017, approximately $1.0 billion was available for borrowing under the Revolving Credit Facility, after adjusting for outstanding standby letters of credit.

(4) As adjusted to reflect the iNova Paydown, the Obagi Paydown and the Term Loan Paydown.
(5) Represents the aggregate principal amount of new secured notes plus the initial secured notes and assumes the new secured notes are issued at par.
(6) Euro Notes are shown in U.S. dollars at an exchange rate of $1.18 per €1.00, which was the exchange rate in effect on September 30, 2017.
(7) Total Capitalization has not been adjusted for unamortized debt discounts and debt issuance costs included in the balances of our Credit Facilities, the Existing Secured Notes, the Existing Senior Notes and the new secured notes offered hereby and Total Equity does not give effect to (i) any gain or loss associated with the Obagi Sale, (ii) interest expense associated with unamortized debt discounts and debt issuance costs paid from the application of proceeds as described under “Use of Proceeds” and (iii) any gain or loss associated with this offering or the use of proceeds related to the Transactions.

DESCRIPTION OF OTHER INDEBTEDNESS

Credit Facilities

The following description is a summary and should be read in conjunction with, and is qualified in its entirety by, the Credit Agreement, which is filed as an exhibit to our filings with the SEC.

On February 13, 2012, we and certain of our subsidiaries as guarantors entered into the Third Amended and Restated Credit and Guaranty Agreement (as amended through the date hereof, the “Credit Agreement” and the facilities under such agreement, the “Credit Facilities”) with a syndicate of financial institutions and investors, as lenders. The Credit Agreement currently provides for a $1.5 billion revolving credit facility, including a sublimit for the issuance of standby and commercial letters of credit and a sublimit for swing line loans (the “Revolving Credit Facility”) and a senior secured term loan B facility (the “Term Loan B Facility”), which matures on April 1, 2022.

On March 21, 2017, the Company entered into Amendment No. 14 to the Credit Agreement (“Amendment No. 14”) which (i) provided additional financing from an incremental term loan under the Company’s Series F Tranche B Term Loan Facility of $3,060 million (the “Series F-3 Tranche B Term Loan”), which was used, in conjunction with the proceeds from the offering of the Existing Secured Notes and balance sheet cash, to pay down certain amounts outstanding under our Credit Facilities and the 6.75% Senior Notes due 2018, (ii) amended the financial covenants contained in the Credit Agreement, (iii) increased the amortization rate for the Series F Tranche B Term Loan Facility from 0.25% per quarter (1% per annum) to 1.25% per quarter (5% per annum), with quarterly payments starting March 31, 2017, (iv) amended certain financial definitions, including the definition of Consolidated Adjusted EBITDA, and (v) provided additional ability for the Company to, among other things, incur indebtedness and liens, consummate acquisitions and make other investments. The proceeds from the Series F-3 Tranche B Term Loan, combined with the proceeds from the issuance of the Existing Secured Notes and cash on hand, were used to (i) repay all outstanding balances under the Company’s Series A-3 Tranche A Term Loan Facility, Series A-4 Tranche A Term Loan Facility, Series D-2 Tranche B Term Loan Facility, Series C-2 Tranche B Term Loan Facility, and Series E-1 Tranche B Term Loan Facility (collectively the “Refinanced Debt”), (ii) repurchase $1,100 million in principal amount of 6.75% Senior Notes due August 2018, (iii) repay $350 million of amounts outstanding under the Company’s Revolving Credit Facility and (iv) pay related fees and expenses (collectively, the “March 2017 Refinancing Transactions”).

On March 28, 2017, the Company entered into Amendment No. 15 to the Credit Agreement (“Amendment No. 15”) which provided for the extension of the maturity date of $1,190 million of revolving credit commitments under the Revolving Credit Facility from April 20, 2018 to the earlier of (i) April 20, 2020 and (ii) the date that is 91 calendar days prior to the scheduled maturity of any series or tranche of term loans under the Credit Agreement, certain Existing Notes and any other indebtedness for borrowed money in excess of $750 million. Unless otherwise terminated prior thereto, the remaining $310 million of revolving credit commitments under the Revolving Credit Facility will continue to terminate (and loans thereunder mature) on April 20, 2018.

Set forth below is a summary of the Credit Facilities, and this description is subject to the terms and provisions of the various agreements governing the Credit Facilities.

The loans under the Credit Facilities may be made to, and the letters of credit under the Revolving Credit Facility may be issued on behalf of, the Company. Subject to customary limitations, borrowings under the Credit Facilities are subject to the satisfaction of customary conditions, including the absence of a default or an event of default and the accuracy in all material respects of representations and warranties.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at our option, either (a) a base rate determined by reference to the higher of (1) the rate of interest quoted in the print edition of

The Wall Street Journal, Money Rates Section, as the Prime Rate (currently defined as the base rate on corporate loans posted by at least 75% of the nation's thirty largest banks) and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBO rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin.

The applicable interest rate margins for borrowings under the Revolving Credit Facility are 2.75% with respect to base rate borrowings and 3.75% with respect to LIBO rate borrowings. These applicable margins are subject to increase or decrease quarterly based on the secured leverage ratio. Based on its calculation of the Company's secured leverage ratio, management does not anticipate any such increase or decrease to the current applicable margins for the next applicable period. In addition, we are required to pay commitment fees of 0.50% per annum in respect of the unutilized commitments under the Revolving Credit Facility, payable quarterly in arrears. We are also required to pay letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on LIBO rate borrowings under the Revolving Credit Facility on a per annum basis, payable quarterly in arrears, as well as customary fronting fees for the issuance of letters of credit and agency fees.

Borrowings under the Term Loan B Facility bear interest at a rate per annum equal to, at our option, either (a) a base rate determined by reference to the higher of (1) the rate of interest quoted in the print edition of The Wall Street Journal, Money Rates Section, as the Prime Rate (currently defined as the base rate on corporate loans posted by at least 75% of the nation's thirty largest banks) and (2) the federal funds effective rate plus 1/2 of 1% (provided however, that the base rate in respect of loans under the Term Loan B Facility shall at no time be less than 1.75% per annum) or (b) a LIBO rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs (provided however, that the LIBO rate in respect of loans under the Term Loan B Facility shall at no time be less than 0.75%), in each case plus an applicable margin. The applicable interest rate margins for the Series F Tranche B Term Loan Facility are 3.75% with respect to base rate borrowings and 4.75% with respect to LIBO rate borrowings. These applicable margins are subject to increase or decrease quarterly based on the secured leverage ratio beginning with the quarter ended June 30, 2017. Based on its calculation of the Company's secured leverage ratio, management does not anticipate any such increase or decrease to the current applicable margins for the next applicable period. The Company is seeking to reduce the applicable margin for its term loans that will remain outstanding following the consummation of the offering (and the application of proceeds thereof) through the Credit Agreement Amendment.

Subject to certain exceptions and customary baskets set forth in the Credit Agreement, we are required to make mandatory prepayments of the loans under the Credit Facilities under certain circumstances, including from (1) 100% of net cash proceeds from asset sales outside the ordinary course of business (subject to reinvestment rights once we achieve a leverage ratio of less than 4.50:1.00), (2) 100% of the net cash proceeds of insurance and condemnation proceeds for property or asset losses (subject to reinvestment rights and net proceeds threshold), (3) 50% of the net cash proceeds from the issuance of equity securities (subject to certain exceptions) subject to decrease based on leverage ratios, (4) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as specified in the Credit Agreement) and (5) 50% of Consolidated Excess Cash Flow (as defined in the Credit Agreement, and net of certain amounts) subject to decrease based on leverage ratios.

We are permitted to voluntarily reduce the unutilized portion of the revolving commitment amount and repay outstanding loans under the Revolving Credit Facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBO rate loans. We are permitted to voluntarily repay outstanding loans under any of the other Credit Facilities at any time without premium or penalty, other than (i) customary "breakage" costs with respect to LIBO rate loans and (ii) in the case of any prepayment of the Series F Tranche B Term Loans on or prior to March 21, 2019 in connection with a Repricing Transaction (as such term is defined in the Credit Agreement), a prepayment premium of 1% of the amount of the Series F Tranche B Term Loans being prepaid (which prepayment premium also applies in the case of a repricing amendment). The Company is seeking to reduce the period for which such prepayment premium will apply through the Credit Agreement Amendment.

Our obligations and the obligations of the guarantors under the Credit Facilities and certain hedging arrangements and cash management arrangements entered into with lenders under the Credit Facilities (or affiliates thereof) are secured by first-priority security interests in the Collateral subject to certain exclusions set forth in the credit documentation governing the Credit Facilities.

The Credit Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability and our subsidiaries to:

- incur additional indebtedness;
- create liens;
- enter into agreements and other arrangements that include negative pledge clauses;
- pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness;
- create restrictions on the payment of dividends or other distributions by subsidiaries;
- make investments, loans, advances and acquisitions;
- merge, amalgamate or sell assets, including equity interests of subsidiaries;
- enter into sale and leaseback transactions;
- engage in transactions with affiliates;
- enter into new lines of business; and
- enter into amendments of or waivers under subordinated indebtedness, organizational documents and certain other material agreements.

The Credit Agreement requires that, until such time as we achieve a leverage ratio of less than 4.00 to 1.00, certain additional restrictions have been placed on the Company and its subsidiaries, including, a $200 million aggregate cap which applies to dividends, distributions, share repurchases and other restricted payments (which amount may be reduced by the amount of investments made using such shared basked), an aggregate cap on investments and acquisitions of $200 million (which amount may be reduced by the amount of restricted payments made using such shared basket), and an aggregate cap on Permitted Acquisitions (as defined in the Credit Agreement) of $500 million per annum (with a 50% carryover for unused amounts to the next succeeding fiscal year) (unless, in each case, such investment or restricted payment can fit within other existing exceptions to the Credit Agreement).

The Credit Agreement requires that we maintain a Secured Leverage Ratio (as defined in the Credit Agreement) not to exceed 3.00:1.00 as of the last day of each fiscal quarter through the fiscal quarter ending March 31, 2019, stepping down to 2.75:1.00 for any fiscal quarter ending June 30, 2019 and thereafter. The Credit Agreement requires that we maintain an Interest Coverage Ratio (as defined in the Credit Agreement) of not less than 1.50:1.00 as of the last day of each fiscal quarter through the fiscal quarter ending March 31, 2019, stepping up to 1.75:1.00 for any fiscal quarter ending June 30, 2019 and thereafter.

The Credit Agreement also contains certain customary affirmative covenants and events of default. If an event of default, as specified in the Credit Agreement, shall occur and be continuing, the Company may be required to repay all amounts outstanding under the Credit Facilities. As of September 30, 2017, we were in compliance with all covenants associated with the Credit Facilities. We periodically review our debt profile with a view towards extending maturities and/or improving the terms of such debt. We may, from time to time, seek amendments to such debt in order to effect any such changes.

Following the issuance of the secured notes and the application of the proceeds thereof to repay (on a pro rata basis) a portion of our Series F Tranche B Term Loans outstanding, we are seeking to lower the interest rate with respect to the remaining term loans under our Credit Agreement and effectuate other amendments with respect thereto. After giving effect to such intended repricing, the Credit Facilities will continue to provide for a $1.5 billion Revolving Credit Facility (with bifurcated maturities as referred to above) and all Term Loan B Facility loans will be consolidated into the Series F-4 Tranche B Term Loan. See "Summary—Recent Developments—Credit Facility Amendment and Repricing."

Existing Senior Notes

The following descriptions are summaries and should be read in conjunction with, and are qualified in its entirety by, the relevant documentation evidencing the indebtedness, which in each case is filed as an exhibit to our filings with the SEC.

7.000% Senior Notes due 2020

On September 28, 2010, Valeant issued $700 million aggregate principal amount of 7.000% senior notes due 2020 in a private placement. The 7.000% Senior Notes due 2020 accrue interest at the rate of 7.000% per year, payable semi-annually in arrears. The 7.000% Senior Notes due 2020 are senior unsecured obligations of Valeant, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes, and senior to its existing and future subordinated indebtedness. The 7.000% Senior Notes due 2020 are guaranteed by the Company and each of our subsidiaries (other than Valeant) that is a guarantor under the Credit Facilities. The indenture governing the 7.000% Senior Notes due 2020 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes, subject to differences that reflect their unsecured status. Valeant may redeem all or a portion of the 7.000% Senior Notes due 2020 at the redemption prices applicable to the October 2020 Notes, as set forth in the 7.000% Senior Notes due 2020 indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $690 million aggregate principal amount of the 7.000% Senior Notes due 2020 was outstanding. As of the date of this offering memorandum, $259 million aggregate principal amount of the 7.000% Senior Notes due 2020 was outstanding.

6.75% Senior Notes due 2021

On February 8, 2011, Valeant issued $650 million aggregate principal amount of 6.75% senior notes due 2021 in a private placement. The 6.75% Senior Notes due 2021 accrue interest at the rate of 6.75% per year, payable semi-annually in arrears. The 6.75% Senior Notes due 2021 are senior unsecured obligations of Valeant, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 6.75% Senior Notes due 2021 are guaranteed by the Company and each of our subsidiaries (other than Valeant) that is a guarantor under the Credit Facilities. The indenture governing the 6.75% Senior Notes due 2021 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. Valeant may redeem all or a portion of the 6.75% Senior Notes due 2021 at the redemption prices applicable to the 6.75% Senior Notes due 2021, as set forth in the 6.75% Senior Notes due 2021 indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $650 million aggregate principal amount of the 6.75% Senior Notes due 2021 was outstanding.

7.25% Senior Notes due 2022

On March 8, 2011, Valeant issued $550 million aggregate principal amount of 7.25% senior notes due 2022 in a private placement. The 7.25% Senior Notes due 2022 accrue interest at the rate of 7.25% per year, payable semi-annually in arrears. The 7.25% Senior Notes due 2022 are senior unsecured obligations of Valeant, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 7.25% Senior Notes due 2022 are guaranteed by the Company and each of our subsidiaries (other than Valeant) that is a guarantor under the Credit Facilities. The indenture governing the 7.25% Senior Notes due 2022 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. Valeant may redeem all or a portion of the 7.25% Senior Notes due 2022 at any time at the redemption prices applicable to the 7.25% Senior Notes due 2022, as set forth in the 7.25% Senior Notes due 2022 indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $550 million aggregate principal amount of the 7.25% Senior Notes due 2022 was outstanding.

6.375% Senior Notes due 2020

On October 4, 2012, Valeant issued $1,750 million aggregate principal amount of 6.375% senior notes due 2020 in a private placement. The 6.375% Senior Notes due 2020 accrue interest at the rate of 6.375% per year, payable semi-annually in arrears. The 6.375% Senior Notes due 2020 are senior unsecured obligations of Valeant, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 6.375% Senior Notes due 2020 are guaranteed by the Company and each of our subsidiaries (other than Valeant) that is a guarantor under the Credit Facilities. The indenture which governs the 6.375% Senior Notes due 2020 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. Valeant may redeem all or a portion of the 6.375% Senior Notes due 2020 at the redemption prices applicable to the 6.375% Senior Notes due 2020, as set forth in the 6.375% Senior Notes due 2020 indenture, plus accrued and unpaid interest to the date of redemption.

Concurrently with the offering of the 6.375% Senior Notes due 2020, Valeant issued $500 million aggregate principal amount of 6.375% senior notes due 2020 (the "Exchangeable Notes") in a private placement, the form and terms of such notes being substantially identical to the form and terms of the 6.375% Senior Notes due 2020, as described above.

In April 2013, Valeant completed an offer to exchange (the "Exchange Offer") pursuant to which all of its Exchangeable Notes were exchanged for notes comprising a single series of 6.375% Senior Notes due 2020 under one indenture. As of September 30, 2017, $2,250 million aggregate principal amount of the 6.375% Senior Notes due 2020 was outstanding. As of the date of this offering memorandum, $1,681 million aggregate principal amount of the 6.375% Senior Notes due 2020 was outstanding.

7.50% Senior Notes due 2021

On July 12, 2013, the Company issued $1,600 million aggregate principal amount of 6.75% senior notes due 2018 and $1,625 million aggregate principal amount of 7.50% senior notes due 2021 in a private placement. The outstanding 6.75% senior notes due 2018 were redeemed in full on August 15, 2017. The 7.50% Senior Notes due 2021 accrue interest at the rate of 7.50% per year, payable semi-annually in arrears.

The 7.50% Senior Notes due 2021 are senior unsecured obligations of the Company, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 7.50% Senior Notes due 2021 are guaranteed by each of our subsidiaries that is a guarantor under the Credit Facilities. The indenture governing the 7.50% Senior Notes due 2021 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes. We may redeem all or a portion of the 7.50% Senior Notes due 2021 at any time at the redemption price set forth in the 7.50% Senior Notes due 2021 indenture. As of September 30, 2017, $1,625 million aggregate principal amount of 7.50% Senior Notes due 2021 was outstanding.

5.625% Senior Notes due 2021

On December 2, 2013, the Company issued $900 million aggregate principal amount of 5.625% Senior Notes due 2021 in a private placement. The 5.625% Senior Notes due 2021 accrue interest at the rate of 5.625% per year, payable semi-annually in arrears. The 5.625% Senior Notes due 2021 are senior unsecured obligations of the Company, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 5.625% Senior Notes due 2021 are guaranteed by each of our subsidiaries that is a guarantor under the Credit Facilities. The indenture governing the 5.625% Senior Notes due 2021 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. We may redeem all or a portion of the 5.625% Senior Notes due 2021 at the redemption prices applicable to the 5.625% Senior Notes, as set forth in the 5.625% Senior Notes due 2021 indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $900 million aggregate principal amount of the 5.625% Senior Notes due 2021 was outstanding.

5.50% Senior Notes due 2023

On January 30, 2015, the Company issued $1,000 million aggregate principal amount of 5.50% senior notes due 2023 in a private placement. The 5.50% Senior Notes due 2023 accrue interest at the rate of 5.50% per year, payable semi-annually in arrears. The 5.50% Senior Notes due 2023 are senior unsecured obligations of the Company, ranking equally in right of payment with all of its existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The 5.50% Senior Notes due 2023 are guaranteed by each of our subsidiaries that is a guarantor under the Credit Facilities. The indenture governing the 5.50% Senior Notes due 2023 contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. We may redeem all or a portion of the 5.50% Senior Notes due 2023 at any time prior to March 1, 2018 at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption, plus a “make-whole” premium. In addition, at any time prior to March 1, 2018, we may redeem up to 40% of the aggregate principal amount of the outstanding 5.50% Senior Notes due 2023 with the net proceeds of certain equity offerings at the redemption price set forth in the 5.50% Senior Notes due 2023 indenture. On or after March 1, 2018, we may redeem all or a portion of the 5.50% Senior Notes due 2023 at the redemption prices applicable to the 5.50% Senior Notes due 2023, as set forth in the 5.50% Senior Notes due 2023 indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $1,000 million aggregate principal amount of the 5.50% Senior Notes due 2023 was outstanding.

5.375% Senior Notes due 2020, 5.875% Senior Notes due 2023, 4.50% Senior Notes due 2023 and 6.125% Senior Notes due 2025

On March 27, 2015, the Company issued $2,000 million aggregate principal amount of 5.375% senior notes due 2020 (the “2020 Notes”), $3,250 million aggregate principal amount of 5.875% senior notes due 2023 (the “May 2023 Notes”), €1,500 million aggregate principal amount of 4.50% senior notes due 2023 (the “Euro Notes”) and $3,250 million aggregate principal amount of 6.125% senior notes due 2025 (the “2025 Notes” and, together with the 2020 Notes, the May 2023 Notes and the Euro Notes, the “VRX Notes”) in a private placement.

The 2020 Notes accrue interest at the rate of 5.375% per year, payable semi-annually in arrears. The May 2023 Notes and the Euro Notes accrue interest at the rate of 5.875% and 4.50% per year, respectively, payable semi-annually in arrears. The 2025 Notes accrue interest at the rate of 6.125% per year, payable semi-annually in arrears. The VRX Notes are senior unsecured obligations of the Company, ranking equally in right of payment with all of our existing and future unsubordinated indebtedness, including the notes offered hereby, and senior to its existing and future subordinated indebtedness. The VRX Notes are guaranteed by each of our subsidiaries that is a guarantor under the Credit Facilities. The indenture governing the VRX Notes contains restrictive covenants that are substantially similar to the covenants in the indenture that governs the notes with appropriate modifications to reflect their unsecured status. We may redeem all or a portion of the May 2023 Notes, the Euro Notes and the 2025 Notes at any time prior to May 15, 2018, May 15, 2018 and April 15, 2020, respectively, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium. In addition, at any time prior to May 15, 2018 in the case of the May 2023 Notes, May 15, 2018 in the case of the Euro Notes and April 15, 2018 in the case of the 2025 Notes, we may redeem up to 40% of the aggregate principal amount of the applicable series of notes with the net proceeds of certain equity offerings at the redemption prices set forth in the applicable indenture. We may redeem all or a portion of the 2020 Notes, and on or after March 15, 2017, May 15, 2018, May 15, 2018 and April 15, 2020, we may redeem all or a portion of the May 2023 Notes, the Euro Notes and the 2025 Notes, respectively, at the redemption prices applicable to each series of such notes, as set forth in the applicable indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2017, $2,000 million aggregate principal amount of the 2020 Notes, $3,250 million aggregate principal amount of the May 2023 Notes, €1,500 million aggregate principal amount of the Euro Notes and $3,250 million aggregate principal amount of the 2025 Notes was outstanding.

Existing Secured Notes

6.50% Senior Secured Notes due 2022 and 7.00% Senior Secured Notes due 2024

On March 21, 2017, the Company issued $1,250 million aggregate principal amount of 6.50% senior secured notes due March 15, 2022 (the "March 2022 Senior Secured Notes") and $2,000 million aggregate principal amount of 7.00% senior secured notes due March 15, 2024 (the "March 2024 Senior Secured Notes"), in a private placement. Interest on these notes is payable semi-annually in arrears on each March 15 and September 15.

The March 2022 Senior Secured Notes and March 2024 Senior Secured Notes are guaranteed by each of the Company's subsidiaries that is a guarantor under the Credit Facilities. The March 2022 Senior Secured Notes and March 2024 Senior Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the Company's obligations under the Credit Agreement under the terms of the indenture governing the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes.

The March 2022 Senior Secured Notes and March 2024 Senior Secured Notes and the guarantees rank equally in right of payment with all of the Company's and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Company's and Note Guarantors' respective future subordinated indebtedness. The March 2022 Senior Secured Notes and March 2024 Senior Secured Notes and the guarantees related thereto are effectively *pari passu* with the Company's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, including the existing Senior Notes, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes are structurally subordinated to (i) all liabilities of any of the Company's subsidiaries that do not guarantee the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes and (ii) any of the Company's debt that is secured by assets that are not collateral.

The March 2022 Senior Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after March 15, 2019, at the redemption prices set forth in the indenture. The Company may redeem some or all of the March 2022 Senior Secured Notes prior to March 15, 2019 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. Prior to March 15, 2019, the Company may redeem up to 40% of the aggregate principal amount of the March 2022 Senior Secured Notes using the proceeds of certain equity offerings at the redemption price set forth in the indenture.

The March 2024 Senior Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after March 15, 2020, at the redemption prices set forth in the indenture. The Company may redeem some or all of the March 2024 Senior Secured Notes prior to March 15, 2020 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. Prior to March 15, 2020, the Company may redeem up to 40% of the aggregate principal amount of the March 2024 Senior Secured Notes using the proceeds of certain equity offerings at the redemption price set forth in the indenture.

Upon the occurrence of a change in control (as defined in the indentures governing the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes), unless the Company has exercised its right to redeem all of the notes as described above, holders of the March 2022 Senior Secured Notes and March 2024 Senior Secured Notes may require the Company to repurchase such holder's notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

5.500% Senior Secured Notes due 2025

On October 17, 2017, the Company issued $1,000 million aggregate principal amount of 5.500% senior secured notes due November 1, 2025 (the "November 2025 Senior Secured Notes" and, together with the March 2022 Senior Secured Notes and the March 2024 Senior Secured Notes, the "Existing Secured Notes"), in a private placement. Interest on these notes is payable semi-annually in arrears on each May 1 and November 1. The new secured notes will have the same CUSIP and ISIN numbers as (except for notes issued pursuant to Regulation S which will bear a different CUSIP number for the first 40 days), and will form a single class of debt securities with the November 2025 Senior Secured Notes. See "Description of the Notes."

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this section of the offering memorandum under the subheading "—Certain Definitions". In this section, (i) the term "Issuer" refers only to Valeant Pharmaceuticals International, Inc., a British Columbia corporation, and its successors and not to any of its Subsidiaries and (ii) the term "Valeant" refers only to Valeant Pharmaceuticals International, a Delaware corporation, and its successors and not to any of its Subsidiaries.

The Issuer will issue $750 million aggregate principal amount of 5.500% Senior Secured Notes due 2025 offered hereby (the "new secured notes") under the indenture, dated as of October 17, 2017 (the "indenture"), among the Issuer, the Note Guarantors, The Bank of New York Mellon, as trustee, and The Bank of New York Mellon (together with certain of its branches, affiliates and agents) and Lord Securities Corporation (and/or certain of its subsidiaries or affiliates), and those persons who become notes collateral agents for the notes pursuant to the terms of the First Lien Intercreditor Agreement (the "Notes Collateral Agents"). There are currently $1,000 million principal amount of initial secured notes outstanding (the "initial secured notes," and, together with the new secured notes, the "notes"). Immediately after giving effect to the issuance of the new secured notes by this offering memorandum, we will have $1,750 million aggregate principal amount of our 5.500% Senior Secured Notes due 2025 outstanding. "Issue Date" and "date of the indenture" refer to October 17, 2017, the date of the issuance of the initial secured notes. The indenture is not subject to the provisions of the TIA. Holders of the notes are not entitled to any registration rights or similar rights.

The new secured notes will constitute "additional notes" under the indenture. Unless otherwise expressly stated or the context otherwise requires, references to the "notes" in this "Description of the Secured Notes" means the Issuer's 5.500% Senior Secured Notes due 2025 issued under the indenture, including the initial secured notes, the new secured notes and any other additional notes the Issuer may in the future issue under the indenture. The new secured notes will have the same terms as the initial secured notes (other than the date of original issuance and the issue price) and will be a part of the same class as the initial secured notes under the indenture. All notes will vote together as a single class for all purposes of the indenture and will vote together as one class on all matters with respect to the notes. The new secured notes will share the same CUSIP numbers and ISINs as the initial secured notes except for notes issued pursuant to Regulation S for the first 40 days.

We have the right to issue additional notes in the future after this offering. Any such additional notes will have the same terms as the initial secured notes and the new secured notes offered hereby but may be offered at a different offering price or have a different initial interest payment date than the initial secured notes or the notes being offered by this offering memorandum. If issued, these additional notes will become part of the same series as the notes being offered by this offering memorandum.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes. Copies of the indenture are available as set forth below under "—Additional Information". Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the indenture.

The registered holder of a note will be treated as the owner of it for all purposes. The registered holders of the notes are those that own notes registered in their own names on the books that the Issuer or the Trustee maintains for this purpose, and not those who own beneficial interests in the notes registered in street name or in notes issued in book-entry form through one or more depositaries. Only registered holders will have rights under the indenture. Owners of beneficial interests in the notes should read the information contained under the subheading "—Book-Entry, Delivery and Form".

Ranking

The notes and the guarantees of the notes will be:

- general secured obligations of the Issuer and the Note Guarantors, as applicable, secured by a first-priority Lien (subject to Permitted Liens) on the Collateral referred to below;
- pari passu in right of payment with each other and all existing and future unsubordinated indebtedness of the Issuer or the applicable Note Guarantor;
- senior in right of payment to all existing and future indebtedness of the Issuer or the applicable Note Guarantor that expressly provides for its subordination to the notes or the applicable guarantee;
- effectively pari passu with all existing and future indebtedness secured by a first-priority Lien on the Collateral (including the Credit Facilities and the Existing Secured Notes);
- effectively subordinated to all existing and future indebtedness and other liabilities of the Issuer's Subsidiaries that do not guarantee the notes; and
- effectively senior to all existing and future indebtedness that is unsecured of the Issuer or the applicable Note Guarantor (including the Existing Senior Notes) or that is secured by junior Liens, in each case to the extent of the value of the Collateral.

Principal, Maturity and Interest

The Issuer will issue $750 million aggregate principal amount of new secured notes offered hereby. Following this offering of the new secured notes, there will be $1,750 million aggregate principal amount of the notes outstanding. The Issuer may issue additional notes under the indenture from time to time after this offering. Any offering of additional notes is subject to the covenants described below under the captions "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Certain Covenants—Liens." The new secured notes offered hereby will constitute additional notes as such term is defined in the indenture. The new secured notes, initial secured notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Issuer will issue the notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will mature on November 1, 2025.

Interest on the new secured notes will accrue at the rate of 5.500% per annum. Interest on the new secured notes will be payable semi- annually in arrears on May 1 and November 1, commencing on May 1, 2018. The Issuer will make each interest payment to the holders of record on the immediately preceding April 15 and October 15.

Interest on the new secured notes will accrue from October 17, 2017, the date of original issuance of the initial secured notes or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Trustee initially acts as Registrar, Transfer Agent and Paying Agent for the notes. The Issuer may change the Registrar, Transfer Agent or Paying Agent without prior notice to the holders, and the Issuer or any of its Subsidiaries may act as Paying Agent, Transfer Agent or Registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the indenture. The Registrar, the Transfer Agent and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any note selected for redemption. Also, the Issuer is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

The Issuer's obligations under the notes and the indenture initially are jointly and severally guaranteed by Valeant and those of the Issuer's Subsidiaries that are obligors or guarantors under the Credit Agreement and the Existing Notes as of the date of this offering memorandum, except that the notes are not guaranteed by two entities that guarantee the Credit Agreement because these two entities have no material assets or operations and are in the process of being dissolved.

Not all of the Issuer's Subsidiaries guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to the Issuer. As of September 30, 2017, these non-guarantor Subsidiaries had an aggregate of $0.8 billion of liabilities outstanding (excluding intercompany obligations), to which the notes would have been effectively subordinated.

If any subsidiary of the Issuer provides a Guarantee of any Indebtedness of the Issuer or a Guarantor under any syndicated Credit Facility or Capital Markets Indebtedness, then such Subsidiary will promptly execute a supplemental indenture pursuant to which it will Guarantee, on a senior secured basis, the Issuer's obligations under the notes and the indenture for so long as the Guarantee in connection with the applicable Indebtedness remains in place. Notwithstanding the foregoing, no Subsidiary shall be required to Guarantee the notes if any such Guarantee shall be illegal or unenforceable under relevant law (after taking into account the limitations set forth in the next succeeding paragraph), as determined in good faith by the Issuer.

The obligations of each Note Guarantor under its Note Guarantee will be limited as necessary to prevent such Note Guarantee from constituting a fraudulent conveyance under applicable law. In addition, the obligations of any Note Guarantor organized outside the United States of America may be limited as necessary or appropriate to (1) comply with applicable law, (2) avoid any general legal limitations such as general statutory limitations, financial assistance, corporate benefit, "thin capitalization" rules, retention of title claims or similar matters or (3) avoid a conflict with the fiduciary duties of such company's directors, contravention of any legal prohibition or regulatory condition, or the material risk of personal or criminal liability for any officers or directors (collectively referred to as "Agreed Guarantee Principles", in each case as determined by the Issuer in its sole discretion). Such limitations could be significant.

A Note Guarantor shall be released from its obligations under its Note Guarantee and its obligations under the indenture:

(1) in the event of a sale or other disposition of all or substantially all of the assets of such Note Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the Equity Interests of such Note Guarantor then held by the Issuer and its Restricted Subsidiaries;

(2) if such Note Guarantor is designated as an Unrestricted Subsidiary or otherwise ceases to be a Restricted Subsidiary, in each case in accordance with the provisions of the indenture, upon effectiveness of such designation or when it first ceases to be a Restricted Subsidiary, respectively;

(3) in the case of any Guarantee issued on the Issue Date, upon the release or discharge of the Guarantee by such Guarantor in respect of the Credit Agreement, and, in any other case, upon the release or discharge of any Guarantee in respect of Indebtedness that resulted in the issuance after the Issue Date of the Note Guarantee by such Note Guarantor; or

(4) if the Issuer exercises its legal defeasance option or its covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance" or if the obligations of the Issuer under the indenture are discharged in accordance with the terms of the indenture.

Security for the Notes

General

The obligations under the notes are (or will be) secured by first priority liens granted by the Issuer, the Note Guarantors and any future Note Guarantor on substantially all of the assets of the Issuer and the Note Guarantors (whether now owned or hereafter arising or acquired) to the extent such assets are subject to a lien securing the obligations under the Credit Agreement, subject to certain exceptions (including with respect to certain assets that are (or will be) subject to a lien securing the obligations under the Credit Agreement but not securing the notes), Permitted Liens and encumbrances described in the indenture and the Collateral Documents. The Issuer and Note Guarantors took actions to perfect the security interests in certain assets of the Issuer or Note Guarantors established under the laws of Canada, France and the United States on the Issue Date, but actions in other jurisdictions are to be completed within 120 days of the Issue Date.

In the Collateral Documents, the Issuer and the Note Guarantors, subject to certain exceptions described below or as set forth in the Collateral Documents, granted (or will grant) first priority liens in (collectively, excluding the Excluded Assets, the "Collateral"):

(1) 100% of the Capital Stock of certain existing and future wholly owned material subsidiaries of the Issuer or any Note Guarantors, subject to certain limitations, including limiting the pledges of Capital Stock of First-Tier Foreign Subsidiaries to 65% of such Capital Stock; and

(2) substantially all of the other property and assets (including, subject to certain exceptions and thresholds, fee-owned real property and tangible and intangible personal property such as, among other assets, intellectual property, investment property, accounts receivable (other than Securitization Program Assets), inventory, equipment and contract rights), in each case, that are held by the Issuer or any of the Note Guarantors, but only to the extent that such assets secure the obligations under the Credit Agreement and to the extent that a security interest is able to be granted or perfected therein after use of commercially reasonable efforts by the Issuer and applicable Note Guarantors.

The First Lien Intercreditor Agreement contains customary provisions for New York Law intercreditor agreements governing priority of claims among secured creditors. See "—Intercreditor Agreement." While a number of the Guarantors are incorporated, organized, or have their center of main interest in European jurisdictions, including Belgium, Belarus, England, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, the Netherlands, Poland, Russia, Slovenia, Sweden, Switzerland, Wales and United Arab Emirates, the First Lien Intercreditor Agreement does not contain provisions that typically would be included in these and other local jurisdictions. For example, a typical European intercreditor agreement would address, on a contractual basis, certain European insolvency and restructuring considerations which arise in the absence of consistent statutory provisions in Europe equivalent to the framework under the Bankruptcy Code, including, among others, provisions on standstill on the enforcement of liens on assets and on the making of claims on direct debt obligations and guarantees, release or forced transfer of junior debt claims upon the occurrence of "distressed disposals" during a restructuring or enforcement process and debt purchase options.

In addition, the lien of the collateral agent in the collateral was (or will be) created pursuant to security documents entered into with the applicable collateral agent and perfected in a manner that, under the laws applicable to the creation and priority of collateral in the jurisdictions in which the collateral is pledged, will give it, in most cases, as a matter of law, third priority to the rights of the collateral agent under the Credit Facility and second priority to the rights of the collateral agents under the Existing Secured Notes. As a result, the first priority lien of the holders of the notes with respect to the collateral is (or will be) dependent on the First Lien

Intercreditor Agreement, which provides that the rights of the holders of the notes with respect to the collateral are secured on a first priority basis and to which the collateral agent under the Credit Facility is a party. Such agreement may not be recognized in certain jurisdictions.

The indenture and the Collateral Documents exclude (or will exclude) certain property from the Collateral (the "Excluded Assets"), including:

(1) any lease, license, contract or agreement to which any grantor is a party, and any of its rights or interest thereunder, if and to the extent that a security interest is prohibited by or in violation of (i) any law, rule or regulation applicable to such grantor, or (ii) a term, provision or condition of any such lease, license, contract or agreement (unless such law, rule, regulation, term, provision or condition would be rendered ineffective with respect to the creation of the security interest hereunder pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code ("UCC") (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code, the Personal Property Security Act of any applicable Canadian province or territory (the "PPSA") or the Civil Code of Quebec) or principles of equity); provided, however, that the Collateral shall include (and such security interest shall attach) immediately at such time as the contractual or legal prohibition shall no longer be applicable and to the extent severable, shall attach immediately to any portion of such lease, license, contract or agreement not subject to the prohibitions specified in clause (i) or (ii) above; provided further that the exclusions referred to in this clause (1) shall not include any proceeds of any such lease, license, contract or agreement unless such proceeds result in the consequences described in this clause (1) after giving effect to the first proviso in clause (1);

(2) Excluded Securities;

(3) any "intent-to-use" application for registration of a trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable Federal law;

(4) motor vehicles and other assets subject to certificates of title to the extent that a Lien thereon cannot be perfected by the filing of financing statements or similar filings under the UCC, PPSA or the Civil Code of Quebec in the applicable grantor's jurisdiction of organization or, if applicable, where such collateral is situated;

(5) Letter-of-Credit Rights (other than any Letter-of-Credit Rights constituting a Supporting Obligation (as defined in the UCC) for a receivable or other Collateral in which the Notes Collateral Agents have a valid and perfected security interest);

(6) Excluded Accounts;

(7) assets owned by any grantor on the date hereof or hereafter acquired and any proceeds thereof that are subject to a Lien securing Indebtedness permitted to be incurred pursuant to the indenture to the extent and for so long as the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money Indebtedness) validly prohibits the creation of any other Lien on such assets and proceeds;

(8) any property or assets in circumstances where the cost, burden or consequences (including adverse tax consequences) of obtaining or perfecting a security interest in such property or assets, as determined in good faith by the Issuer in writing, are excessive in relation to the practical benefit to the Holders of the notes afforded in the indenture; provided that, if the Credit Agreement is then outstanding, the same determination is made in respect of the Lien on such assets securing the Credit Agreement;

(9) any property constituting or that is the proceeds of aircraft, aircraft engines, satellites, ships or railroad rolling stock (unless any such property or assets are pledged as collateral in respect of the Credit Agreement); and

(10) Rule 3-16 Capital Stock (as defined below); and

(11) so long as the Credit Agreement is outstanding, any asset that is not pledged to secure obligations arising in respect of the Credit Agreement (whether pursuant to the terms of the Credit Agreement (and any related documents) or as a result of any determination made thereunder, or by amendment, waiver or otherwise).

Notwithstanding anything in the foregoing to the contrary, in addition to other exceptions and limitations described in the Collateral Documents, and notwithstanding any action described below that is taken in favor of the Credit Agreement, in no event shall the Issuer or any Note Guarantor be required to (x) create any security interests in assets located, titled, registered or filed outside of the Covered Jurisdictions or to perfect such security interests or (y) deliver (A) control agreements, (B) landlord waivers, (C) bailee letters, (D) other similar third party documents, or (E) security agreements, pledge agreements, or share charge (or mortgage) agreements governed under the laws of a jurisdiction other than the Covered Jurisdictions.

The amount recoverable in respect of the Collateral provided by the Note Guarantors being subsidiaries of the Issuer is (or will be) limited as necessary to (1) prevent such Collateral from being in breach of any applicable law, (2) avoid any general legal limitations such as general statutory limitations, financial assistance, corporate benefit, "thin capitalization" rules, retention of title claims or similar matters or (3) avoid a conflict with the fiduciary duties of such company's directors, contravention of any legal prohibition or regulatory condition, or the material risk of personal or criminal liability for any officers or directors, in each case as determined by the Issuer in its sole discretion. Such limitations could significantly impact the amounts recoverable upon the exercise of remedies with respect to such Collateral.

In certain jurisdictions a security interest in certain assets can be pledged to or perfected with respect to (as applicable) one secured party only (including tangible assets in Germany, accounts receivable and assignments of rights under contracts in Germany and Poland, accounts receivable and assets the subject of an assignment in the United Arab Emirates, and pledges of shares in Italian and United Arab Emirates companies) pursuant to local laws governing such collateral or local practice applicable to such collateral. The Credit Agreement Collateral Agent holding a lien on such assets will not be acting as agent for the benefit of the noteholders or holders of the Existing Secured Notes and therefore the noteholders will not have a lien on such assets, and in such case the Indenture does not require the Issuer and the Note Guarantors to grant liens on such assets. In addition, there is a risk that, in Colombia, asset pledges subsequent to the pledges in favor of the Credit Agreement Collateral Agent, including the pledges intended to secure the Notes, may be determined to be invalid pursuant to local law where the pledged asset is in the possession of the Credit Agreement Collateral Agent (as is the case for the pledge of shares in the Issuer's Colombian subsidiary). Further, the Indenture and the Security Agreement do not (or will not) require the Issuer and the Guarantors to perfect by control security interest in deposit accounts, securities accounts, commodities accounts or similar accounts and to perfect a security interest in certain other collateral, including any asset if such asset does not constitute "Collateral" (or equivalent term) under the Credit Agreement security documents or where the Issuer and the Guarantors are not required to take such actions under the Credit Agreement security documents.

Subject to the foregoing, if property that is intended to be Collateral is acquired by the Issuer or a Note Guarantor (including property of a Person that becomes a new Note Guarantor) and is not automatically subject to a perfected security interest under the Collateral Documents, then the Issuer or such Note Guarantor will provide a lien over such property consistent with the liens granted over similar property in the applicable jurisdiction (or in the case of any jurisdiction where no liens were previously granted, to the extent customary and reasonably achievable under applicable local law) (or, in the case of a new Note Guarantor, such of its property consistent with the liens granted over similar property in the applicable jurisdiction (or in the case of any jurisdiction where no liens were previously granted, to the extent customary and reasonably achievable under applicable local law)) in favor of the Notes Collateral Agents and deliver certain certificates and opinions in respect thereof, all as and to the extent required by the indenture, the First Lien Intercreditor Agreement or the Collateral Documents.

As set out in more detail below, subject to certain exceptions, upon an enforcement event, insolvency or liquidation proceeding, proceeds from the Shared Collateral will be applied to satisfy obligations under the Credit Agreement and under the notes and under additional first lien debt that may be issued in the future that is subject to the First Lien Intercreditor Agreement on a pari passu basis. In addition, the indenture permits the Issuer and the Note Guarantors to create additional Liens under specified circumstances.

The Collateral (1) has been pledged to Barclays Bank PLC (together with its permitted successors, the "Credit Agreement Collateral Agent"), on a first priority basis, for the benefit of the secured parties under the Credit Agreement to secure the obligations under the Credit Agreement, (2) has been pledged to the collateral agents for the Existing Secured Notes for the benefit of the holders of the Existing Secured Notes to secure obligations thereunder and (3) subject to certain exceptions, has been (or will be) pledged to the Notes Collateral Agents, on a first priority basis, for its benefit and the benefit of the Trustee and the Holders of the notes to secure the obligations under the notes. Certain of the Shared Collateral that has already been pledged to the Credit Agreement Collateral Agent will, pursuant to certain laws governing such Collateral, not be capable of being pledged with same priority to the Notes Collateral Agent and will by way of being pledged later in time rank junior to the existing security granted to the Credit Agreement Collateral Agent and the Existing Secured Notes Collateral Agent. However, proceeds from enforcement of such Collateral are intended to be distributed amongst the relevant secured parties in accordance with the terms of the First Lien Intercreditor Agreement. See "Risk Factors—Risks Relating to the Notes—The First Lien Intercreditor Agreement contains customary provisions for a New York law intercreditor agreement, but does not contain any provisions that seek to address European or other non-New York law insolvency and restructuring considerations typically available in European or other non-New York law intercreditor agreements".

To the extent that Liens (including Permitted Liens), rights or easements granted to third parties encumber assets located on property owned by the Issuer or the Note Guarantors, including the Collateral, such third parties may exercise rights and remedies with respect to the property subject to such Liens that could adversely affect the value of the Collateral and the ability of the Notes Collateral Agents, the Trustee or the Holders of the notes to realize or foreclose on Collateral.

Certain bankruptcy and insolvency limitations

The right of the Notes Collateral Agents to repossess and dispose of the Collateral upon the occurrence of an Event of Default (as described below under "—Events of Default and Remedies") would be significantly impaired by, or at a minimum delayed by, U.S. bankruptcy law in the event that a U.S. bankruptcy case, or applicable Canadian federal bankruptcy, insolvency or other restructuring legislation in the event that a Canadian bankruptcy, insolvency or other restructuring case, were to be commenced by or against the Issuer or any Note Guarantor prior to the Notes Collateral Agents' having repossessed and disposed of the Collateral. Upon the commencement of a case for relief under the Bankruptcy Code, or under Canadian federal bankruptcy, insolvency or restructuring legislation (such as the Bankruptcy and Insolvency Act (Canada) or the Companies' Creditors Arrangement Act (Canada)) or under Canadian provincial receivership laws, a secured creditor such as the Notes Collateral Agents are prohibited from repossessing or taking control of its security from the debtor in the subject case, or from disposing of security without prior court approval (which may not be given under the circumstances).

In view of the broad powers of U.S. and Canadian bankruptcy courts, and the lack of a precise definition of the term "adequate protection" under the Bankruptcy Code, it is impossible to predict whether or when payments under the notes could be made following the commencement of a bankruptcy, insolvency or other restructuring case (or the length of any delay in making such payments), whether or when the Notes Collateral Agents could repossess or dispose of the Collateral, the value of the Collateral at any time during a bankruptcy case or whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the Collateral.

Furthermore, in the event a bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the notes, the holders of the notes would hold secured claims only to the extent of the value of the Collateral to which the holders of the notes are entitled, and unsecured claims with respect to such shortfall. The Bankruptcy Code permits only the payment and/or accrual of post-petition interest, costs and attorneys' fees to a secured creditor during a debtor's bankruptcy case to the extent the value of such creditor's interest in the Collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the Collateral.

In addition, because the Issuer and certain of the Note Guarantors are organized under federal or provincial laws of Canada, as the case may be, the rights of the Notes Collateral Agents to enforce remedies on behalf of holders are likely to be delayed and/or significantly impaired by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to the Issuer or any Note Guarantor. For example, both the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and others, allowing it to retain possession and administration of its property even though the debtor is in default under the applicable debt instruments, so long as the secured creditor is not unduly prejudiced having regard to the interest of the stakeholders generally. What constitutes undue prejudice may vary according to the circumstances, but the concept is intended in general to protect the value of the secured creditor's interest in the collateral. In some cases, the court will grant orders to avoid undue prejudice to a secured creditor that may include cash payments, the granting of replacement liens or replacement or additional collateral as security for any diminution in the value of the collateral as a result of the stay of repossession or the disposition or any use of the collateral by the debtor during the pendency of the bankruptcy or insolvency proceeding. Both the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada) contain provisions enabling an insolvent person to prepare and file a proposal or plan of compromise or arrangement for consideration by all or some of its creditors to be voted on by the various classes of its creditors affected thereby. Such a restructuring plan or proposal, if accepted by the requisite majorities of creditors and if approved by the relevant Canadian court, would likely result in the compromise or extinguishment of the rights of the holders of the notes under the notes and the indenture may result in the relevant debtor retaining possession and administration of its property notwithstanding that an event of default occurred under the notes.

The powers of the court under the Bankruptcy and Insolvency Act (Canada) and particularly under the Companies' Creditors Arrangement Act (Canada) have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, in the event that the benefit of such legislation is sought with respect to the Issuer or the Canadian Note Guarantors, the Issuer cannot predict if payments under the notes would be made following commencement of or during any such proceeding, whether or when the Notes Collateral Agents could exercise its rights under the indenture and the applicable Collateral Documents, whether claims of holders could be compromised or extinguished under such a proceeding or whether and to what extent holders would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Notes Collateral Agents.

Release of liens

The Collateral Documents, the First Lien Intercreditor Agreement and the indenture provide that the first priority liens securing the Note Guarantee of any Note Guarantor will be automatically released when such Note Guarantor's Note Guarantee is released in accordance with the terms of the indenture. In addition, the first priority liens securing the notes will be released (a) in whole, upon a legal defeasance or a covenant defeasance of the notes as set forth below under "—Defeasance," (b) in whole, upon satisfaction and discharge of the indenture, (c) in whole, upon payment in full of principal, interest and all other obligations on the notes issued under the indenture, (d) in whole or in part, with the consent of the requisite holders of the notes in accordance with the provisions under "—Amendments and Waivers," including consents obtained in connection with a tender offer or exchange offer for, or purchase of, notes and (e) in part, as to any asset (A)(I) constituting Collateral that is sold or otherwise disposed of by the Issuer or any of the Note Guarantors to any Person that is not an Issuer or a Note Guarantor in a transaction permitted by the indenture (to the extent of the interest sold or disposed of), or (II) constituting Shared Collateral, in connection with the taking of an enforcement action by the Applicable Authorized Representative and Applicable Collateral Agent (as defined in the First Lien Intercreditor Agreement) in respect of any first priority lien obligations in accordance with the First Lien Intercreditor Agreement, (B) that is held by a Note Guarantor that ceases to be a Note Guarantor, (C) that becomes Excluded Assets, including so long as the Credit Agreement is outstanding, any asset that is not pledged to secure obligations arising in respect of the Credit Agreement (whether pursuant to the terms of the Credit Agreement (and any related documents) or as a result of any determination made thereunder, or by amendment, waiver or otherwise) or (D) that is otherwise released in accordance with, and as expressly provided for by the terms of, the indenture, the First Lien Intercreditor Agreement and the Collateral Documents; provided that in the case of clause (e)(A)(II), the proceeds of such Shared Collateral shall be applied in accordance with the First Lien Intercreditor Agreement.

The Capital Stock of any Subsidiary of the Issuer will constitute Collateral securing the notes and the related Note Guarantees only to the extent that such Capital Stock can secure the notes and Note Guarantees without Rule 3-16 of Regulation S-X (or any other law, rule or regulation) requiring separate financial statements of the Issuer or such Subsidiary to be filed with the SEC (or any other governmental agency), determined as if the Issuer was subject to Rule 3-16 of Regulation S-X (or any other law or regulation). In the event that Rule 3-16 of Regulation S-X requires or is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC (or any other governmental agency) of separate financial statements of the Issuer or any such Subsidiary due to the fact that such Subsidiary's Capital Stock secures the notes and the Note Guarantees, then such Capital Stock shall automatically be deemed not to be part of the Collateral securing the notes and Note Guarantees (but only to the extent necessary to not be subject to such requirement) (such Capital Stock, the "Rule 3-16 Capital Stock"). In such event, the Collateral Documents may be amended or modified, without the consent of any holder, to the extent necessary to release the security interests on the Rule 3-16 Capital Stock that are so deemed to no longer constitute part of the Collateral.

In the event that Rule 3-16 of Regulation S-X is amended, modified or interpreted by the SEC to permit (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Subsidiary's Capital Stock to secure the notes and the Note Guarantees in excess of the amount then pledged without the filing with the SEC (or any other governmental agency) of separate financial statements of the Issuer or any such Subsidiary, then the Capital Stock of such Subsidiary shall automatically be deemed to be a part of the Collateral securing the notes and Note Guarantees (but only to the extent such Subsidiary would not be subject to any such financial statement requirement). In such event, the Collateral Documents may be amended or modified, without the consent of any holder, to the extent necessary to subject such Capital Stock to the Liens under the Collateral Documents.

Perfection and non-perfection of security interests in collateral

The security interest of the Notes Collateral Agents in certain of the Collateral was not established on the Issue Date. To the extent any liens on or security interest in the Collateral securing the notes were not perfected on or prior to such date, the indenture requires us to use our commercially reasonable efforts to have all such security interests perfected, to the extent required by the indenture and the Collateral Documents, within 120 days of the Issue Date, however no assurance can be given that such security interest will be granted or perfected on a timely basis. In addition, the Collateral Documents generally do not (or will not) require the Issuer and the Note Guarantors to take certain actions to perfect the liens of the Notes Collateral Agents in certain of the Collateral, including, prior to the repayment in full of the obligations under the Credit Agreement, if such actions are not requested by the Credit Agreement Collateral Agent with respect to such Collateral. As a result, the first priority liens may not attach or be perfected in certain of the Collateral, which could adversely affect the rights of the holders of the notes with respect to such Collateral.

After-acquired property

The indenture provides that, from and after the Issue Date, upon the acquisition by the Issuer or any Note Guarantor of any After-Acquired Property that is required to become Collateral under the indenture or any Collateral Document or upon any new Subsidiary becoming a Note Guarantor, the Issuer or such Note Guarantor shall execute and deliver such mortgages, deeds of trust, security instruments, financing statements, certificates and opinions of counsel as shall be necessary to vest in the Notes Collateral Agent a perfected security interest, subject only to Permitted Liens, in such After-Acquired Property or in the Collateral of such Note Guarantor and to have such After-Acquired Property or such Collateral (but subject to certain limitations, if applicable, including as described under "—Security") added to the Collateral, and thereupon all provisions of the indenture relating to the Collateral shall be deemed to relate to such After-Acquired Property or Collateral to the same extent and with the same force and effect; provided, however, that if granting such security interest in such After-Acquired Property or Collateral requires the consent of a third party, the Issuer will use commercially reasonable efforts to obtain such consent with respect to the security interest for the benefit of the Trustee and the Notes Collateral Agent on behalf of the Holders of the notes; provided further, however, that if such third party does not consent to the granting of such security interest after the use of such commercially reasonable efforts, the Issuer or such Note Guarantor, as the case may be, will not be required to provide such security interest.

Intercreditor Agreement

The Notes Collateral Agents became a party to an intercreditor agreement (as the same may be amended from time to time, the "First Lien Intercreditor Agreement") with the Credit Agreement Collateral Agent and the collateral agents for the Existing Secured Notes with respect to the Shared Collateral, which may be amended from time to time without the consent of the holders to add other parties holding first priority obligations permitted to be incurred under the indenture, the Credit Agreement and the First Lien Intercreditor Agreement ("First Priority Obligations"). All references to the First Priority Obligations in this section of the Description of Notes shall refer only to such First Priority Obligations subject to the First Lien Intercreditor Agreement.

Under the First Lien Intercreditor Agreement, only the "Applicable Authorized Representative" or "Applicable Collateral Agent" has the right to act or refrain from acting with respect to any Shared Collateral. The Applicable Authorized Representative was on the Issue Date (and continues to be) the Credit Agreement Collateral Agent and will remain the Credit Agreement Collateral Agent until the earlier of (1) the discharge of First Priority Obligations that are obligations under the Credit Agreement and (2) the Non-Applicable Authorized Representative Enforcement Date (as defined below) (such earlier date, the "Applicable Authorized Representative Change Date"). After the Applicable Authorized Representative Change Date, the Applicable Authorized Representative will be the representative (other than the Credit Agreement Collateral Agent) of the Series of First Priority Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of First Priority Obligations as such representative is notified by the Issuer (excluding the Series constituting the obligations under the Credit Agreement) with respect to such Shared Collateral, but solely to the extent that such Series of First Priority Obligations has a larger aggregate principal amount than the Series of obligations then outstanding under the Credit Agreement as determined by the Issuer (the "Major Non-Applicable Authorized Representative"). As of the Issue Date the trustee for the Existing Secured Notes shall be deemed to be the Major Non-Applicable Authorized Representative and shall remain the Major Non-Applicable Authorized Representative until such time as it is notified in writing by the Issuer or the Applicable Authorized Representative that another representative is the Major Non-Applicable Authorized Representative. The Issuer will use commercially reasonable efforts to provide a prompt written notice to the

Trustee and the Applicable Authorized Representative upon any such determination, it being understood that the Issuer shall be entitled to rely upon certifications from the applicable representative in making such determination.

With respect to any Shared Collateral, no representative of a Series of First Priority Obligations that is not the Applicable Authorized Representative ("Non-Applicable Authorized Representative"), the Applicable Collateral Agent or the holders of indebtedness for which such Non-Applicable Authorized Representative is a representative ("Non-Controlling Secured Party") shall be permitted to instruct the Applicable Authorized Representative or Applicable Collateral Agent to, commence any judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator, examiner or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, any Shared Collateral or have a right to consent to any such action. Only the Applicable Authorized Representative and/or the Applicable Collateral Agent shall be entitled to take any such actions or exercise any such remedies with respect to Shared Collateral.

The "Non-Applicable Authorized Representative Enforcement Date" means, with respect to any Non-Applicable Authorized Representative, the date that is 180 days (throughout which 180-day period such Non-Applicable Authorized Representative was the Major Non-Applicable Authorized Representative) after the occurrence of both (a) an event of default, as defined in the indenture or other debt facility for the applicable Series of First Priority Obligations, and (b) the Applicable Authorized Representative and each other representative of First Priority Obligations' (each such representative of First Priority Obligations, a "First Priority Collateral Agent") receipt of written notice from such Major Non-Applicable Authorized Representative certifying that (i) such Non-Applicable Authorized Representative is the Major Non-Applicable Authorized Representative and that an event of default, as defined in the indenture or other debt facility for that Series of First Priority Obligations has occurred and is continuing and (ii) the First Priority Obligations of that Series with respect to which such Major Non-Applicable Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the indenture or debt facility for that Series of First Priority Obligations; provided that the Non-Applicable Authorized Representative Enforcement Date will be stayed and will not occur and will be deemed not to have occurred with respect to any Shared Collateral (1) at any time the Applicable Authorized Representative has commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (2) at any time the Issuer or the Notes Guarantor that has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

The Applicable Authorized Representative and the Applicable Collateral Agent each was on the Issue Date (and each continues to be) the Credit Agreement Collateral Agent, and no Notes Collateral Agent will have any rights to take any action under the First Lien Intercreditor Agreement with respect to the Shared Collateral unless and until the Trustee becomes the Applicable Authorized Representative and/or Applicable Collateral Agent.

Notwithstanding the equal priority of the Liens, the Applicable Authorized Representative may deal with the Shared Collateral as if the Applicable Authorized Representative had a senior Lien on such Shared Collateral. No Non-Applicable Authorized Representative or Non-Controlling Secured Party will be permitted to contest, protest or object to any foreclosure proceeding or action brought by the Applicable Authorized Representative or any holders of indebtedness for which the Applicable Authorized Representative is a representative ("Controlling Secured Party") or any other exercise by the Applicable Authorized Representative or any Controlling Secured Party of any rights and remedies relating to the Shared Collateral. Each of the Holders of the notes and secured parties under the Credit Agreement and the Existing Secured Notes and the and the holders of any additional first lien debt that may be issued in the future that is subject to the First Lien Intercreditor Agreement (the "First Priority Secured Parties") also agree that they will not contest or support any other person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity, attachment or enforceability of a Lien held by or on behalf of any of the First Priority Secured Parties in all or any part of the Shared Collateral, or the provisions of the First Lien Intercreditor Agreement.

If an Event of Default or an event of default under any document governing a Series of First Priority Obligations has occurred and is continuing and the Applicable Authorized Representative or the Applicable Collateral Agent is taking action to enforce rights in respect of any Shared Collateral, or any distribution is made with respect to any Shared Collateral in any bankruptcy, insolvency or restructuring case of the Issuer (including any adequate protection payments) or any Note Guarantor, or any First Priority Secured Party receives any payment pursuant to any intercreditor agreement (other than the First Lien Intercreditor Agreement) with respect to any Shared Collateral, then the proceeds of any sale, collection or other liquidation of any such Shared Collateral by any First Priority Collateral Agent or any First Priority Secured Party and proceeds of any such distribution or payment (subject, in the case of any such proceeds, to the paragraph immediately following) to which the First Priority Obligations are entitled under any other intercreditor agreement shall be applied among the First Priority Obligations to the payment in full of the First Priority Obligations on a ratable basis, after payment of all amounts owing to each First Priority Collateral Agent (in its capacity as such); provided that following the commencement of any bankruptcy, insolvency or restructuring case of the Issuer or any other Notes Guarantor, solely for purposes of the waterfall provisions of the First Lien Intercreditor Agreement and not any other document with respect to any First Priority Obligation, in the event the value of the Shared Collateral is not sufficient for the entire amount of post-petition interest on the First Priority Obligations to be allowed under Sections 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other applicable law in such insolvency or liquidation proceeding, the amount of First Priority Obligations of each Series of First Priority Obligations shall include only the maximum amount of post-petition interest allowable under Sections 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other applicable bankruptcy law in such insolvency or liquidation proceeding.

The First Priority Secured Parties of each Series agree that the holders of First Priority Obligations of such Series (and not the First Priority Secured Parties of any other Series) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the First Priority Obligations of such Series are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of First Priority Obligations), (y) any of the First Priority Obligations of such Series do not have an enforceable security interest in any of the Shared Collateral securing any other Series of First Priority Obligations and/or (z) any intervening security interest exists securing any other obligations (other than another Series of First Priority Obligations) on a basis ranking prior to the security interest of such Series of First Priority Obligations but junior to the security interest of any other Series of First Priority Obligations or (ii) the existence of any Shared Collateral for any other Series of First Priority Obligations that is not Shared Collateral (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of First Priority Obligations, an "Impairment" of such Series); provided that the existence of a maximum claim with respect to any properties subject to a Mortgage (as defined in the Credit Agreement (or the equivalent provision thereof)) which applies to all First Priority Obligations shall not be deemed to be an Impairment of any Series of First Priority Obligations. In the event of any Impairment with respect to any Series of First Priority Obligations, the results of such Impairment shall be borne solely by the holders of such Series of First Priority Obligations, and the rights of the holders of such Series of First Priority Obligations (including, without limitation, the right to receive distributions in respect of such Series of First Priority Obligations permitted by the First Lien Intercreditor Agreement) set forth in the First Lien Intercreditor Agreement shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of such First Priority Obligations subject to such Impairment.

Additionally, in the event the First Priority Obligations of any Series are modified pursuant to applicable law (including, without limitation, pursuant to Section 1129 of the Bankruptcy Code or pursuant to a restructuring under the Companies' Creditors Arrangement Act (Canada), any reference to such First Priority Obligations or the Collateral Documents governing such First Priority Obligations will be deemed to refer to such obligations or such documents as so modified.

None of the First Priority Secured Parties may institute in any bankruptcy case or other proceeding any claim against the Applicable Authorized Representative or any other First Priority Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any

Shared Collateral. None of the First Priority Secured Parties may challenge, or support any other Person in challenging, in any proceeding the validity or enforceability of any First Priority Obligations of any Series or any first priority security document or the validity, attachment, perfection or priority of any Lien under any first priority security document or the validity or enforceability of the priorities, rights or duties established by or other provisions of the First Lien Intercreditor Agreement. None of the First Priority Secured Parties may take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Shared Collateral by the Applicable Authorized Representative or Applicable Collateral Agent. In addition, none of the First Priority Secured Parties may seek to have any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Shared Collateral. If any First Priority Secured Party obtains possession of any Shared Collateral or realizes any proceeds or payment in respect thereof pursuant to any Collateral Document or by the exercise of any rights available to it under applicable law or in any insolvency or liquidation proceeding or through any other exercise of remedies (including pursuant to any intercreditor agreement), at any time prior to the discharge of each of the First Priority Obligations, then it must hold such Shared Collateral, proceeds or payment in trust for the other First Priority Secured Parties and promptly transfer such Shared Collateral, proceeds or payment to the Applicable Authorized Representative to be distributed in accordance with the First Lien Intercreditor Agreement.

Under the First Lien Intercreditor Agreement, if at any time the Applicable Authorized Representative forecloses upon or otherwise exercises remedies against any Shared Collateral resulting in a sale or disposition thereof, then (whether or not any insolvency or liquidation proceeding is pending at the time) the Liens in favor of the other First Priority Collateral Agents for the benefit of the Trustee and the holders of the notes and each other Series of First Priority Secured Parties upon such Shared Collateral will automatically be released and discharged upon conclusion of the applicable foreclosure proceeding or other exercise of remedies. However, any proceeds of any Shared Collateral realized therefrom will be applied as described in the First Lien Intercreditor Agreement.

If the Issuer or any Note Guarantor becomes subject to any bankruptcy case, the First Lien Intercreditor Agreement provides that if the Issuer or any Note Guarantor shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code (or under Section 11.2 of the Companies' Creditors Arrangement Act (Canada), Section 50.6 of the Bankruptcy and Insolvency Act (Canada), or under any equivalent provision of any other applicable debtor relief law) or the use of cash collateral under Section 363 of the Bankruptcy Code (or under Sections 11 or 36 of the Companies' Creditors Arrangement Act (Canada), Section 65.13 of the Bankruptcy and Insolvency Act (Canada) or under any equivalent provision of any other applicable debtor relief law), each First Priority Secured Party agrees not to object to any such financing or to the Liens on the Shared Collateral securing the same (the "DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless the Applicable Authorized Representative with respect to such Shared Collateral opposes or objects to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any First Priority Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank pari passu with the Liens on any such Shared Collateral granted to secure the First Priority Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth in the First Lien Intercreditor Agreement), in each case so long as:

(A) First Priority Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-a-vis all the other First Priority Secured Parties (other than any Liens of the First Priority Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the insolvency or liquidation proceedings;

(B) the First Priority Secured Parties of each Series are granted Liens on any additional collateral pledged to any First Priority Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-a-vis the First Priority Secured Parties as set forth in the First Lien Intercreditor Agreement;

(C) if any amount of such DIP Financing or cash collateral is applied to repay any of the First Priority Obligations, such amount is applied pursuant to the First Lien Intercreditor Agreement; and

(D) if any First Priority Secured Parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection are applied pursuant to the First Lien Intercreditor Agreement;

provided that the First Priority Secured Parties of each Series have a right to object to the grant of a Lien to secure the DIP Financing over any collateral subject to Liens in favor of the First Priority Secured Parties of such Series or its or their representative that do not constitute Shared Collateral; and provided, further, that the First Priority Secured Parties receiving adequate protection agree that they shall not object to any other First Priority Secured Party receiving adequate protection comparable to any adequate protection granted to such First Priority Secured Parties in connection with a DIP Financing or use of cash collateral.

The First Priority Secured Parties therein acknowledge that the First Priority Obligations of any Series may, subject to the limitations set forth in the other documents governing the First Priority Obligations, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the priority of claims and application of proceeds set forth in the First Lien Intercreditor Agreement or the other provisions thereof defining the relative rights of the First Priority Secured Parties of any Series.

By its acceptance of notes, each holder will be deemed to have consented to the terms of the Collateral Documents and the First Lien Intercreditor Agreement and to have authorized and directed the Trustee and each Notes Collateral Agent, as applicable, to execute, deliver and perform each of the Collateral Documents and First Lien Intercreditor Agreement, to which it is a party, binding the holders to the terms thereof.

Subject to the terms of the Collateral Documents, the Issuer and the Note Guarantors have the right to remain in possession and retain exclusive control of the Shared Collateral securing the notes (other than any cash, securities, obligations and Cash Equivalents constituting part of the Collateral and deposited with the Applicable Authorized Representative in accordance with the provisions of the Collateral Documents and other than as set forth in the Collateral Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No impairment of the security interests

Except as otherwise permitted under the indenture, the First Lien Intercreditor Agreement and the Collateral Documents, none of the Issuer nor any of the Note Guarantors will be permitted to take any action, or knowingly omit to take any action, which action or omission would have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Trustee, the Notes Collateral Agents and the Holders of the notes.

Amendment of Collateral Documents

The Issuer is not permitted to amend, modify or supplement, or agree to permit or consent to any amendment, modification or supplement of, the Collateral Documents in any way that would be adverse to the holders of the notes in any material respect, except as described above under "—Security" or as permitted under "—Amendments and Waivers."

Payment of Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the notes, or by or on behalf of any Note Guarantor under or with respect to any Note Guarantee (each such person, a "Payor") will be made free and clear of any withholding or deduction for or on account of any tax, duty, levy, impost, assessment or other governmental charge of whatever nature (collectively, "Tax") imposed or levied by or on behalf of any jurisdiction in which such Payor is organized, resident or carrying on business for tax purposes or from or through which such Payor makes any payment on the notes or its Note Guarantee or any department or political subdivision of any of the foregoing (each, a "Relevant Taxing Jurisdiction"), unless the Payor (or an applicable withholding agent) is required to withhold or deduct Taxes by law. If the Payor (or an applicable withholding agent) is required by law to withhold or deduct any amount for or on account of Taxes of a Relevant Taxing Jurisdiction from any payment made under or with respect to any notes or Note Guarantee, the Payor, subject to the exceptions listed below, will pay additional amounts ("Additional Amounts") as may be necessary to ensure that the net amount received by each holder or beneficial owner of the notes after such withholding or deduction (including withholding or deduction attributable to Additional Amounts payable hereunder) will not be less than the amount the holder or beneficial owner would have received if such Taxes had not been required to be so withheld or deducted.

A Payor will not, however, pay Additional Amounts to a holder or beneficial owner of notes:

(a) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the existence of any present or former connection between the holder or beneficial owner (or between a fiduciary, settler, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership or corporation) and the Relevant Taxing Jurisdiction (other than any connection resulting solely from the acquisition, ownership, holding or disposition of notes, the receipt of payments thereunder or under any Note Guarantee and/or the exercise or enforcement of rights under any notes or any Note Guarantee);

(b) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the failure of the holder or beneficial owner of notes, following the Issuer's or the Payor's written request addressed to the holder, to the extent such holder or beneficial owner is legally eligible to do so, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) with respect to any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property tax or any similar Taxes;

(d) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the presentation by the holder or beneficial owner of any notes, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(e) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the holder or beneficial owner not dealing at arm's length, within the meaning of the *Income Tax Act* (Canada), with such Payor;

(f) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for such holder or beneficial owner being, or not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) with, a "specified shareholder" of the Issuer as defined in subsection 18(5) of the *Income Tax Act* (Canada) for purposes of the thin capitalization rules in the *Income Tax Act* (Canada);

(g) to the extent the Taxes giving rise to such Additional Amounts are U.S. federal withholding taxes imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the

"Code"), as in effect on the date of the issuance of the initial secured notes (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations, official interpretations or administrative authority promulgated thereunder and any agreements entered into pursuant to Section 1471(b)(1) of the Code as in effect on the date of the issuance of the initial secured notes (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), and, for the avoidance of doubt, any intergovernmental agreement (and related legislation, rules or practices) implementing the foregoing (taken together, "FATCA"), except to the extent that such Taxes result from a failure of any Paying Agent to comply with FATCA; or

(h) any combination of items (a), (b), (c), (d), (e), (f) and (g).

Additional Amounts also will not be paid with respect to any payment on a note to a beneficial owner who is a fiduciary, a partnership (or entity treated as a partnership for tax purposes), or anyone other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of the Relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or interest holder been the beneficial owner.

The Payor or applicable withholding agent will (i) make any such withholding or deduction required by applicable law and (ii) timely remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Payor, as the applicable withholding agent, will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes. The Payor, as the applicable withholding agent, will provide to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld are due pursuant to applicable law, either a certified copy of tax receipts evidencing such payment, or, if such tax receipts are not reasonably available to the Payor, such other documentation that provides reasonable evidence of such payment by the Payor.

Where Tax is payable pursuant to Regulation 803 of the *Income Tax Act* (Canada) by a holder or beneficial owner of the notes in respect of any amount payable under the notes to the holder (other than by reason of a transfer of the notes to a person resident in Canada with whom the transferor does not deal at arm's length for the purposes of such Act), but no Additional Amount is paid in respect of such Tax, the Payor will pay as or on account of interest to the holder an amount equal to such Tax (a "Regulation 803 Reimbursement") plus an amount equal to any Tax required to be paid by the holder or beneficial owner as a result of such Regulation 803 Reimbursement within 45 days after receiving from the holder a notice containing reasonable particulars of the Tax so payable, provided such holder or beneficial owner would have been entitled to receive Additional Amounts on account of such Tax (and only to the extent of such Additional Amounts that such holder or beneficial owner would have been entitled to receive) but for the fact that it is payable otherwise than by deduction or withholding from payments made under or with respect to the notes.

The Payor will deliver to the Trustee an officers' certificate stating that such Additional Amounts will be payable prior to the date on which such payments will be made, and the amounts so payable, and will set forth such other information necessary to enable the Trustee (or applicable paying agent) to pay such Additional Amounts to holders on the payment date. Any such certificate will be delivered a reasonable amount of time in advance of when the payments in question are required to be made. The Payor will promptly publish a notice in accordance with the provisions of the indenture stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

The Payors, jointly and severally, will reimburse the holders or beneficial owners of notes, upon written request of such holder or beneficial owner of notes and certified proof of payment for the amount of (i) any Taxes levied or imposed by a Relevant Taxing Jurisdiction and payable by such holder or beneficial owner in connection with payments made under or with respect to the notes or under or with respect to any Note

Guarantee; and (ii) any Taxes levied or imposed with respect to any reimbursement under the foregoing clause (i) or this clause (ii), so that the net amount received by such holder or beneficial owner after such reimbursement will not be less than the net amount such holder or beneficial owner would have received if the Taxes giving rise to the reimbursement described in clauses (i) and/or (ii) had not been imposed, provided, however, that the indemnification obligation provided for in this paragraph shall not extend to Taxes imposed for which the holder or beneficial owner of the notes would not have been eligible to receive payment of Additional Amounts hereunder by virtue of clauses (a) through (h) above or to the extent such holder or beneficial owner received Additional Amounts with respect to such payments.

In addition, the Payor will pay any stamp, issue, registration, court, documentary, excise or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by any Relevant Taxing Jurisdiction at any time in respect of the execution, issuance, registration or delivery of the notes or any Note Guarantee or any other document or instrument referred to thereunder and any such taxes, charges or duties imposed by any Relevant Taxing Jurisdiction at any time as a result of, or in connection with, (i) any payments made pursuant to the notes or any Note Guarantee or any other such document or instrument referred to thereunder and/or (ii) the enforcement of the notes or any Note Guarantee or any other such document or instrument referred to thereunder.

The obligations described under this heading will survive any termination, defeasance or discharge of the indenture and will apply mutatis mutandis to any successor Person to any Payor and to any jurisdiction in which such successor is organized, carrying on business or is otherwise resident for tax purposes or any jurisdiction from or through which payment is made by such successor or its respective agents. Whenever the indenture in this "Description of the Notes" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any note or under any Note Guarantee, such reference includes the payment of Additional Amounts or indemnification payments as described hereunder, if applicable.

Optional Redemption

At any time prior to November 1, 2020, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of notes (including notes issued after the Issue Date) issued under the indenture at a redemption price of 105.500% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that:

(1) at least 60% of the aggregate principal amount of notes (including notes issued after the Issue Date) issued under the indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by the Issuer and its Subsidiaries); and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

On or after November 1, 2020, the Issuer may redeem all or a part of the notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the notes redeemed, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on November 1 of the years indicated below:

2020	102.750%
2021	101.375%
2022 and thereafter	100.000%

At any time prior to November 1, 2020, the Issuer may redeem the notes, in whole or in part, at a redemption price equal to the principal amount of the notes redeemed plus the Applicable Premium plus accrued and unpaid interest to, but not including, the date of redemption. The Issuer shall calculate the redemption price, including any Applicable Premium.

Notice of Redemption

In connection with any optional redemption of the notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. If a redemption is subject to satisfaction of one or more conditions precedent, the applicable redemption notice shall describe such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, without the requirement of an additional notice period to the holders, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date as so delayed.

Optional Redemption due to Tax Reasons

If the Issuer or any Note Guarantor becomes obligated to pay, on the next date on which any amount will be payable with respect to the notes, any Additional Amounts as a result of (i) any amendment to, or change in, the laws or regulations of a Relevant Taxing Jurisdiction (as defined above) which amendment or change is publicly announced and becomes effective after the date of the issuance of the initial secured notes (or, if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the date of the issuance of the initial secured notes, after such later date) or (ii) any amendment to, or change in, an official written interpretation or application of such laws or regulations (including by virtue of a holding by a court of competent jurisdiction) which amendment or change is publicly announced and becomes effective after the date of the issuance of the initial secured notes (or, if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the date of the issuance of the initial secured notes, after such later date) (each of the foregoing clauses (i) and (ii), a "Change in Tax Law") and the Issuer or the applicable Note Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it (including making payment through a paying agent located in another jurisdiction, but not including the substitution of an obligor if the Issuer would be required to pay Additional Amounts), the Issuer may, at its option, redeem the notes then outstanding, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), provided, however, that if such right to redeem is triggered by the obligation of a Note Guarantor to pay Additional Amounts, such right to redeem will apply only if the payment giving rise to such obligation cannot be made by the Issuer or another Note Guarantor without the obligation to pay Additional Amounts. Notice of the Issuer's intent to redeem the notes shall not be given until the Issuer delivers to the Trustee an opinion of independent tax counsel to the effect that there has been such Change in Tax Law which would entitle the Issuer to redeem the notes hereunder and an officer's certificate to the effect that the Issuer or the applicable Note Guarantor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it. The foregoing provisions shall apply mutatis mutandis to any successor Person to the Issuer or the applicable Note Guarantor, after such successor Person becomes a party to the indenture, with respect to a Change in Tax Law that is publicly announced and becomes effective after such successor Person becomes a party to the indenture.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, the Issuer may be required to offer to purchase the notes as described under the caption "—Repurchase at the Option of the holders."

Other Purchases

The Issuer and its Subsidiaries may at any time and from time to time attempt to acquire or acquire notes by means other than a redemption, whether pursuant to an issuer tender offer, open market purchases or otherwise, assuming such acquisition does not otherwise violate the terms of the indenture; provided, that this paragraph does not provide the Issuer with any additional rights to redeem the notes other than as explicitly provided for in the indenture. In connection with any such acquisition, the Issuer may seek and obtain holders' consent to amendments to the indenture.

Repurchase at the Option of the Holders

Change of Control

If a Change of Control occurs, each holder of notes will have the right to require the Issuer to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder's notes pursuant to an offer (the "Change of Control Offer") on the terms set forth in the indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest on the notes repurchased to, but excluding, the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control, the Issuer will transmit a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the indenture (or in accordance with the procedures of the depositary) and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by the Issuer.

The Paying Agent will promptly mail (or transmit by wire transfer) to each holder of notes properly tendered the Change of Control Payment for such notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

The Issuer will publicly announce the results of the Change of Control Offer on or as soon as reasonably practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that the Issuer repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction. The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers. Management evaluates transactions which could result in a Change of Control from time to time and may engage in a transaction involving a Change of Control in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the

Issuer's capital structure or credit ratings. Restrictions on the ability of the Issuer and its Restricted Subsidiaries to incur additional Indebtedness are contained in the covenants described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Liens". Except for the limitations contained in such covenants, however, the indenture does not contain any covenants or provisions that may afford holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer with respect to the notes upon a Change of Control if (1) a third party makes the Change of Control Offer with respect to the notes in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, (2) notice of redemption with respect to the notes has been given pursuant to the indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price, or (3) after giving effect to such Change of Control, (i) no Default or Event of Default has occurred and is continuing, (ii) the Change of Control transaction has been approved by the Board of Directors of the Issuer, and (iii) the notes have received an Investment Grade Rating. In addition, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of launching the Change of Control Offer.

The provisions under the indenture relative to the Issuer's obligation to make an offer to repurchase the notes as a result of a Change of Control (including any required notice period) may be waived or modified with the written consent of the holders of a majority in principal amount of the notes, including after the entry into of an agreement that would result in the need to make a Change of Control Offer.

With respect to the notes, in the event that holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in a Change of Control Offer and the Issuer purchases all of the notes validly tendered and not withdrawn by such holders, within 60 days of such purchase, the Issuer will have the right, upon not less than 30 days' nor more than 60 days' prior notice, to redeem all of the notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest on the notes to, but excluding, the date of redemption.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Issuer to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Issuer (or its Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (determined, for purposes of this clause (1), by the Issuer or, in the case of any asset(s) valued in excess of $750.0 million, by the Board of Directors) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

(3) For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes and the Note Guarantees) (i) that are assumed by the transferee of any such assets pursuant to an agreement that releases the Issuer or such Restricted Subsidiary from further liability or (ii) that are discharged by the transferee in a transaction pursuant to which neither the Issuer nor any Restricted Subsidiary has any liability following such Asset Sale;

(b) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash within 180 days after the consummation of the applicable Asset Sale, to the extent of the cash received in that conversion; and

(c) any Designated Noncash Consideration having an aggregate Fair Market Value that, when taken together with all other Designated Noncash Consideration previously received and then outstanding, does not exceed at the time of the receipt of such Designated Noncash Consideration (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value) the greater of $800.0 million or 3.0% of Consolidated Total Assets.

Within 450 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer or the applicable Restricted Subsidiary may apply an amount equal to those Net Proceeds:

(1) to repay (x) Indebtedness and other Obligations under the Credit Agreement and, if the Indebtedness repaid under the Credit Agreement is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, (y) Indebtedness and other Obligations under the notes or any Pari Passu Indebtedness (other than the Credit Agreement) and, if the Pari Passu Indebtedness being repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto (provided that if such Net Proceeds are applied to repay such Pari Passu Indebtedness under this clause (y), the Issuer shall equally and ratably reduce obligations under the notes in accordance with the provisions set forth under "—Optional Redemption," through privately negotiated transactions or open market purchases (in each case, provided that such purchases are at or above 100% of the principal amount thereof), or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, the pro rata principal amount of the notes) or (z) other Indebtedness of a Subsidiary that does not Guarantee the notes, so long as the relevant assets were assets of such Subsidiary;

(2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business or the minority interest of any Permitted Business;

(3) to make payments with respect to the acquisition or license of intellectual property rights that are used in a Permitted Business;

(4) to make a capital expenditure in or that is useful in a Permitted Business;

(5) to retire notes (x) pursuant to the provisions set forth under "—Optional Redemption," (y) through privately negotiated transactions or open market purchases, or (z) by making an offer to purchase notes in accordance with the procedures set forth below for an Asset Sale Offer;

(6) to acquire other assets that are not classified as current assets (for the avoidance of doubt, including acquisitions of in-process research and development) under GAAP and that are used or useful in a Permitted Business;

provided that a binding commitment to apply any Net Proceeds from an Asset Sale as set forth in clauses (2), (3), (4) or (6) above shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of the end of such 450-day period (an “Acceptable Commitment”) and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, then the Issuer or such Restricted Subsidiary shall be permitted to apply the Net Proceeds in any manner set forth above before the expiration of such 180-day period and, in the event the Issuer or such Restricted Subsidiary fails to do so, then such Net Proceeds shall constitute Excess Proceeds (as defined below).

Notwithstanding the foregoing provisions of this covenant, the Issuer and its Restricted Subsidiaries will not be required to apply an amount equal to any Net Proceeds in accordance with this covenant except to the extent that the aggregate Net Proceeds from all Asset Sales which are not applied in accordance with this covenant exceed the greater of $275.0 million or 1.0% of Consolidated Total Assets at the time of receipt of such Net Proceeds. Pending application of an amount equal to Net Proceeds pursuant to this covenant, the Issuer or a Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding two paragraphs will constitute “Excess Proceeds”. When the aggregate amount of Excess Proceeds exceeds the greater of $275.0 million or 1.0% of Consolidated Total Assets, the Issuer will make an offer (an “Asset Sale Offer”) to all holders of notes and all holders of other Pari Passu Indebtedness containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other Pari Passu Indebtedness that may be purchased out of the amount of such Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to, but not including, the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and its Restricted Subsidiaries may use the amount of such Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other Pari Passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the notes and such other Pari Passu Indebtedness will be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

The agreements governing the Issuer’s and its Restricted Subsidiaries’ other Indebtedness, including any Credit Facilities and the Existing Notes, may contain prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale. In addition, the exercise by the holders of notes of their right to require the Issuer to offer to repurchase the notes upon a Change of Control or an Asset Sale may cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on the Issuer. Finally, the Issuer’s ability to pay cash to the holders of notes upon a repurchase may be limited by the Issuer’s then existing financial resources. See “Risk Factors—Risks Relating to the Notes—The Issuer may not be able to repurchase the notes if it experiences a change of control”.

Selection and Notice

If the Issuer elects to redeem less than all of the notes at any time, the notes will be selected for redemption as follows:

(1) in accordance with the procedures of DTC and in compliance with the requirements of the applicable stock exchange to the extent the notes are held in the form of Global Notes; or

(2) on a pro rata basis, by lot or by such method as the Trustee deems fair and appropriate to the extent the notes are held in definitive form.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail to holders of certificated notes (or otherwise transmitted to registered holders of global notes in accordance with applicable procedures of the depositary) at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption.

On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Certain Covenants

Changes in Covenants When Notes Rated Investment Grade

In the event of the occurrence of a Fall Away Event (and notwithstanding the failure of the Issuer subsequently to maintain an Investment Grade Rating), the covenants and provisions described below under the captions:

(1) "—Repurchase at the Option of holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Transactions with Affiliates"; and

(6) clause (4) of the covenant described under "—Merger, Consolidation or Sale of Assets", shall each no longer be in effect for the remaining term of the notes.

Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any

merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer or to the Issuer or a Restricted Subsidiary of the Issuer);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(3) purchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of the Issuer or any Note Guarantor that is contractually subordinated in right of payment to the notes or a Note Guarantee, except (i) from the Issuer or a Restricted Subsidiary of the Issuer or (ii) the purchase, redemption, defeasance or other acquisition or retirement of any such Indebtedness made in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after January 30, 2015 (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9), (11), (12) and (13) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from October 1, 2014 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds (or the fair market value of assets) received by the Issuer since January 30, 2015 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer), plus

(c) to the extent that any Restricted Investment that was made after January 30, 2015 is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) or (ii) the initial amount of such Restricted Investment, plus

(d) to the extent that any Unrestricted Subsidiary of the Issuer is redesignated as a Restricted Subsidiary after January 30, 2015, the lesser of (i) the Fair Market Value of the Issuer's Investment in such

Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary, plus

(e) $3.7 billion.

As of September 30, 2017, the amount available for Restricted Payments pursuant to clause (3) above would have been approximately $9.7 billion.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the indenture (it being understood that the amount of any such dividend shall be included in the aggregate amount of Restricted Payments determined in clause (3) of the preceding paragraph only once and not as separate Restricted Payments made at both declaration and payment);

(2) any Restricted Payment made in exchange for, or in an amount equal to the net cash proceeds of, the substantially concurrent sale (other than to the Issuer or a Restricted Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock); provided that an amount equal to such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition or retirement of subordinated Indebtedness of the Issuer or any Note Guarantor with the net cash proceeds from, or in exchange for, an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend or any other payment or distribution by a Restricted Subsidiary of the Issuer to the holders of its Equity Interests of any class on a pro rata basis to holders of such class;

(5) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any present or former employee, director, officer or consultant of, or service provider to, the Issuer or any of its Restricted Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement (including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Issuer in connection with any such repurchase, retirement or other acquisition), or any stock subscription or shareholder agreement; provided that the aggregate amount of Restricted Payments made under this clause (5) shall not exceed in any calendar year $25.0 million (with unused amounts for any year being carried over to the next succeeding year, but not to any subsequent year, with the permitted amount for each year being used prior to any amount carried over from the previous year); provided further that such amount in any calendar year may be increased by an amount not to exceed:

(i) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date; less

(ii) the amount of any Restricted Payments previously made with the cash proceeds described in subclause (i) of this clause (5);

(6) payments to holders of Equity Interests (or to the holders of Indebtedness that is convertible into or exchangeable for Equity Interests upon such conversion or exchange) in lieu of the issuance of fractional shares;

(7) repurchases of Equity Interests deemed to occur in connection with the exercise or vesting of stock options or similar instruments to the extent necessary to pay withholding or similar taxes related to such exercise or vesting of stock options or similar instruments;

(8) [Reserved];

(9) repurchases or retirement for value of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(10) the repurchase, redemption or other acquisition or retirement for value of any subordinated Indebtedness or Disqualified Stock pursuant to provisions similar to those described under the captions "—Repurchase at the Option of Holders—Change of Control" and "Repurchase at the Option of Holders—Asset Sales"; provided that, prior thereto, all notes tendered by holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(11) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or its Restricted Subsidiaries issued in accordance with the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments; provided, however, that if the Total Leverage Ratio as of the date of any Restricted Payment to be made pursuant to this clause (12) is greater than or equal to 3.50 to 1.0, such Restricted Payment shall be permitted to be made pursuant to this clause (12) only if the amount of such Restricted Payment, when taken together with the amount of all other Restricted Payments previously made pursuant to this clause (12) when the Total Leverage Ratio was greater than or equal to 3.50 to 1.0, does not exceed $500.0 million in the aggregate; and

(13) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value (determined, for purposes of this covenant, by the Issuer or, in the case of any asset(s) valued in excess of $750.0 million, by the Board of Directors) on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this "Restricted Payments" covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (13) above, including the first paragraph of this covenant or the definition of "Permitted Investment," the Issuer will be permitted to classify such Restricted Payment and later reclassify all or a portion of such Restricted Payment in any manner that complies with this covenant. In addition, a Restricted Payment need not be permitted solely by reference to one provision permitting such Restricted Payment but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Restricted Payment.

As of September 30, 2017, the amount available for Restricted Payments pursuant to clause (5) above would have been approximately $50 million.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur"), with respect to any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any Disqualified Stock or preferred stock; provided, however, that the Issuer or any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and any Restricted Subsidiary may issue preferred stock if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by the Issuer and its Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed $2,500.0 million;

(2) the incurrence by the Issuer and its Restricted Subsidiaries of the Existing Indebtedness including the Existing Secured Notes;

(3) the incurrence by the Issuer and the Note Guarantors of Indebtedness represented by the initial secured notes issued on the Issue Date and the Note Guarantees (including any future Note Guarantees);

(4) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations in an aggregate amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (x) $275.0 million and (y) 1.0% of Consolidated Total Assets at any time outstanding;

(5) mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Issuer or any Restricted Subsidiary of the Issuer, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (5), not to exceed the greater of (x) $675.0 million and (y) 2.5% of Consolidated Total Assets at any time outstanding;

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace, Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (12) or (14) of this paragraph or this clause (6) or, solely to the extent of the excess (if any) of the amount of Indebtedness incurred and outstanding under clause (20) prior to the applicable refinancing over the maximum aggregate amount permitted to be incurred and outstanding under clause (20) at the time of such refinancing, clause (20) of this paragraph;

(7) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries; provided, however, that:

(a) if a Note Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or another Note Guarantor, such Indebtedness must be expressly subordinated (without regard to security interest) to the prior payment in full in cash of all Obligations with respect to the notes; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person that is not the Issuer or a Restricted Subsidiary of the Issuer will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that is not permitted by this clause (7);

(8) (i) the incurrence by the Issuer or any of its Restricted Subsidiaries of Hedging Obligations that are incurred and not for speculative purposes and (ii) the incurrence by a Securitization Special Purpose Entity of Indebtedness in a Qualified Securitization Transaction that is without recourse to the Issuer or to any other Restricted Subsidiary of the Issuer or their assets (other than Standard Securitization Undertakings);

(9) the Guarantee by the Issuer or any Restricted Subsidiary of the Issuer of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be incurred by another provision of this covenant (other than the Note Guarantees); provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the notes or any Note Guarantee, then the Guarantee shall be subordinated to the same extent as the Indebtedness guaranteed (without regard to security interest);

(10) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; provided, in each such case, that the amount thereof is included in Fixed Charges of the Issuer as accrued;

(11) obligations in respect of performance and surety bonds and completion guarantees or similar obligations provided by the Issuer or any Restricted Subsidiary of the Issuer in each case in the normal course of business (whether or not consistent with past practice);

(12) the incurrence by the Issuer or any of its Restricted Subsidiaries of Acquired Debt; provided, however, that on the date of acquisition and after giving effect thereto on a pro forma basis, the Fixed Charge Coverage Ratio of the Issuer (A) would be at least 2.0 to 1.0 or (B) would be equal to or greater than such Fixed Charge Coverage Ratio immediately prior to such acquisition;

(13) the incurrence by any Foreign Subsidiary of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (13), not to exceed the greater of (x) $675.0 million or (y) 2.5% of Consolidated Total Assets;

(14) Indebtedness of the Issuer or any Restricted Subsidiary incurred in connection with or in contemplation of, or to provide all or any portion of the funds or credit support utilized to consummate, the acquisition by the Issuer or any Restricted Subsidiary of the Issuer of property used or useful in a Permitted Business (whether through the direct purchase of assets or the purchase of Capital Stock of, or merger or consolidation with, any Person owning such assets); provided, however, on the date of such incurrence and after giving effect thereto on a pro forma basis, the Fixed Charge Coverage Ratio of the Issuer (A) would be at least 2.0 to 1.0 or (B) would be equal to or greater than such Fixed Charge Coverage Ratio immediately prior to such incurrence;

(15) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation claims, death, disability or other employee benefits or property, casualty or liability insurance or self-insurance, or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims; provided, however, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds, provided that such Indebtedness is extinguished within five business days of notice of its incurrence;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to the Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit;

(18) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay or similar obligations contained in supply arrangements, in each case, incurred in the ordinary course of business;

(19) the incurrence by the Issuer or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (19), not to exceed the greater of (x) $675.0 million and (y) 2.5% of Consolidated Total Assets; and

(20) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness secured by a Lien under Credit Facilities in an aggregate principal amount such that, on a pro forma basis (including a pro forma application of the proceeds therefrom), the Secured Leverage Ratio would not exceed 3.50 to 1.00.

The Issuer will not, and will not permit any Note Guarantor to, incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or the Note Guarantors unless such Indebtedness is also contractually subordinated in right of payment to the notes on substantially identical terms; provided, however, that no Indebtedness of the Issuer or the Note Guarantors will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Note Guarantor solely by virtue of being unsecured or having a junior lien priority.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (20) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness. Indebtedness under the Credit Agreement outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided by clause (20) of the definition of Permitted Debt.

In addition, for purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, the Issuer or the applicable Restricted Subsidiary may elect to treat all or any portion of the commitment under any Indebtedness (including with respect to any revolving loan commitment) as being incurred at the time of such commitment, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed to be an incurrence at such subsequent time.

Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except a Permitted Lien) of any kind (any such Lien, the "Initial Lien") on any asset now owned or hereafter acquired; except, in the case of any assets that do not constitute Collateral, any Initial Lien if the notes or the Note Guarantees are secured equally and ratably with (or prior to) the obligations secured by such Initial Lien.

Any Lien created for the benefit of holders pursuant to the last clause of the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged, without any action on the part of the holders, upon the release and discharge of the Initial Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries or pay any indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements, including agreements governing Existing Indebtedness, as in effect on the date of the indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, not more materially restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of the indenture;

(2) the indenture, the notes, the Note Guarantees and the Collateral Documents;

(3) any encumbrance or restriction pursuant to Credit Facilities incurred under clause (1) or (20) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) applicable law, rule, regulation or order, approval, license, permit or similar restriction, including under contracts with foreign governments or agencies thereof entered into in the ordinary course of business;

(5) any instrument governing Indebtedness, Capital Stock or assets of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred, or such Capital Stock was issued, in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of the acquisition; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(6) customary non-assignment provisions in leases, contracts and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property that impose restrictions on that property of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions, transfers, loans or advances by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not, in the good faith judgment of the Issuer, materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Permitted Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into with the approval of the Board of Directors of the Issuer or otherwise in the ordinary course of business;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) restrictions in agreements or instruments which prohibit the payment or making of dividends or other distributions other than on a pro rata basis;

(14) contractual requirements of a Securitization Special Purpose Entity in connection with a Qualified Securitization Transaction; provided that such restrictions apply only to such Securitization Special Purpose Entity; and

(15) any agreement or instrument governing Indebtedness or preferred stock permitted to be incurred subsequent to the issue date pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock," which encumbrances or restrictions (i) are not, in the good faith judgment of the Issuer, materially more restrictive, taken as a whole, than those contained in the indenture or (ii) will not, in the good faith judgment of the Issuer, affect the ability of the Issuer to make anticipated payments of principal, interest or premium on the notes.

Merger, Consolidation or Sale of Assets

The Issuer may not, directly or indirectly: (1) consolidate, amalgamate, or merge with or into another Person (whether or not the Issuer is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation, amalgamation, or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made is organized and validly existing under the laws of the U.S., any state of the U.S. or the District of Columbia or under the laws of Canada or any province thereof, any member state of the European Union as in effect on the Issue Date, Bermuda, Cayman Islands, any Channel Island or Switzerland (provided that if such entity is not a corporation, a co-obligor of the notes is a corporation);

(2) the Person formed by or surviving any such consolidation, amalgamation, or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made expressly assumes all the obligations of the Issuer under the notes, the indenture and the Collateral Documents pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) either (a) the Issuer or the Person formed by or surviving any such consolidation, amalgamation, or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", or (b) the Issuer or the Person formed by or surviving any such consolidation amalgamation, or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, have a Fixed Charge Coverage Ratio for such Person and its Restricted Subsidiaries that would be equal to or greater than such ratio for such Person and its Restricted Subsidiaries immediately prior to such action.

In addition, the Issuer may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

The Issuer will not permit any Note Guarantor to, directly or indirectly: (1) consolidate, amalgamate, or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose (collectively "dispose") of all or substantially all of its properties or assets, in one or more related transactions, to another Person unless:

(1) except in the case of a Note Guarantor (x) that has disposed of all or substantially all of its assets, whether through a merger, amalgamation, consolidation or sale of Capital Stock or assets or (y) that, as a result of the disposition of all or a portion of its Capital Stock, ceases to be a Subsidiary of the Issuer, in both cases in compliance with the covenant described under "Repurchase at the Option of Holders—Asset Sales," the resulting, surviving or transferee Person (if not such Note Guarantor) shall expressly assume, by a guarantee agreement and Collateral Documents in a form reasonably satisfactory to the Trustee, all the obligations of such Note Guarantor under its Note Guarantee; and

(2) immediately after such transaction, no Default or Event of Default exists.

Notwithstanding the foregoing: (A) any Restricted Subsidiary may consolidate or amalgamate with, merge into or transfer all or part of its properties and assets to the Issuer or any Note Guarantor and (B) the Issuer may merge or amalgamate with an Affiliate of the Issuer solely for the purpose of reincorporating the Issuer in another jurisdiction within the United States of America, any state thereof or the District of Columbia, Canada or any province thereof, any member state of the European Union as in effect on the Issue Date, Bermuda, Cayman Islands, any Channel Island, Singapore or Switzerland or converting the Issuer into a limited liability company organized under the United States of America, any state thereof or the District of Columbia, Canada or any province thereof, any member state of the European Union as in effect on the Issue Date, Bermuda, Cayman Islands, any Channel Island, Singapore or Switzerland (provided that a co-obligor of the notes is a corporation).

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of $100.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable, taken as a whole, to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person, as determined by the Issuer in good faith; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $750.0 million, such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer.

The following items will be deemed not to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement or benefit or similar plan entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business of the Issuer or such Restricted Subsidiary;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) the payment of reasonable compensation and fees to, and the provision of customary indemnities to, current or former officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(5) issuances or sales of Equity Interests (other than Disqualified Stock) of the Issuer to Affiliates or employees of or consultants to the Issuer;

(6) Restricted Payments that are permitted by the provisions of the indenture described above under the caption "—Restricted Payments" and Permitted Investments;

(7) transactions effected pursuant to agreements in effect on the date of the indenture and any amendment, modification or replacement to such agreement (so long the as amendment, modification or replacement is not, in the good faith judgment of the Issuer, materially more disadvantageous to the Issuer or such Restricted Subsidiary, taken as a whole, than the terms of those agreements in effect on the date of the indenture);

(8) [Reserved];

(9) transactions with a Permitted Joint Venture in which the Issuer or any Restricted Subsidiary holds or acquires an ownership interest (whether by way of Capital Stock or otherwise) so long as the terms of any such transactions, in the good faith judgment of the Issuer, are not materially less favorable, taken as a whole, to the Issuer or such Restricted Subsidiary than they are to other joint venture partners;

(10) any agreement that grants registration and other customary rights in connection therewith or otherwise to the direct or indirect securityholders of the Issuer or any Restricted Subsidiary (and the performance of such agreements);

(11) transactions with Affiliates solely in their capacity as holders of Indebtedness or Capital Stock of the Issuer or any of its Restricted Subsidiaries, where such Affiliates receive the same consideration as non-Affiliates in such transactions;

(12) transactions affected as part of a Qualified Securitization Transaction; and

(13) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a copy of a letter from an accounting, appraisal or investment banking firm of national standing addressed to the Company stating that such transaction meets the requirements of clause (1) of the preceding paragraph.

Designation of Restricted and Unrestricted Subsidiaries

Initially, all of the Issuer's Subsidiaries are "Restricted Subsidiaries". Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the indenture and will not Guarantee the notes. Following the Issue Date, the Issuer's Board of Directors may designate any Restricted Subsidiary (other than Valeant) to be an Unrestricted Subsidiary if that designation would not cause a Default. Any designation of a Subsidiary as an Unrestricted Subsidiary will be deemed to be a designation of each of such entity's Subsidiaries as Unrestricted Subsidiaries. Following the Issue Date, if a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more of the clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Issuer's Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default; provided that such redesignation will be deemed to be an incurrence of Indebtedness and, if applicable, an incurrence of related Liens by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness and, if applicable, related Liens of such Unrestricted Subsidiary and such redesignation will only be permitted if such Indebtedness and, if applicable, related Liens are permitted under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and, if applicable, "—Certain Covenants—Liens" (other than clause (3) under the definition of Permitted Liens), calculated, if applicable, on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period.

Business Activities

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

Reports

Whether or not required by the SEC's rules and regulations, so long as any notes are outstanding, the Issuer will furnish (to the extent not publicly available on the SEC's EDGAR system) to the holders of notes and post on the Issuer's website (in a format that is accessible to holders of notes as well as prospective holders of notes), within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Issuer were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Issuer were required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports (other than consolidating financial information required by Rule 3-10 or 3-16 of Regulation S-X or any comparable provision so long as the Issuer complies with the second to last paragraph of this "—Reports" covenant). Each annual report on Form 10-K will include a report on the Issuer's consolidated financial statements by the Issuer's independent registered public accountants. In addition, the Issuer will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing or the Issuer is no longer subject to the periodic reporting requirements of the Exchange Act for any reason) and make such information available to securities analysts and prospective investors upon request.

If, at any time, the Issuer is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, and regardless of whether it continues to file reports with the SEC, the Issuer will nevertheless continue making the reports specified in the preceding paragraph available to the holders of notes, prospective investors and securities analysts by posting such information on its website.

While the Issuer remains subject to the periodic reporting requirements of the Exchange Act, the Issuer agrees that it will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Issuer's filings for any reason, the Issuer will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if the Issuer were required to file those reports with the SEC.

In addition, the Issuer agrees that, for so long as any notes remain outstanding, at any time it is not required to file the reports required by the preceding paragraphs with the SEC, it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The quarterly and annual financial information required by the preceding paragraphs will include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes of the financial statements or in Management's Discussion and Analysis of Financial Condition and Results of Operations, that discloses the total assets, liabilities, revenues and income from operations of subsidiaries of the Issuer that do not Guarantee the notes.

Notwithstanding anything herein to the contrary, in the event that the Issuer fails to comply with its obligation to file or provide such information, documents and reports as required hereunder, the Issuer will be deemed to have cured such Default with respect to the notes for purposes of clause (4) under "—Events of Default and Remedies" upon the filing or provision of all such information, documents and reports required hereunder prior to the expiration of 90 days after written notice to the Issuer of such failure from the Trustee or the holders of at least 25% of the principal amount of the notes.

Events of Default and Remedies

Each of the following is an Event of Default with respect to the notes:

(1) default for 30 days in the payment when due of interest on the notes;

(2) default in the payment when due of the principal of, or premium, if any, on the notes;

(3) failure by the Issuer or any of its Restricted Subsidiaries (a) to comply with the provisions described under the caption "—Repurchase at the Option of Holders", which failure remains uncured for 30 days after written notice to the Issuer from the Trustee or to the Issuer and the Trustee from the holders of at least 25% in principal amount of the notes, or (b) to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Issuer or any of its Restricted Subsidiaries for 60 days (or 90 days in the case of the provisions described under "—Certain Covenants—Reports") after written notice to the Issuer from the Trustee or to the Issuer and the Trustee from the holders of at least 25% in principal amount of the notes to comply with any of the other agreements in the indenture or the Collateral Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists or is created after the date of the indenture, if that default:

(a) is caused by a failure to pay principal when due on such Indebtedness within any applicable grace period provided in such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity; and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $250.0 million or more;

(6) failure by the Issuer or any of its Restricted Subsidiaries to pay final non-appealable judgments aggregating in excess of $250.0 million, which judgments are not paid, discharged, stayed or subject to insurance for a period of 60 days after becoming final;

(7) any Note Guarantee by a Significant Subsidiary ceases to be in full force and effect in all material respects (except as contemplated by the terms thereof) or any Note Guarantor that is a Significant Subsidiary

denies or disaffirms such Note Guarantor's obligations under the indenture or any Note Guarantee and such Default continues for 10 days after receipt of the notice as specified in the indenture;

(8) unless such Liens have been released in accordance with the provisions of the Collateral Documents, liens with respect to all or substantially all of the Collateral cease to be valid or enforceable, or the Issuer shall assert or any Note Guarantor shall assert, in any pleading in any court of competent jurisdiction, that any such security interests are invalid or unenforceable and, in the case of any such Note Guarantor, the Issuer fails to cause such Note Guarantor to rescind such assertions within 30 days after the Issuer has actual knowledge of such assertions; or

(9) certain events of bankruptcy, insolvency or liquidation described in the indenture with respect to the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, when taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Issuer, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default with respect to the notes occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, including the right to be indemnified, holders of a majority in aggregate principal amount of the then outstanding notes may direct the Trustee with respect to the notes in its exercise of any trust or power. The Trustee may withhold from holders of the notes notice of any continuing Default or Event of Default (except a Default or Event of Default in the payment of principal or interest) if it determines that withholding notice is in their interest.

The holders of a majority in aggregate principal amount of the notes then outstanding by written notice to the Trustee may on behalf of the holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the notes.

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the indenture. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default.

Foreign Currency Equivalents

For purposes of determining compliance with any U.S. dollar-denominated restriction or amount, the U.S. dollar equivalent principal amount of any amount denominated in a foreign currency will be the Dollar Equivalent calculated on the date the Indebtedness was incurred or other transaction was entered into; provided that if any Permitted Refinancing Indebtedness denominated in a currency other than U.S. dollars is incurred to refinance Indebtedness denominated in the same currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated on the date of such refinancing, such Permitted Refinancing Indebtedness shall be deemed not to exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision in the indenture, no restriction or amount will be exceeded solely as a result of fluctuations in the exchange rate of currencies. In no event, will the Trustee or the Paying Agent be responsible for obtaining exchange rates or otherwise effecting currency conversions or calculations.

Consent to Jurisdiction and Service of Process

The Issuer and the Note Guarantors domiciled outside the U.S. have irrevocably appointed Valeant Pharmaceuticals North America LLC, 400 Somerset Corporate Boulevard, Bridgewater, New Jersey 08807, as their agent for service of process in any suit, action or proceeding with respect to the indenture, the notes, the

Note Guarantees and the Collateral Documents brought in any Federal or state court located in New York City and each of such parties will submit to the jurisdiction thereof.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Note Guarantor, as such, will have any liability for any obligations of the Issuer or any Note Guarantor under the notes, the indenture, the Collateral Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have all of its and the Note Guarantors' obligations discharged with respect to the outstanding notes and the related Note Guarantees and have Liens on the Collateral securing the notes released ("Legal Defeasance") except for:

(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, or interest or premium, if any, on, the notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Note Guarantors with respect to the notes released with respect to certain covenants that are described in the indenture and have Liens on the Collateral securing the notes released ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default with respect to the notes or an Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment or bankruptcy or insolvency events with respect to the Issuer) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance as to the notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, U.S. dollar-denominated Government Securities, or a combination of cash in U.S. dollars and U.S. dollar-denominated Government Securities, in each case in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, if any, on, the outstanding notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the beneficial owners of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes

as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Issuer must deliver to the Trustee either (i) an opinion of counsel in Canada reasonably acceptable to the Trustee, to the effect that, based upon Canadian law then in effect and having regard to any applicable proposed amendments thereto which have been publicly announced prior to the date of such defeasance, the beneficial owners of the outstanding notes will not recognize income, gain or loss for Canadian federal, provincial or territorial or other tax purposes, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Canadian taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred or (ii) a ruling directed to the Trustee received from tax authorities of Canada to the same effect as the opinion of counsel described in clause (i) above;

(5) no Default or Event of Default with respect to the notes may have occurred and be continuing, on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(6) such Legal Defeasance or Covenant Defeasance must not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture) to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound; and

(7) the Issuer must deliver to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next three succeeding paragraphs with respect to the notes, (a) the indenture, the notes and the Collateral Documents may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the notes), and (b) any existing Default or compliance with any provision of the indenture or the notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the notes).

Without the consent of each holder of the notes affected thereby, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of the notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption of the notes (excluding, for the avoidance of doubt, provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest on any note;

(4) make any such note payable in money other than U.S. dollars;

(5) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, or interest or premium, if any, on notes;

(6) waive a redemption payment with respect to any note (excluding, for the avoidance of doubt, a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(7) impair the right to institute suit for the enforcement of any payment on or with respect to the notes;

(8) modify the Note Guarantees with respect to the notes in any manner adverse to the holders of the notes; or

(9) make any change in the preceding amendment and waiver provisions.

In addition, without the consent of holders of at least 66 2/3% in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), (i) except as set forth under "—Note Guarantees," no amendment or supplement may release the Note Guarantees with respect to the notes and (ii) no amendment or supplement may modify any Collateral Documents or the provisions in the indenture dealing with Collateral or the Collateral Documents to the extent that such amendment or supplement would have the effect of releasing all or substantially all of the Liens securing the notes (except as permitted by the terms of the indenture and the Collateral Documents) or change or alter the priority of the security interests in the Collateral.

Notwithstanding the preceding, without the consent of any holder of notes, the Issuer, the Trustee and the collateral agents (as applicable) may amend or supplement the indenture, the notes or the Collateral Documents:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of the Issuer's or any Note Guarantor's obligations to holders of notes in the case of a consolidation or merger or sale of all or substantially all of the Issuer's or a Note Guarantor's assets;

(4) to make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any such holder;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the TIA;

(6) to conform the text of the indenture, the notes, the Note Guarantees or the Collateral Documents to any provision of the "Description of the Notes" in the offering memorandum for the initial secured notes;

(7) to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture as of its date;

(8) to add additional Note Guarantees with respect to the notes or to confirm and evidence the release, termination or discharge of any Note Guarantee with respect to the notes when such release, termination or discharge is permitted under the indenture;

(9) to secure the notes or the Note Guarantees or to add additional assets as Collateral; or

(10) to release Collateral from the Lien pursuant to the Indenture, the Collateral Documents and the First Lien Intercreditor Agreement when permitted or required by the Indenture, the Collateral Documents or the First Lien Intercreditor Agreement.

In addition, the Issuer, the trustee and the Collateral Agents may amend the First Lien Intercreditor Agreement and the Collateral Documents to provide for the addition of any creditors to such agreements to the extent a pari passu lien for the benefit of such creditor is permitted by the terms of the indenture and may enter into an intercreditor agreement with creditors for whom a junior lien on the Collateral is to be granted, provided the Issuer delivers an officers' certificate to the Trustee and Collateral Agent certifying that the terms thereof are customary and that the Trustee and Collateral Agent are authorized to enter into an intercreditor agreement. Upon delivery of the aforementioned officers' certificate, the Trustee and Collateral Agent may request an opinion of counsel stating that they are authorized to enter into an intercreditor agreement.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect, and the Note Guarantees and the Liens on the Collateral securing the notes will be released without any further action by holders, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders of notes, cash in U.S. dollars, non-callable U.S. dollar-denominated Government Securities, or a combination of cash in U.S. dollars and non-callable U.S. dollar-denominated Government Securities, in each case in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption, provided that with respect to any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purpose of the indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium deficit only required to be deposited with the Trustee on or prior to the date of redemption;

(2) no Default or Event of Default has occurred and is continuing with respect to the notes on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound, and as to which the rights of the other parties thereto are senior to those of the holders;

(3) the Issuer has paid or caused to be paid all sums payable by it with respect to the notes under the indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an officers' certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the Trustee becomes a creditor of the Issuer, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign.

The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee with respect to the notes, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it in its sole discretion against any loss, liability or expense (including attorney's fees and expenses).

The Trustee shall not be responsible to make any calculation with respect to any matter under the indenture.

Governing Law

The indenture, the notes, the guarantees and the Collateral Documents are governed by the laws of the State of New York; provided that certain of the Collateral Documents are governed by the laws of other jurisdictions to the extent that (i) the validity, perfection, effect of perfection or of non-perfection or priority of the security interests granted thereunder are governed by such other jurisdictions pursuant to applicable conflict of laws principles or (ii) such approach is consistent with the security interests granted with respect to the Credit Agreement or with applicable commercial practice.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the indenture without charge by writing to Valeant Pharmaceuticals International, Inc., 400 Somerset Corporate Boulevard, Bridgewater, NJ 08807, Attention: Corporate Secretary.

Book-Entry, Delivery and Form

The notes will be represented by one or more notes in registered global form, without interest coupons attached. On the date of closing, these global notes (the "Global Notes") will remain in the custody of the Trustee and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, including, if applicable, those of Euroclear and Clearstream, which may change from time to time. Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes".

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised the Issuer that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of participants with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the Global Notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC.

Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "Holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuer and the Trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the Trustee or the Issuer. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and DTC participants acting on behalf of Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of DTC participants acting on behalf of Euroclear or Clearstream, as the case may be; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to the DTC participant acting on its behalf to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the DTC participants acting on behalf of Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default, DTC reserves the right to exchange the Global Notes for notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive notes in registered certificated form, or "Certificated Notes," if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer fails to appoint a successor depositary; or

(2) there has occurred and is continuing a Default or Event of Default.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures), and the Certificated Notes shall bear appropriate legends indicating the transfer restrictions applicable thereto.

Same Day Settlement and Payment

The Issuer will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by the Global Note holder. The Issuer will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes, in the case of a holder holding an aggregate principal amount of notes of $1.0 million or more, or, if no such account is specified or in the case of a holder holding an aggregate principal amount of notes of less than $1.0 million, by mailing a check to each such holder's registered address. The notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person and which is not satisfied in full at such time, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of 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 purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"After-Acquired Property" means property (other than Excluded Assets) that is intended to be Collateral acquired by the Issuer or a Note Guarantor that is not automatically subject to a perfected security interest under the Collateral Documents, which the Issuer or such Note Guarantor will provide a First Priority Lien over such property (or, in the case of a new Note Guarantor, such of its property) in favor of the Notes Collateral Agents and deliver certain certificates and opinions in respect thereof, all as and to the extent required by the indenture, the First Lien Intercreditor Agreement or the Collateral Documents; provided that, while any obligations under the Credit Agreement are outstanding, After-Acquired Property shall only be Collateral that is pledged to secure the obligations under the Credit Agreement (including property of a Person that becomes a new Note Guarantor) after the date of the indenture.

"Applicable Premium" means, with respect to the notes, the greater of

(1) 1.0% of the then outstanding principal amount of such notes and

(2) (a) the present value of all remaining required interest and principal payments due on such notes and all premium payments relating to such notes assuming a redemption date of November 1, 2020, computed using a discount rate equal to the Treasury Rate plus 50 basis points, minus

(b) the then outstanding principal amount of such note, minus

(c) accrued interest paid on the date of redemption. The Issuer shall determine the Applicable Premium.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets, property or rights outside of the ordinary course of business; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/ or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of the Issuer's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries, in each case other than directors' qualifying shares.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $100.0 million;

(2) a transfer of assets between or among the Issuer and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Issuer to the Issuer or to another Restricted Subsidiary of the Issuer;

(4) any sale of receivables in connection with a Qualified Securitization Transaction;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments";

(7) the license or sublicense of intellectual property or other general intangibles and licenses, leases or subleases of other property which do not materially interfere with the business of the Issuer and its Restricted Subsidiaries, taken as a whole, determined in good faith by the Issuer;

(8) the sale, exchange or other disposition of obsolete, worn out, uneconomical or surplus assets, including any such intellectual property;

(9) sale, lease, conveyance or other disposition to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding agreements;

(10) foreclosures on, or condemnation of, assets and the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims; and

(11) sales, transfers or other dispositions of assets for consideration at least equal to the Fair Market Value of the assets sold or disposed of, but only if the consideration received consists of property or assets (other than cash, except to the extent used as a bona fide means of equalizing the value of the property or assets involved in the swap transaction; provided, however, that cash does not exceed 10% of the sum of the amount of the cash and the Fair Market Value of the assets received or given) of a nature or type that are used in a business having property or assets of a nature or type or engaged in a Permitted Business (or Capital Stock of a Person whose assets consist of assets of the type described in this clause (11)).

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation 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. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a company or corporation, the board of directors of the company or corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership or any committee thereof duly authorized to act on behalf of such board; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.
"Capital Lease Obligations" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Markets Indebtedness" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act, (b) a private placement to institutional investors that is resold in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC or (c) a private placement to institutional investors. For the avoidance of doubt, the term "Capital Markets Indebtedness" does not include any Indebtedness under the Credit Agreement, Indebtedness incurred in connection with a sale and leaseback transaction, Indebtedness incurred in the ordinary course of business of the Issuer, Capital Lease Obligations or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering."

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation (including, without limitation, quotas) 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.

"Cash Equivalents" means:

(1) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality thereof (provided, that the full faith and credit of the U.S. is pledged in support thereof) having repricings or maturities of not more than one year from the date of acquisition;

(2) certificates of deposit and time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any U.S. commercial bank having capital and surplus in excess of $500.0 million;

(3) repurchase obligations with a term of not more than 14 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having a rating of at least "P-2" or better from Moody's or at least "A-2" or better from S&P, or carrying an equivalent rating by an internationally recognized rating agency and, in each case, maturing within one year after the date of acquisition;

(5) auction-rate, corporate and municipal securities, in each case (x) having either short-term debt ratings of at least "P-2" or better from Moody's or at least "A-2" or better from S&P or long-term senior debt ratings of "A2" or better from Moody's or at least "A" or better from S&P, or carrying an equivalent rating by an internationally recognized rating agency, (y) having repricings or maturities of not more than one year from the date of acquisition and (z) which are classifiable as cash and cash equivalents under GAAP;

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; or

(7) in the case of the Issuer or any Foreign Subsidiary:

(a) direct obligations of the sovereign nation, or any agency thereof, in which the Issuer or such Foreign Subsidiary is organized or is conducting business or in obligations fully and unconditionally guaranteed by such sovereign nation, or any agency thereof; provided, that such obligations have repricings or maturities of not more than one year from the date of acquisition and are used by the Issuer or such Foreign Subsidiary in accordance with normal investment practices for cash management in investments of the type analogous to clauses (1) through (5) above; or

(b) investments of the type and maturity described in clauses (1) through (5) above of foreign obligors, which investments or obligors have ratings described in such clauses or equivalent ratings from internationally recognized rating agencies; provided, that such investments are used by the Issuer or such Foreign Subsidiary in accordance with normal investment practices for cash management in investments of the type analogous to clauses (1) through (5) above.

"Change of Control" means the occurrence of any of the following:

(1) any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner, other than by way of merger or consolidation of the Issuer, of shares of the Issuer's Voting Stock representing 50% or more of the total voting power of all of the Issuer's outstanding Voting Stock;

(2) the Issuer consolidates with, or merges with or into, another Person, or the Issuer, directly or indirectly, sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole (other than by way of merger or consolidation), in one or a series of related transactions, or any Person consolidates with, or merges with or into, the Issuer, in any such event other than pursuant to a transaction in which the Persons that Beneficially Owned the shares of the Issuer's Voting Stock immediately prior to such transaction Beneficially Own at least a majority of the total voting power of all outstanding Voting Stock (other than Disqualified Stock) of the surviving or transferee Person; or

(3) the holders of our Capital Stock approve any plan or proposal for the liquidation or dissolution of the Issuer (whether or not otherwise in compliance with the indenture).

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (1) the Issuer becomes a direct or indirect wholly owned Subsidiary of a holding company and (2) (a) the direct or indirect holders of the Voting Stock of the ultimate parent holding company immediately following that transaction are substantially the same as the holders of the Issuer's Voting Stock immediately prior to that transaction or (b) no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner of 50% or more of the total voting power of the Voting Stock of such ultimate parent holding company.

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication):

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) any restructuring charges or expenses (which, for the avoidance of doubt, shall include retention, severance, systems establishment costs, excess pension charges, contract termination costs and costs to consolidate facilities and relocate employees), to the extent that any such charge or expense was deducted in computing such Consolidated Net Income; plus

(4) fees and expenses in connection with any proposed or actual issuance of any Indebtedness or Equity Interests, or any proposed or actual acquisitions, Investments, Asset Sales or divestitures permitted to be incurred under the indenture; plus

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), and other non-cash charges or expenses (including impairment charges and other write-offs of intangible assets and goodwill, but excluding amortization of a prepaid cash expense that was paid in a prior period to the extent added back in such prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; provided that if any such non-cash charge or expense (or any portion thereof) represents an accrual or reserve for any potential cash items in any future period, (i) the Issuer may elect not to add back such non-cash charge in the then-current period and instead add back such amount to a following period, and (ii) to the extent the Issuer elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated Cash Flow to the same extent in such future period; plus

(6) any expense or charge extraordinary, unusual or non-recurring expenses or charges (including costs of, and payments of, litigation expenses, actual or prospective legal settlements, fines, judgments or orders); minus

(7) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

"Collateral Documents" means the security documents pursuant to which the Company and the Note Guarantors grant liens in favor of the relevant Notes Collateral Agent to secure obligations under the indenture and the notes.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) solely for purposes of the covenant described under "Covenants—Limitation on Restricted Payments" the Net Income of any Restricted Subsidiary (other than any Note Guarantor) will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained or cannot be obtained other than pursuant to customary filings) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) any unrealized net gain or loss resulting in such period from Hedging Obligations or other derivative instruments will be excluded;

(5) any expense or charge attributable to the disposition of discontinued operations will be excluded;

(6) non-cash goodwill or asset impairment charge and any non-cash compensation expense recorded from grants of stock, stock appreciation or similar rights, stock options, restricted stock or other rights to officers, directors, employees or consultants of such Person or any of its Restricted Subsidiaries will be excluded;

(7) any amortization expense incurred during such period with respect to products acquired by the Issuer or any of its Subsidiaries that are used or useful in a Permitted Business will be excluded;

(8) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries will be excluded;

(9) any extraordinary, nonrecurring or unusual gain or loss, together with any related provision for taxes on such extraordinary, nonrecurring or unusual gain or loss will be excluded;

(10) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re-valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts, will be excluded;

(11) any purchase accounting effects including adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and

related authoritative pronouncements (including the effects of such adjustments pushed down to the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development) will be excluded;

(12) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 90 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption; provided that (x) if net income is increased as a result of any amounts received from an insurer in respect of such a liability, casualty event or business interruption and the right to be so reimbursed was used in a prior period to increase Consolidated Net Income pursuant to this clause (12), such amounts received shall be excluded from Consolidated Net Income and (y) to the extent the actual reimbursement received is less than the expected reimbursement amount excluded in a prior period pursuant to this clause (12), Consolidated Net Income shall be reduced by the difference in the period in which such lower actual reimbursement amounts are received or in which a final judgment of a court of competent jurisdiction is made that the Issuer is entitled to no reimbursement.

"Consolidated Total Assets" means, as of any date of determination, the total assets shown on the consolidated quarterly or annual balance sheet of the Issuer and its Restricted Subsidiaries as of the most recent date for which such a quarterly or annual balance sheet is available, determined on a consolidated basis in accordance with GAAP (and in the case of any determination relating to any incurrence of Indebtedness or Investment, on a pro forma basis). In addition, "Consolidated Total Assets" will be calculated in a manner consistent with the definition of "Fixed Charge Coverage Ratio" to give effect to transactions that occurred after the date of the most recent quarterly or annual balance sheet date.

"Covered Jurisdiction" means the jurisdiction of organization of the applicable Issuer or Guarantor and in the case of the Issuer or any Guarantor organized in the United States or Canada, any other state or province thereof, as applicable.

"Credit Agreement" means the Third Amended and Restated Credit and Guaranty Agreement, dated as of February 13, 2012, as in effect on the Issue Date (as it may be amended, restated, replaced, supplemented or otherwise modified from time to time), among the Issuer, certain subsidiaries of the Issuer, as guarantors, the lenders party thereto from time to time, Goldman Sachs Lending Partners LLC, J.P. Morgan and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc., as co-syndication agents, JPMorgan Chase Bank, N.A., as issuing bank, Barclays Bank PLC (as successor to Goldman Sachs Lending Partners LLC), as administrative agent and collateral agent, as amended, supplemented, restated and otherwise modified, together with the related documents thereto (including any guarantees and security documents), and in each case as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement or instrument (and related documents) governing Indebtedness incurred to refinance or replace, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such facilities or a successor facility, whether by the same or any other bank, institutional lender, purchaser, investor, trustee or agent or group thereof.

"Credit Facilities" has the meaning set forth under "Description of Other Indebtedness—Credit Facilities" and includes one or more other debt facilities, credit agreements, commercial paper facilities, indentures or other agreements, in each case with banks, institutional lenders, purchasers, investors, trustees or agents providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or other extensions of credit or other Indebtedness, in each case including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement or instrument (and related documents) governing Indebtedness incurred to refinance or replace, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such facilities or a successor facility, whether by the same or any other bank, institutional lender, purchaser, investor, trustee or agent or group thereof.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Designated Noncash Consideration" means noncash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated by the Issuer as Designated Noncash Consideration, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration, which cash and Cash Equivalents shall be considered Net Proceeds received as of such date and shall be applied pursuant to the covenant described above under the caption "—Asset Sales".

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments".

"Domestic Subsidiary" means any Restricted Subsidiary that was formed under the laws of the United States or any state thereof or the District of Columbia.

"Dollar Equivalent" of any amount means, at the time of determination thereof, (1) if such amount is expressed in U.S. dollars, such amount, or (2) if such amount is expressed in any other currency, the equivalent of such amount in U.S. dollars determined by using the rate of exchange quoted by Barclays Capital Inc. in New York, New York at 11:00 a.m. (New York City time) on the date of determination (or, if such date is not a business day, the last business day prior thereto) to prime banks in New York for the spot purchase in the New York currency exchange market of such amount of U.S. dollars with such currency.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means a public or private offering of Equity Interests (other than Disqualified Stock). "Excluded Account" shall mean any Deposit Account, Securities Account or Commodity Account (each such term as defined in the UCC) (a) the funds in which are used, in the ordinary course of business, solely for the payment of salaries and wages, workers' compensation, pension benefits and similar expenses or taxes related thereto, (b) maintained as a zero-balance account (the entire balance of which is swept at the end of each business day to an account subject to the Credit Agreement Collateral Agent's control) that is a disbursement account, (c) maintained solely as a fiduciary account or other account maintained solely to secure obligations of the Issuer and its Subsidiaries where such obligations and the Liens on such account are permitted by clauses (4), (5), (10) or (23) of the definition of Permitted Liens and (d) so long as the Credit Agreement is outstanding, that constitutes an "Excluded Account" (or equivalent term) under the Credit Agreement collateral documents.

"Excluded Security" shall mean (i) any Equity Interest or other security representing voting Equity Interests in a First-Tier Foreign Subsidiary in excess of, or other than, 65% of all voting Equity Interests in such First-Tier

Foreign Subsidiary, (ii) any interest in a joint venture or non-wholly owned Subsidiary to the extent and for so long as the attachment of the security interest created hereby therein would violate any joint venture agreement, organization document, shareholders agreement or equivalent agreement relating to such joint venture or non-wholly owned Subsidiary; provided that Equity Interests in Subsidiaries of Issuer the minority interest in which is held by management, directors or employees of Issuer or its Subsidiaries or consists of rolled-over equity shall not be considered Excluded Securities, (iii) any Equity Interest the pledge of which in support of the Obligations is otherwise prohibited by applicable law, (iv) any Equity Interest in the entities listed on a schedule to the Security Agreement solely to the extent that the transfer or assignment of such Equity Interest is prohibited by contractual requirements applicable to the grantor holding such Equity Interest, including the requirements of the organizational documents of the issuer of such Equity Interest; provided that the Equity Interest in any such entity shall no longer constitute an Excluded Security for purposes of the indenture if at any time the prohibitions on transfer or assignment of such Equity Interest are no longer applicable to such Person and (v) any Equity Interest that constitutes an "Excluded Security" (or equivalent term) under the Credit Agreement collateral documents.

"Existing Indebtedness" means Indebtedness of the Issuer and its Restricted Subsidiaries (other than Indebtedness incurred under clause (1) or (20) of the second paragraph of the covenant described under "— Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") in existence on the date of the indenture, until such amounts are repaid.

"Existing Senior Notes" means (x) Valeant's outstanding, 6.375% Senior Notes due 2020, 7.000% Senior Notes due 2020, 6.75% Senior Notes due 2021 and 7.25% Senior Notes due 2022 and (y) the Issuer's outstanding 5.375% Senior Notes due 2020, 7.50% Senior Notes due 2021, 5.625% Senior Notes due 2021, 5.50% Senior Notes due 2023, 5.875% Senior Notes due 2023, 4.50% Senior Notes due 2023 and 6.125% Senior Notes due 2025.

"Existing Secured Notes" means the Issuer's outstanding, 6.50% Senior Secured Notes due 2022 and 7.00% Senior Secured Notes due 2024.

"Existing Notes" means the Issuer's Existing Senior Notes and Existing Secured Notes.

"Fair Market Value" means the price that could be negotiated in an arm's-length transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction, determined in good faith by (i) a responsible financial or accounting officer of the Issuer with respect to valuations not in excess of $750.0 million and (ii) the Board of Directors of the Issuer with respect to valuations equal to or in excess of $750.0 million, as applicable.

"Fall Away Event" means such time as the notes shall have an Investment Grade Rating and the Issuer shall have delivered to the Trustee an officers' certificate certifying that the foregoing condition has been satisfied.

"First Lien Intercreditor Agreement" has the meaning set forth under "—Security for the Notes—Intercreditor Agreement—First Lien Intercreditor Agreement."

"First-Tier Foreign Subsidiary" means a Foreign Subsidiary that is a direct Subsidiary of (x) Valeant or (y) any Note Guarantor that is a Domestic Subsidiary of Valeant.

"Fixed Charge Coverage Ratio" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed

Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

To the extent the Issuer elects pursuant to an officers' certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being incurred prior to the actual incurrence thereof pursuant to the fifth paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer shall deem all or such portion of such commitment of such Indebtedness, as applicable, as having been incurred and to be outstanding for purposes of calculating the Fixed Charge Coverage Ratio for any period in which the Issuer makes any such election and for any subsequent period until such commitments or such Indebtedness, as applicable, are no longer outstanding.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through consolidations or mergers and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period will be calculated (x) on a pro forma basis in accordance with Regulation S-X promulgated by the SEC and, in addition, (y) to give effect to any Pro Forma Cost Savings;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Interest Rate Hedging Obligations; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any Disqualified Stock or any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Issuer (other than Disqualified Stock) or to the Issuer or a Restricted Subsidiary of the Issuer, in each case, on a consolidated basis and determined in accordance with GAAP; minus

(5) the consolidated interest income of such Person and its Restricted Subsidiaries for such period; minus

(6) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and expensing of any financing fees.

"Foreign Subsidiary" means a Restricted Subsidiary that is not organized or existing under the laws of the United States of America or any state or territory thereof or the District of Columbia or is a Restricted Subsidiary of such Foreign Subsidiary.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, as in effect on January 30, 2015.

"Government Securities" means, as applicable, (i) direct non-callable obligations of, or guaranteed by, the United States of America for the timely payment of which guarantee or obligations the full faith and credit of the U.S. is pledged and (ii) direct non-callable obligations of, or guaranteed by, a member state of the European Union for the timely payment of which guarantee or obligations the full faith and credit of the government of such member state is pledged.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"Hedging Obligations" means, with respect to any specified Person

(1) Interest Rate Hedging Obligations; and

(2) the obligations of such Person under agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent (without duplication):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property, which balance is (a) due more than twelve months from the date of incurrence of the obligation in respect thereof or (b) evidenced by a note or similar written instrument, and except any such balance that constitutes an accrued expense or trade payable; or

(6) representing net payment obligations under any Hedging Obligations, if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term

"Indebtedness" includes (x) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), the amount of such obligation being deemed to be the lesser of the Fair Market Value of such asset and the amount of the obligation so secured and (y) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, in connection with the purchase by a Person or any of its Restricted Subsidiaries of any business, the term "Indebtedness" will exclude indemnification or post-closing payment adjustments or earn-out or similar obligations to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet, working capital calculation or other similar method or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable or is of a contingent nature and, to the extent such payment thereafter becomes fixed and finally determined, the amount is paid within 60 days thereafter.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"Interest Rate Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"Investment Grade Rating" means a rating of Baa3 or better by Moody's or BBB- or better by S&P (or its equivalent under any successor rating categories of Moody's or S&P) (or, in each case, if such Rating Agency ceases to rate the notes for reasons outside of the control of the Issuer, the equivalent investment grade credit rating from any Rating Agency selected by the Issuer as a replacement Rating Agency).

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If (i) the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer or (ii) a Restricted Subsidiary of the Issuer is redesignated as an Unrestricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale, disposition or redesignation equal to the Fair Market Value of our Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments". For the avoidance of doubt, acquisitions of or licenses for products or assets used or useful in a Permitted Business do not constitute Investments.

"Issue Date" means October 17, 2017, the date of the initial issuance of the notes under the indenture.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge (fixed and/or floating), security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Moody's" means Moody's Investors Service, Inc., or any successor to the rating agency business thereof. "Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"Net Proceeds" means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Pari Passu Indebtedness and the notes, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which none of the Issuer or any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the notes) of the Issuer or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Issuer or any of its Restricted Subsidiaries.

"Note Guarantee" means each Guarantee of the obligations with respect to the notes issued by a Subsidiary of the Issuer pursuant to the terms of the indenture.

"Note Guarantor" means each Subsidiary of the Issuer that becomes a guarantor of the notes pursuant to the terms of the indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Pari Passu Indebtedness" means Indebtedness of the Issuer or a Note Guarantor that is secured equally and ratably by Liens on the Collateral having the same priority as the Liens securing the notes; provided that an authorized representative of the holders of such Indebtedness shall be a party to the First Lien Intercreditor Agreement.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of assets used or useful in a Permitted Business or a combination of such assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received must be applied in accordance with the covenant described under "—Asset sales".

"Permitted Business" means any business conducted by the Issuer and its Restricted Subsidiaries on the Issue Date and any business that is in the judgment of the Issuer reasonably related, ancillary or complementary to the business of the Issuer and its Restricted Subsidiaries on the Issue Date or a natural extension thereof.

"Permitted Investments" means:

(1) any Investment in the Issuer or in a Restricted Subsidiary of the Issuer;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Subsidiary of the Issuer in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Issuer; or

(b) such Person is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer; and, in each case, any Investment held by such Person; provided that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation, transfer, conveyance or liquidation.

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any Investments made solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;

(6) (i) any Investments received in compromise of obligations owed to the Issuer or any of its Restricted Subsidiaries created in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or in satisfaction of judgments and (ii) Investments by the Issuer or any of its Restricted Subsidiaries in a Securitization Special Purpose Entity or any Investment by a Securitization Special Purpose Entity in any other Person, in each case, in connection with a Qualified Securitization Transaction;

(7) receivables owing to the Issuer or any Restricted Subsidiary of the Issuer if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms (which trade terms may include such concessionary trade terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances), and other Investments to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Issuer or any Restricted Subsidiary;

(8) Investments represented by Hedging Obligations;

(9) Investments in existence on the date of the indenture and any extension, modification or renewal of any such Investments, but only to the extent such extension, modification or renewal does not involve additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the date of the indenture);

(10) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(11) loans and advances to officers, directors and employees in the ordinary course of business in the aggregate amount outstanding at any one time not to exceed $25.0 million;

(12) Investments in a Permitted Joint Venture or Unrestricted Subsidiary, when taken together with all other Investments made pursuant to this clause (12) that are at the time outstanding, not to exceed the greater of (x) $675.0 million and (y) 2.5% of Consolidated Total Assets; and

(13) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding, not to exceed the greater of (x) $2.0 billion and (y) 7.5% of Consolidated Total Assets.

"Permitted Joint Venture" means any joint venture (which may be in the form of a limited liability company, partnership, corporation or other entity) in which the Issuer or any of its Restricted Subsidiaries is a joint venturer; provided, however, that the joint venture is engaged solely in a Permitted Business.

"Permitted Liens" means:

(1) Liens securing Indebtedness and other Obligations under Credit Facilities that were permitted by the terms of the indenture to be incurred under clause (1) or (20) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(2) Liens in favor of the Issuer or any Note Guarantor;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with or is acquired by the Issuer or any Subsidiary of the Issuer; provided that such Liens were not incurred in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person merged into, consolidated with or acquired by the Issuer or the Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by the Issuer or any Subsidiary of the Issuer, provided that such Liens were not incurred in contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) or (5) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with such Indebtedness (and improvements or accessions thereto);

(7) Liens existing on the date of the indenture and liens securing the Existing Secured Notes;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided, that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) (i) Liens securing Hedging Obligations and (ii) Liens existing under or by reason of Indebtedness or other contractual requirements of a Securitization Special Purpose Entity or any Standard Securitization Undertaking, in each case in respect of this clause (ii) in connection with a Qualified Securitization Transaction;

(10) Liens arising by reason of deposits necessary to obtain standby letters of credit in the ordinary course of business;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the indenture; provided, however, that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(12) Liens of the Issuer or any Restricted Subsidiary of the Issuer with respect to obligations that do not exceed the greater of (x) $275.0 million and (y) 1.0% of Consolidated Total Assets at any one time outstanding;

(13) survey title exceptions, title defects, encumbrances, easements, reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph or telephone lines and other similar purposes or zoning or other restrictions as to the use of real property not materially interfering with the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(14) Liens arising by operation of law in favor of landlords, mechanics, carriers, warehousemen, materialmen, laborers, employees, suppliers or the like, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(15) Liens arising out of judgments, decrees, orders or awards in respect of which the Issuer or a Restricted Subsidiary of the Issuer shall in good faith be prosecuting an appeal or proceedings for review which appeal or proceedings shall not have been finally terminated, or if the period within which such appeal or proceedings may be initiated shall not have expired;

(16) Liens securing the notes and the Note Guarantees with respect thereto;

(17) Liens securing one or more local working capital facilities of Foreign Subsidiaries, so long as such Liens do not extend to the assets of any Person other than such foreign Restricted Subsidiaries;

(18) Liens on assets of Foreign Subsidiaries securing Indebtedness incurred by Foreign Subsidiaries pursuant to clause (13) of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(19) Liens imposed pursuant to licenses, sublicenses, leases and subleases which do not materially interfere with the ordinary conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(20) Liens incurred to secure cash management services in the ordinary course of business;

(21) customary restrictions on, or options, contracts or other agreements for, transfers of assets contained in agreements related to any sale of assets pending such sale; provided that such restrictions apply only to the assets to be sold and such sale is otherwise permitted by the indenture;

(22) Liens securing obligations to the Trustee arising under the indenture and similar Liens in favor of trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the indenture;

(23) Liens on trusts, cash or Cash Equivalents or other funds in connection with the defeasance (whether by covenant or legal defeasance), discharge or redemption of Indebtedness, pending consummation of a strategic

transaction, or similar obligations; provided that such defeasance, discharge or redemption is otherwise permitted by the indenture; and

(24) Liens to secure any Indebtedness permitted to be incurred pursuant to the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", provided that (a) in the case of this clause (a), at the time of its incurrence and after giving pro forma effect thereto, the Secured Leverage Ratio would be no greater than 3.50 to 1.0; and to the extent such Liens are on Collateral, an authorized representative of the holders of such Indebtedness and the Notes Collateral Agents shall execute a joinder to the First Lien Intercreditor Agreement (in the form attached thereto) as a holder of Pari Passu Indebtedness or (b) such Liens rank junior to the liens securing the notes and Note Guarantees pursuant to a customary intercreditor agreement pursuant to which such representative shall agree with the representatives of the notes and Note Guarantees and other Pari Passu Indebtedness that the Liens securing such Indebtedness are subordinated to the Liens securing obligations under the notes and the Note Guarantees.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this definition and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is contractually subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable to the holders of notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) if the Indebtedness being refinanced is Indebtedness of the Issuer or a Note Guarantor, such Permitted Refinancing Indebtedness is also Indebtedness of the Issuer or a Note Guarantor.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Pro Forma Cost Savings" means, without duplication, with respect to any period, the reductions in costs and other operating improvements or operating synergies with respect to an acquisition that are reasonably identifiable, factually supportable, reasonably attributable to the action specified and reasonably anticipated to result from such actions; provided that the relevant actions have been taken or initiated and the benefits resulting therefrom are anticipated to be realized within 18 months of the date of such acquisition (including, for the avoidance of doubt, actions that will be taken or initiated so long as the benefits resulting therefrom are anticipated to be realized within 18 months of the date of such acquisition), as if all such reductions in costs and other operating improvements or operating synergies had been effected as of the beginning of such period, decreased by any recurring incremental expenses incurred or to be incurred during such four-quarter period in order to achieve such reduction in costs. Pro Forma Cost Savings described in the preceding sentence shall be calculated in good faith by a responsible financial or accounting officer of the Issuer and shall be accompanied by a certificate delivered to the Trustee from the Issuer's chief financial officer that generally outlines the specific actions taken or expected to be taken and the net cost reductions and other operating improvements or operating synergies achieved or expected to be achieved from each such action and certifies that such cost reductions and other operating improvements or synergies meet the criteria set forth in the preceding sentence.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or such Restricted Subsidiary may sell, convey, grant a security interest in or otherwise transfer to a Securitization Special Purpose Entity, and such Securitization Special Purpose Entity may sell, convey, grant a security interest in or otherwise transfer to any other Person, any Securitization Program Assets (whether now existing or arising in the future).

"Rating Agency" means (1) each of Moody's and S&P and (2) if Moody's or S&P ceases to rate the notes for reasons outside of the control of the Issuer, a nationally recognized statistical rating organization under the Exchange Act selected by the Issuer as a replacement agency for Moody's or S&P, as the case may be.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. For the avoidance of doubt, Valeant shall at all times be considered a Restricted Subsidiary of the Issuer.

"S&P" means Standard & Poor's Ratings Group, Inc., or any successor to the rating agency business thereof.

"Secured Leverage Ratio" means the ratio of (i) the Total Consolidated Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by a Lien on the Collateral (unless such Lien is junior to the Lien securing the notes and the Note Guarantees) or on other assets of the Issuer and its Restricted Subsidiaries, after giving effect to all incurrences and repayments of Indebtedness on the relevant transaction date (net of unrestricted cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries as of such date); provided that in the event the Issuer proposes to incur Indebtedness pursuant to clauses (1) and (20) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" on the same day, Indebtedness incurred under clause (1) on that date shall not be included in the calculation of the Secured Leverage Ratio for purposes of the calculation to be made pursuant to such clause (20) on such date or clause (24) of the definition of Permitted Liens on such date (but shall, for the avoidance of doubt, be included in any and all subsequent calculations of the Secured Leverage Ratio to the extent then outstanding and secured) to (ii) Consolidated Cash Flow of the Issuer for the most recent four consecutive full fiscal quarters for which financial statements are available ending on or prior to the transaction date. In addition, the "Secured Leverage Ratio" will be calculated in a manner consistent with the definition of "Fixed Charge Coverage Ratio" to give effect to transactions that would require pro forma adjustments to such ratio.

To the extent the Issuer elects pursuant to an officers' certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being incurred prior to the actual incurrence thereof pursuant to the fifth paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer shall deem all or such portion of such commitment of such Indebtedness, as applicable, as having been incurred and to be outstanding for purposes of calculating the Secured Leverage Ratio for any period in which the Issuer makes any such election and for any subsequent period until such commitments or such Indebtedness, as applicable, are no longer outstanding.

"Securitization Program Assets" means (i) all receivables customarily transferred in connection with asset securitization transactions by the Issuer or any of its Restricted Subsidiaries pursuant to documents relating to any Qualified Securitization Transaction, (ii) all rights arising under the documentation governing or related to receivables (including rights in respect of Liens securing such receivables and other credit support in respect of such receivables), any proceeds of such receivables and any lockboxes or accounts in which such proceeds are deposited, spread accounts and other similar accounts (and any amounts on deposit therein) established in connection with a Qualified Securitization Transaction, any warranty, indemnity, dilution and other intercompany claim arising out of the documents relating to such Qualified Securitization Transaction and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitizations involving accounts receivable. and (iii) all collections (including recoveries) and other proceeds of the assets described in the foregoing clauses (i) and (ii).

"Securitization Special Purpose Entity" means a Person (including, without limitation, a Restricted Subsidiary) created in connection with the transactions contemplated by a Qualified Securitization Transaction, which Person engages in no activities and holds no assets other than those incidental to such Qualified Securitization Transaction.

"Security Agreement" means that certain U.S. Pledge and Security Agreement, entered into by and among each of the grantors party thereto and the Notes Collateral Agents.

"Series" means (i) the notes, (ii) the obligations under the Credit Agreement and (iii) each other issuance or incurrence of Indebtedness that is secured on a pari passu basis with the foregoing.

"Shared Collateral" means, at any time, Collateral in which the holders of two or more Series of First Priority Obligations (or their respective Collateral Agents) hold a valid and perfected security interest at such time. If more than two Series of First Priority Obligations are outstanding at any time and the holders of less than all Series of First Priority Obligations hold a valid and perfected security interest in any Collateral at such time, then such Collateral shall constitute Shared Collateral for those Series of First Priority Obligations that hold a valid and perfected security interest in such Collateral at such time and shall not constitute Shared Collateral for any Series which does not have a valid and perfected security interest in such Collateral at such time.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X promulgated by the SEC, as such Regulation is in effect on the date hereof.

"Standard Securitization Undertakings" means all representations, warranties, covenants, indemnities, performance guarantees and servicing obligations entered into by the Issuer or any Subsidiary (other than a Securitization Special Purpose Entity) which are customary in connection with any Qualified Securitization Transaction.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Total Consolidated Indebtedness" means Indebtedness consisting of Indebtedness for borrowed money, Capital Lease Obligations, letters of credit (only to the extent of any unreimbursed drawings thereunder), debt obligations evidenced by promissory notes and similar instruments and Guarantees in respect of any of the foregoing.

"Total Leverage Ratio" means the ratio of (i) Total Consolidated Indebtedness of the Issuer and its Restricted Subsidiaries, after giving effect to all incurrences and repayments of Indebtedness on the transaction date (net of unrestricted cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries as of such date), to (ii) Consolidated Cash Flow of the Issuer and its Restricted Subsidiaries for the most recent four consecutive full fiscal quarters for which financial statements are available ending on or prior to the transaction date. In addition, the "Total Leverage Ratio" will be calculated in a manner consistent with the definition of "Fixed Charge Coverage Ratio" to give effect to transactions that would require pro forma adjustments to such ratio.

To the extent the Issuer elects pursuant to an officers' certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being incurred prior to the actual incurrence thereof pursuant to the fifth paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer shall deem all or such portion of such commitment of such Indebtedness, as applicable, as having been incurred and to be outstanding for purposes of calculating the Total Leverage Ratio for any period in which the Issuer makes any such election and for any subsequent period until such commitments or such Indebtedness, as applicable, are no longer outstanding.

"Treasury Rate" means, with respect to the notes, the rate per annum equal to the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity most nearly equal to the period from such date of redemption to November 1, 2020, provided, however, that if the period from such date of redemption to November 1, 2020 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from such date of redemption to November 1, 2020 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used. The Issuer shall obtain the Treasury Rate.

"Unrestricted Subsidiary" means any Subsidiary (other than Valeant) of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer unless the terms of any such agreement, contract, arrangement or understanding are not materially less favorable to the Issuer or such Restricted Subsidiary, in each case, taken as a whole, than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not Guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of the board resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Indebtedness and, if applicable, related Liens by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness and, if applicable, related Liens of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness and, if applicable, related Liens are permitted under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and, if applicable, "—Certain Covenants—Liens" (other than clause (3) under the definition of Permitted Liens), calculated, if applicable, on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and

(2) no Default or Event of Default would be in existence following such designation.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This discussion is based upon current U.S. federal income tax law, which is subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a prospective investor in light of its particular circumstances, including prospective investors subject to special rules (for example, financial institutions, regulated investment companies, dealers or traders in securities that use a mark-to-market method of accounting, investors who will hold the notes as part of a "straddle" or integrated transaction, U.S. holders (as defined herein) whose functional currency is not the U.S. dollar or tax-exempt entities). In addition, this discussion is limited to persons who purchase the notes for cash in this offering at their initial offering price and who hold the notes as capital assets for U.S. federal income tax purposes.

A "U.S. holder" means a beneficial owner of the notes who is, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the U.S.;
- a corporation (or any other entity treated as a corporation) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

A "non-U.S. holder" means a beneficial owner of the notes who is an individual, corporation, estate or trust that is not a U.S. holder. Special considerations apply to a nonresident alien individual present in the United States for 183 days or more in the taxable year of disposition or a former citizen or former resident of the United States and such an individual should consult its tax advisor regarding the U.S. federal income tax consequences of owning or disposing of a note.

If a partnership holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you should consult your tax advisors.

This discussion does not address any other U.S. federal tax consequences (e.g., alternative minimum tax, Medicare contribution tax or estate or gift tax) or any state, local or foreign tax laws. Each prospective purchaser of the notes should consult its tax advisor concerning the tax consequences of holding the notes in light of its particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. or other tax laws..

Certain Additional Payments

There are circumstances in which we might be required to make payments on a note that would increase the yield of the note, as described under "Description of the Notes—Repurchase at the Option of Holders—Change of Control". We intend to take the position that the possibility of such payments does not result in the notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. If the Internal Revenue Service ("IRS") takes a contrary position, a holder subject to U.S. federal income tax may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury Regulations) determined at the time of issuance of the notes (which is not expected to differ significantly from the actual yield on the notes), with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield.

In addition, any income on the sale, exchange, retirement or other taxable disposition of the notes would be treated as interest income rather than as capital gain. A holder subject to U.S. federal income tax should consult its own tax advisor regarding the tax consequences if the notes were treated as contingent payment debt instruments. This discussion assumes that the notes are not treated as contingent payment debt instruments.

U.S. Holders

The following is a summary of certain U.S. federal income tax consequences that will apply to U.S. holders.

Qualified Reopening

It is expected, and this discussion assumes, that the new secured notes will be issued in a "qualified reopening" of the initial secured notes for U.S. federal income tax purposes. Accordingly, the new secured notes will be considered to have the same issue date and issue price as the initial secured notes and will be fungible with the initial secured notes for U.S. federal income tax purposes. However, depending on the U.S. holder's purchase price, the new secured notes may have bond premium (as discussed below under "—Amortizable Bond Premium").

Payments of Interest

Subject to the discussion below regarding pre-acquisition accrued interest and amortizable bond premium, interest on the notes, including any Additional Amounts, (without reduction for any applicable withholding tax) will generally be subject to tax as ordinary income at the time it is paid or accrued in accordance with the U.S. holder's method of accounting for tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

A U.S. holder may be entitled to deduct or credit withholding tax, if any, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of such holder's foreign taxes for a particular tax year). Interest income on the notes (including any Additional Amounts) will generally be considered foreign source income and will generally be characterized as "passive category income" for purposes of computing the foreign tax credits allowable to a U.S. holder. A U.S. holder will generally be denied a foreign tax credit for any taxes imposed with respect to the notes if the holder does not meet a minimum holding period during which such holder is not protected from risk of loss. As an alternative to the tax credit, a U.S. holder may elect to deduct such taxes (the election would then apply to all foreign income taxes such U.S. holder paid in that taxable year). Each U.S. holder is urged to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances.

Pre-acquisition Accrued Interest

A portion of the price paid for the new secured notes offered hereby will be allocable to interest that accrued prior to the date the note is purchased (the "pre-acquisition accrued interest"). You may take the position that, on the first interest payment date, a portion of the interest received in an amount equal to the pre-acquisition accrued interest should be treated as a return of the pre-acquisition accrued interest and not as a payment of interest on the note. Amounts treated as a return of pre-acquisition accrued interest should not be taxable when received.

Amortizable Bond Premium

If a U.S. holder purchases a new secured note for an amount (not including any amount paid for pre-acquisition accrued interest) that is greater than the principal amount of the note, such holder will be considered to have purchased the note with amortizable bond premium. In general, a U.S. holder may elect to amortize this premium, using a constant-yield method, over the remaining term of the note. A U.S. holder may generally use the amortizable bond premium allocable to an accrual period to offset interest required to be included in income with respect to the note in that accrual period. However, because the notes may be redeemed by us prior to maturity at a premium, special rules apply that may reduce, eliminate or defer the amount of bond premium that a U.S. holder may amortize with respect to the notes. If a U.S. holder elects to amortize bond premium with respect to a note, such holder must reduce its tax basis in the note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired and may be revoked only with the consent of the IRS.

Sale, Exchange and Retirement of Notes

Upon the sale, exchange, retirement or other taxable disposition of a note a U.S. holder will recognize gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange, retirement or other taxable disposition and the adjusted tax basis of the note. The adjusted tax basis of a note to a U.S. holder will generally be the cost of such note to the U.S. holder (excluding pre-acquisition accrued interest), reduced by any bond premium previously amortized. For these purposes, the amount realized does not include any amount attributable to accrued and unpaid interest (including pre-acquisition accrued interest), which will be subject to tax as interest income as described above under "—Payments of Interest" and "—Pre-acquisition Accrued Interest."

Gain or loss recognized upon the sale, exchange, retirement or other taxable disposition of a note will be capital gain or loss and will generally be treated as U.S. source gain or loss. Capital gains of non-corporate U.S. holders derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Additional Reporting Requirements

Certain U.S. holders are required to report information relating to an interest in a note, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. holders should consult their tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the notes.

Non-U.S. Holders

A non-U.S. holder will generally not be subject to U.S. federal income or withholding tax on payments of interest on a note or gain on the sale of a note, unless such non-U.S. holder held the note in connection with a U.S. trade or business carried on by such non-U.S. holder (and, if a treaty applies, such item is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the U.S.).

Information Reporting and Backup Withholding

Both U.S. holders and non-U.S. holders may be subject to information reporting. The IRS may make this information available under the tax provisions of the applicable income tax treaty or agreement to foreign tax authorities. A U.S. holder may also be subject to backup withholding on payments in respect of its notes unless it provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. A non-U.S. holder will generally not be subject to backup withholding if it timely provides a properly completed IRS Form W-8 appropriate to its circumstances.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable, as of the date hereof, to a purchaser who acquires, as beneficial owner, new secured notes, including entitlement to all payments (including any interest and principal) thereunder, pursuant to this offering memorandum and who, for the purposes of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Tax Act") and at all relevant times, deals at arm's length with the Issuer, each Note Guarantor and each of the Initial Purchasers (a "holder").

This summary is based upon the current provisions of the Tax Act, and the Issuer's Canadian legal counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency published in writing by it prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative practices or assessing policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account other federal, provincial, territorial or foreign tax considerations which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all federal income tax considerations that may be relevant to a particular holder. Accordingly, prospective purchasers of notes should consult their own tax advisors with respect to their particular circumstances.

Canadian Resident Holders

The following portion of this summary is generally applicable only to a holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be a resident of Canada, is not affiliated with the Issuer, any Note Guarantor or any Initial Purchaser and holds the new secured notes as capital property (a "Canadian Resident Holder"). Generally, the new secured notes will be capital property to a holder provided the holder does not use or hold the new secured notes in the course of carrying on a business and has not acquired or held them as part of an adventure or concern in the nature of trade. A Canadian Resident Holder whose new secured notes might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the new secured notes and every "Canadian security" (as defined in the Tax Act) owned by such Canadian Resident Holder in the taxation year of election and all subsequent taxation years deemed to be capital property.

The following portion of this summary is not applicable to a Canadian Resident Holder (i) an interest in which is a "tax shelter investment", as defined in the Tax Act, (ii) that is a "financial institution", as defined in the Tax Act for purposes of certain rules in the Tax Act, referred to as the "mark-to-market" rules, (iii) that reports its "Canadian tax results", as defined in the Tax Act, in a currency other than Canadian currency or (iv) that has entered or will enter into a "derivative forward agreement," as such term is defined in the Tax Act, in respect of the new secured notes. Any such Canadian Resident Holder should consult its own tax advisors with respect to the tax consequences of acquiring, holding and disposing of the new secured notes.

Currency Conversion

The new secured notes are denominated in U.S. dollars. For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the new secured notes must be converted into Canadian dollars based on exchange rates determined in accordance with the Tax Act. The amount of interest required to be included in the income of, and capital gains or capital losses realized by, a Canadian Resident Holder may be affected by currency fluctuations.

Taxation of Interest and Other Amounts

A Canadian Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a new secured note that accrues or is deemed to accrue to such Canadian Resident Holder to the end of that taxation year, or that becomes receivable or is received by such Canadian Resident Holder before the end of that taxation year, to the extent that such amount was not otherwise included in computing the Canadian Resident Holder's income for a preceding taxation year.

Any other Canadian Resident Holder, including an individual or a trust (other than a trust described in the preceding paragraph), will be required to include in computing its income for a taxation year any interest that is received or receivable in respect of a new secured note by such Canadian Resident Holder in that taxation year (depending upon the method regularly followed by the Canadian Resident Holder in computing income), to the extent that such interest was not otherwise included in computing the Canadian Resident Holder's income for a preceding taxation year.

In acquiring a new secured note a Canadian Resident Holder will become entitled to an amount stipulated to be interest in respect of the period from October 17, 2017 to the Closing Date ("pre-issue interest"). The amount of pre-issue interest will be deductible to the Canadian Resident Holder in the year in which it is included in computing the income of the Canadian Resident Holder provided that it is reasonable to consider that the purchase price of the new secured note paid by the initial purchaser of the note to the Issuer included an amount in respect of pre-issue interest. The adjusted cost base to the Canadian Resident Holder in respect of the new secured note will be reduced by the amount of the pre-issue interest which is so deductible.

Any amount paid by the Issuer to a Canadian Resident Holder as a penalty or bonus because of the redemption or repurchase by it of a new secured note before the maturity thereof will be deemed to be interest received on the note by the Canadian Resident Holder at the time of payment to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of redemption or repurchase of, the interest that would have been paid or payable by the Issuer on the note for a taxation year of the Issuer ending after the redemption or repurchase. Such interest will be required to be included in computing the Canadian Resident Holder's income in the manner described above.

Dispositions

On a disposition or a deemed disposition of a new secured note, including a repurchase or redemption by the Issuer prior to maturity, or a repayment by the Issuer upon maturity, a Canadian Resident Holder generally will be required to include in computing its income for the taxation year in which the disposition occurs all interest that has accrued or that is deemed to have accrued on the new secured note from the date of the last interest payment to the date of disposition, except to the extent that such interest has otherwise been included in the Canadian Resident Holder's income for that taxation year or a preceding taxation year.

In addition, the disposition or deemed disposition of a new secured note generally will result in a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the Canadian Resident Holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the note to the Canadian Resident Holder immediately before the disposition. In computing the adjusted cost base of any new secured note acquired by a Canadian Resident Holder pursuant to this offering memorandum, the Canadian Resident Holder will generally be required to average the cost of the new secured note with the adjusted cost base of all initial secured notes owned by the Canadian Resident Holder as capital property at that time, if any.

Generally, a Canadian Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any such capital gain (a "taxable capital gain"). Subject to and in accordance with the provisions of the Tax Act, a Canadian Resident Holder is required to deduct one-half of the amount of any such capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the Canadian Resident Holder in the year and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. A capital gain realized by an individual or by most trusts may give rise to liability for alternative minimum tax.

Additional Refundable Tax

A Canadian Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including interest and taxable capital gains earned or received in respect of the new secured notes.

Non-Canadian Resident Holders

The following portion of this summary is generally applicable to a holder who, at all relevant times, for purposes of the Tax Act, (i) is not, and is not deemed to be, a resident of Canada, (ii) does not use or hold and is not deemed to use or hold the new secured notes in the course of a business carried on or deemed to be carried on in Canada, (iii) deals at arm’s length with any transferee resident or deemed resident in Canada to whom the holder disposes of notes and (iv) is not a “specified shareholder” (as defined in subsection 18(5) of the Tax Act) of the Issuer or a person not dealing at arm’s length with any such “specified shareholder” of the Issuer (a “Non-Canadian Resident Holder”). A specified shareholder for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm’s length for purposes of the Tax Act) owns or has the right to acquire or control or is otherwise deemed to own 25% or more of the Issuer’s shares determined on a votes or fair market value basis. In addition, special rules, which are not discussed in this summary, may apply to a Non-Canadian Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere.

A Non-Canadian Resident Holder will not be subject to Canadian withholding tax in respect of amounts paid or credited, or deemed to be paid or credited, to the Non-Canadian Resident Holder by the Issuer or any Note Guarantor as, on account or in lieu of payment of, or in satisfaction of interest, premium, bonus or principal on the new secured notes, including in respect of a redemption, repurchase or payment on maturity.

No other tax on income or gains will be payable by a Non-Canadian Resident Holder on interest, principal, bonus or premium on the new secured notes or on the proceeds received by Non-Canadian Resident Holder on the disposition of a new secured note including a redemption, repurchase or payment on maturity.

TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act and they may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, the notes have not been and will not be qualified for sale to the public by prospectus under the securities laws of the Province of Quebec or any other province or territory of Canada, and may not be offered or sold except pursuant to an exemption from the prospectus requirements of the Securities Act (Quebec) and other applicable provincial securities laws. Accordingly, the notes are being offered and sold only (A) to QIBs in compliance with Rule 144A and (B) outside the U.S. to persons other than U.S. persons ("non-U.S. purchasers", which term shall include dealers or other professional fiduciaries in the U.S. acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act ("Regulation S").

As used herein, the terms "U.S." and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser or transferee of notes will be deemed to have represented and agreed as follows:

1. It is purchasing the notes as a principal for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. purchaser that is outside the U.S. (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above).

2. It acknowledges that the notes have not been and will not be registered under the Securities Act, or qualified for sale to the public by prospectus under the Securities Act (Quebec) or the securities laws of any other province or territory of Canada (together, "Canadian Securities Laws") and may not be offered or sold except as set forth below.

3. It shall not resell or otherwise transfer any of such notes prior to (i) the first anniversary of the last date of original issuance of the notes (or such shorter period of time as permitted by Rule 144(d) under the Securities Act) and (ii) such later date, if any, as may be required by applicable laws, except (A) to the Issuer or any of its subsidiaries, (B) inside the U.S. to a QIB in a transaction complying with Rule 144A, (C) inside the U.S. to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the notes (the form of which letter can be obtained from such trustee), (D) outside the U.S. in compliance with Rule 904 under the Securities Act, (E) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (F) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Issuer so requests), or (G) pursuant to an effective registration statement under the Securities Act. Further, it shall not resell or otherwise transfer any of such notes except pursuant to an exemption from the prospectus requirements of Canadian Securities Laws, or in a transaction that otherwise complies with or is not subject to the prospectus requirements of Canadian Securities Laws.

4. It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

5. It acknowledges that prior to any proposed transfer of notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement) the holder of notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture.

6. It understands that all of the notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (C) IT IS AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT (AN “ACCREDITED INVESTOR”)), (2) AGREES THAT IT WILL NOT PRIOR TO THE FIRST ANNIVERSARY OF THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUER SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION”, “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

7. Either (a) no portion of the assets used by it to acquire and hold the notes, or any interest therein, constitutes assets of any (i) employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) plan or account subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), (iii) entity deemed to hold “plan assets” of any such employee benefit plan, plan or account (any plan, account or arrangement described in (i), (ii) or (iii), a “Plan”) or (iv) governmental, church or non-U.S. plan that is not subject to Section 406 of ERISA or Section 4975 of the Code but may be subject to other laws or regulations that are substantially similar to those provisions (“Similar Laws”) or (b) the purchase, holding and subsequent disposition of the notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

8. If it is a Plan, a fiduciary acting on its behalf is causing it to purchase the notes and such fiduciary:

a) Is a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control as specified in

29 CFR Section 2510.3-21(c)(1)(i) (excluding an individual retirement account ("IRA") owner if the purchaser is an IRA);

b) Is independent (for purposes of 29 CFR Section 2510.3-21(c)(1)) of the Issuer, each Initial Purchaser and their respective affiliates (the "Transaction Parties");

c) Is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies, including the purchaser's transactions with the Transaction Parties hereunder;

d) Has been advised that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice, or has given or will give advice in a fiduciary capacity, in connection with the purchaser's transactions with the Transaction Parties contemplated hereby;

e) Is a "fiduciary" under Section 3(21)(A) of ERISA or Section 4975(e)(3) of the Code, or both, as applicable, with respect to, and is responsible for exercising independent judgment in evaluating, the purchaser's transactions with the Transaction Parties contemplated hereby; and

f) Understands and acknowledges the existence and nature of the underwriting discounts, commissions and fees, and any other related fees, compensation arrangements or financial interests, described in this offering memorandum; and understands, acknowledges and agrees that no such fee or other compensation is a fee or other compensation for the provision of investment advice, and that none of the Transaction Parties, nor any of their respective directors, officers, members, partners, employees, principals or agents has received or will receive a fee or other compensation from the purchaser or such fiduciary for the provision of investment advice (rather than other services) in connection with the purchaser's transactions with the Transaction Parties contemplated hereby.

In addition, the notes will bear the following additional legend unless and until otherwise agreed by the Issuer and the holder thereof:

"CANADIAN RESALE LEGEND: UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [the date that is four months and a day after the distribution date will be inserted here]"

PLAN OF DISTRIBUTION

Upon the terms and subject to the conditions contained in the purchase agreement among the Company, the guarantor party thereto and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and the Initial Purchasers, subject to certain conditions, have severally agreed to purchase, the principal amount of the new secured notes set forth opposite their name in the table below.

Initial Purchasers	Principal Amount of new secured notes
Barclays Capital Inc.	$
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Goldman Sachs & Co. LLC	
DNB Markets, Inc.	
J.P. Morgan Securities LLC.	
Morgan Stanley & Co. LLC.	
RBC Capital Markets, LLC.	
Total	$750,000,000

The Initial Purchasers are committed to take and pay for all of the new secured notes being offered, if any are taken. The offering price for the new secured notes is set forth on the cover page of this offering memorandum. After the new secured notes are released for sale, the Initial Purchasers may change the offering price and other selling terms with respect to the new secured notes. The offering of the new secured notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The Initial Purchasers will receive customary commissions and discounts under the purchase agreement upon the consummation of the offering of the new secured notes pursuant to this offering memorandum.

The new secured notes have not been and will not be registered under the Securities Act or qualified for distribution under Canadian Securities Laws. The Initial Purchasers have agreed that they will only offer or sell the new secured notes being sold in Canada to "accredited investors" within the meaning of National Instrument 45-106 Prospectus Exemptions (or, in Ontario, Section 73.3 of the Securities Act (Ontario)) who are eligible to acquire the new secured notes pursuant to an exemption from the prospectus requirements of applicable Canadian Securities Laws, and, further, will only offer and sell the new secured notes (A) to persons they reasonably believe to be QIBs in reliance on Rule 144A under the Securities Act, and (B) outside the U.S. to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

In connection with sales outside the U.S., the Initial Purchasers have agreed that they will not offer, sell or deliver the new secured notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the new secured notes are originally issued. The Initial Purchasers will send to each dealer to whom they sell such new secured notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the new secured notes within the U.S. or to, or for the account or benefit of, U.S. persons.

In addition, with respect to new secured notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the new secured notes are originally issued, an offer or sale of such new secured notes within the U.S. by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

One or more of the Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the notes in jurisdictions in which such Initial Purchasers are not otherwise permitted to make such sales.

The new secured notes are a new issue of securities with no established trading market. The Issuer has been advised by the Initial Purchasers that certain of the Initial Purchasers intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

In connection with the offering, the Initial Purchasers may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of new secured notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that it has not made and will not make an offer of notes which are the subject of the offering contemplated by this offering memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons in (i) and (ii) above together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offer and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each Initial Purchaser has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

We have agreed with Barclays Capital Inc., for 30 days after the Closing Date, not to offer, sell contract to sell or otherwise dispose of any securities that are substantially similar to the notes (other than unsecured notes issued to refinance existing unsecured notes) without Barclays Capital Inc.'s prior written consent.

We have agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act.

The Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, certain of the Initial Purchasers or their affiliates are likely to hedge and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the new secured notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

We expect that delivery of the new secured notes will be made to investors on or about , 2017, which will be the business day following the date of this offering memorandum. Under Rule 15c6-1 (as amended effective September 5, 2017) under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder will be required, by virtue of the fact that the notes will not initially settle in T+2, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

In the ordinary course of their various business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investment and securities activities may involve securities and instruments of the Issuer and Valeant. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments

The Initial Purchasers and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment banking and commercial banking services for the Issuer, and its affiliates, for which they received or will receive customary fees and expenses. In addition, Barclays Bank PLC is the administrative agent and collateral agent for the Credit Facilities. Also, affiliates of certain of the Initial Purchasers are lenders and/or agents under the Credit Agreement and may receive a portion of the proceeds from this offering. In connection with acting as underwriters and/or initial purchasers in various prior transactions for us, certain of the Initial Purchasers or their affiliates are named as defendants in litigation relating to those prior transactions and may seek indemnification from us under the applicable purchase agreement for any liability and expenses arising from such litigation.

VALIDITY OF THE NOTES

The validity of the notes offered hereby will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York, and for the Initial Purchasers by Cahill Gordon & Reindel LLP, New York, New York. Certain legal matters relating to Canadian law will be passed upon for us by Norton Rose Fulbright. Cahill Gordon & Reindel LLP has represented the Company in the past and continues to represent the Company on certain litigation matters.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements and the financial statement schedule of the Company, incorporated in this offering memorandum by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2016, and the effectiveness of internal control over financial reporting as of December 31, 2016, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein.

ANNEX A
CERTAIN INSOLVENCY CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

The following is an overview of certain insolvency considerations and limitations on the validity and enforceability of the guarantees and the security interests in the Collateral in certain jurisdictions outside of the United States and Canada in which a material portion of the Collateral is located.

France

Bausch & Lomb France S.A.S., BCF S.A.S. and Laboratoire Chauvin S.A.S., Guarantors of the Notes (the "French Guarantors"), are incorporated under the laws of France and, as such, any insolvency proceedings applicable to the French Guarantors may be governed by French insolvency law.

French courts may also have jurisdiction to commence insolvency proceedings with respect to other companies of the group if the conditions provided for under the Council Regulation (EC) No. 1346/2000 on insolvency proceedings, as amended (the "EU Insolvency Regulation") (if applicable) are met, or, if not applicable, in accordance with traditional French private international law.

The following is a brief description of certain aspects of insolvency law in France.

Grace Periods

Pursuant to Article 1343-5 of the French Civil Code, French courts may, in any civil proceeding involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule the payment dates or payment obligations over a maximum period of two years. In addition, pursuant to Article 1343-5, if a debtor specifically initiates proceedings thereunder, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of the principal. If a court order under Article 1343-5 of the French Civil Code is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court.

When the debtor is subject to conciliation proceeding, these provisions shall be read in combination with Article L. 611-7 of the French Commercial Code, see "—Conciliation Proceedings (Procédure de Conciliation)."

Insolvency—Cessation des Paiements

Under French law, a company is deemed insolvent (in cessation des paiements) when it is not able to pay its debts as they fall due out of its available and liquid assets, taking into account any moratorium which its creditors may have granted as well as any available liquidity reserves.

The debtor is required to petition for insolvency proceedings (either judicial reorganization or judicial liquidation) within 45 days of becoming insolvent unless it has initiated conciliation proceedings within the same period. If it does not, directors and, as the case may be, de facto managers, may be subject to civil liability. Insolvency proceedings may also be initiated upon the initiative of a creditor or of the State prosecutor, provided that the debtor is insolvent.

Court-Assisted Proceedings

Mandat ad hoc and conciliation proceedings are informal amicable proceedings carried out under the supervision of the President of the commercial court. A trustee (as the case may be, a mandataire ad hoc or a conciliateur) is appointed confidentially by the President of the commercial court in order to help the debtor reach an agreement with its creditors in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as trustee.

Mandat Ad Hoc Proceedings (Mandat Ad Hoc)

Mandat ad hoc proceedings are confidential proceedings available to solvent debtors. The process is voluntary, the legal representative of the company being the only one entitled to file a request with the President of the commercial court for the appointment of a *mandataire ad hoc*. A restructuring agreement may be negotiated between the company and its main creditors on a consensual basis—those creditors not willing to take part cannot be bound by the arrangement. In the event an agreement is reached, the President of the commercial court may acknowledge (*constater*) it but the acknowledged agreement will have no binding effect upon third parties and will not benefit from any statutory protections. There is no time limit for the duration of *mandat ad hoc* proceedings.

Conciliation Proceedings (Procédure de Conciliation)

A company may, in its sole discretion, request the commencement of conciliation proceedings (*procédure de conciliation*) with respect to itself, provided it (i) is not insolvent or has not been insolvent for more than 45 days, and (ii) experiences legal, economic or financial difficulties. The competent commercial court will appoint a conciliator (*conciliateur*) to help the company reach an agreement with its creditors for reducing or rescheduling its indebtedness. Such agreement may be either confidentially acknowledged (*constaté*) by the President of the commercial court (in which case the agreement becomes immediately enforceable (*exécutoire*)) or approved (*homologué*) by the commercial court. The main consequences of the approval (homologation) by the commercial court will be the following:

- creditors who provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy a preferential treatment in the event of subsequent insolvency proceedings; and
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements*, which is the starting date of the "hardening period" preceding the opening of insolvency proceedings (see below), cannot be fixed by the commercial court as of a date earlier than the date of the approval of the agreement.

Conciliation proceedings are also confidential, but, in case of approval by the commercial court, third parties are informed that such an agreement has been entered into, through a publication. Conciliation proceedings may last up to five months.

If a creditor seeks payment during conciliation proceedings, then pursuant to Article L. 611-7 of the French Commercial Code, the judge having opened the conciliation proceedings has jurisdiction to grant a grace period to the debtor, in accordance with article 1343-5 et seq. of the French Civil Code, provided that the debtor has received a formal notice requesting payment or faces enforcement measures, in which case the decision would be taken after having heard the conciliator. This judge also has jurisdiction to grant such a grace period during the implementation of the conciliation agreement (i.e., after the end of the conciliation proceedings), in relation to claims of non-consenting creditors (other than public creditors), provided that this agreement has been either recognized or sanctioned by a court decision, as discussed below.

Conciliation proceedings may also be the first step of:

- Either a so-called "prepack" sale of business to be implemented in subsequent judicial reorganization or judicial liquidation proceedings. Potential purchasers of the business are sought during the conciliation proceedings, and the sale of the company's business is then implemented very quickly after the opening of insolvency proceedings; or

- Accelerated safeguard or accelerated financial safeguard proceedings, see "—Safeguard Proceedings (Procédure de Sauvegarde)" and "—Accelerated Safeguard Proceedings (Procédure de Sauvegarde Accélérée)."

Safeguard Proceedings (Procédure de Sauvegarde)

The safeguard proceedings allows for the establishment of a restructuring plan under commercial court supervision before the company becomes insolvent. It is available only at the request of a debtor company. The objectives of safeguard proceedings are, in order of priority, to safeguard the debtor's activity, to safeguard jobs and to pay creditors. French insolvency proceedings are safeguard proceedings (including accelerated safeguard and accelerated financial safeguard proceedings), judicial reorganization proceedings and judicial liquidation. The debtor must be solvent (i.e., not unable to pay its due debts out of its available assets) but experiencing difficulties that cannot be overcome. Safeguard proceedings are public and include an automatic stay of all actions against the debtor for up to six months, renewable for an additional six months with commercial court approval and which can be extended to a maximum of 18 months upon request of the state prosecutor. During this period (the "observation period"), the debtor and the insolvency officers try to elaborate a viable restructuring plan (including a debt restructuring) called the "safeguard plan," and to have it adopted by the court.

During the observation period, payments by the debtor of any debts incurred prior to the commencement of the proceedings are prohibited, subject to limited exceptions. The supervising judge (*juge-commissaire*) can authorize payments for prepetition debts in order to discharge a lien on property needed for the continued operation of the business or get back goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*). Debts arising after the commencement of the safeguard proceedings will be given priority over debts incurred prior to the commencement of the safeguard proceedings if they relate to expenses necessary for the business's ordinary activities or are for the requirements of the proceedings.

One of the main features of the safeguard proceedings consists in the creation of two creditors' committees (mandatory for companies employing more than 150 persons or with a turnover exceeding €20 million, optional below such thresholds), one consisting of credit institutions and "assimilated entities" (including not only credit institutions but also any entity having granted credit facilities to the debtor, and any assignees of such receivables) and the other of the main trade creditors (creditors whose claim is equal to more than 3% of the company's total debt to its trade creditors), and a general meeting of noteholders (comprising all holders of all notes issued by the Company even they relate to different issues and no matter what the applicable law of those notes is) in the event the relevant debtor has issued bonds, to which the debtor submits a draft safeguard plan. Any member of the creditors' committees (but not of the general meeting of noteholders) is also entitled to submit a draft safeguard plan.

The plan is approved where members of each committee voting in favor of the plan account for at least two-thirds of the outstanding claims of the creditors expressing a vote. In cases where bonds have been issued by the relevant French company, the plan, if approved by the committees, is then submitted to the general meeting of noteholders (majority of two thirds of the outstanding claims of the noteholders expressing a vote). Each member of a committee or of the general meeting of noteholders must inform the court-appointed administrator of any agreement subjecting its vote to certain conditions or providing for the total or partial payment of its claim by a third-party or any subordination agreement. The court-appointed administrator can then modulate the voting rights of such a creditor, and submit to such creditor the conditions of calculation of its voting rights. In case of disagreement on this calculation, the creditor or the court-appointed administrator may seize the president of the court in summary proceedings. Those creditors or bondholders whose repayment terms are not affected by the draft plan or for which the draft plan provides for a full repayment in cash upon approval of the plan will not take part in the vote. The committees and the general meeting of noteholders, if any, shall vote on the plan within six months of the date of the judgment commencing the proceedings (subject to a potential court decision to postpone this deadline).

Creditors which are not members of committees and which are not noteholders are consulted on an individual basis on debt rescheduling, write-offs and/or debt-for-equity swaps. Creditors are deemed to have accepted the debt rescheduling or write-offs proposals if they fail to respond within 30 days from the receipt of the debtor's proposal. However, in respect to debt-for-equity swap proposals, the creditors' representative must obtain the agreement of each creditor in writing.

The plan submitted to the committees and the noteholders, if any, may include not only rescheduling of debts but also cancellation of debts and debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent). The plan may provide for a different treatment of creditors if their differences of situation so justify. The plan must "take into account" intercreditor subordination agreements entered into prior to the opening of the proceedings (which does not mean that the plan must necessarily be totally compliant with such agreements). Following approval by the creditors' committees and the general meeting of noteholders, if any, and subject to verification by the commercial court that creditors' interests are adequately preserved, the commercial court can approve the plan, in which case the plan will be binding also on dissenting members of the committees and on noteholders (if any). For those individual creditors which have not accepted the debtor's proposals, the commercial court can reschedule repayment of their claims over a maximum period of 10 years, except for debts with maturity dates of more than 10 years, in which case the maturity date may remain the same. The commercial court cannot oblige such creditors to waive part of their claim. The first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total admitted pre-filing liabilities).

The commercial court can also adopt a safeguard plan in the absence of creditors' committees (e.g., because such committees were not created or because they were dissolved following their failure to vote within the specified period or following their decision to reject the draft plan). In such a case, all creditors are consulted on an individual basis, as explained above (in particular, with respect to creditors rejecting the debtor's proposals, the commercial court can only impose a rescheduling of the repayment of the debts over a maximum period of 10 years, except for debts with maturity dates of more than 10 years, in which case the maturity date may remain the same).

Accelerated Safeguard Proceedings (Procédure de Sauvegarde Accélérée)

A company in the course of conciliation proceedings may request commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) if (i) while not being *en cessation des paiements* (i.e., being unable to pay its debts as they fall due out of its available assets) for more than 45 days when it initially requested the opening of conciliation, it is facing difficulties that it cannot overcome, (ii) it (x) has its accounts certified by a statutory auditor (*commissaire aux comptes*) or established by certified public accountant (*expert comptable*) and has (A) more than 20 employees or (B) a turnover greater than € 3 million excluding any applicable taxes or (C) total assets in its balance sheet greater than € 1.5 million or (y) establishes consolidated financial statements in accordance with Article L. 233-16 of the French Commercial Code and (iii) it has prepared, in the context of conciliation proceedings, a draft safeguard plan that aims to protect its operations in the long run and which is likely to be supported by a sufficiently large majority of the creditors to allow the adoption of the plan by the creditors' committees and the noteholders' general meeting within the duration of the procedure (i.e., three months from the opening judgment of the accelerated safeguard procedure).

The accelerated safeguard proceedings have been designed to "fast track" the safeguard proceedings for large companies. The regime applicable to accelerated safeguard proceedings is roughly similar to the regular safeguard proceedings, to the extent compatible with the accelerated timing in accelerated safeguard proceedings. Therefore, some provisions relating in particular to ongoing contracts and restitution claims made by owners benefiting from retention of title clauses are, for instance, excluded by law.

Trade creditors are involved in the accelerated safeguard proceedings. Where accelerated safeguard proceedings are opened, the credit institutions committee, the trade creditors' committee and the general meeting of noteholders are convened and are required to vote on the proposed accelerated safeguard plan within the minimum period of 15 days from delivery of the proposed plan (as applicable in safeguard proceedings).

As with traditional safeguard proceedings, the plan adopted in the context of accelerated safeguard proceedings may notably provide for rescheduling of debts, debt cancellation or debt-for-equity swaps (requiring the relevant shareholder consent).

The maximum duration of the accelerated safeguard proceedings is three months. If, during this period, no plan is adopted by the required majorities of the creditors' committee and the general meeting of noteholders, the commercial court shall terminate the accelerated safeguard proceedings.

Accelerated Financial Safeguard Proceedings (Procédure de Sauvegarde Financière Accélérée)

A company in the course of conciliation proceedings may request commencement of accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*). The regime applicable to accelerated financial safeguard proceedings is similar to that applicable to accelerated safeguard proceedings but it is designed to "fast-track" safeguard proceedings dealing with purely financial difficulties. The key difference between accelerated safeguard proceedings and accelerated financial safeguard proceedings is that the latter relate only to debts owed to so-called "financial debts" (i.e., debts towards entities that are eligible members of the credit institutions' committee and debts towards noteholders which are eligible members of the general meeting of noteholders described above), which are subjected to an automatic stay and dealt with under the safeguard plan. Other classes of creditors, such as suppliers or public creditors, are not affected by the proceedings. The company therefore continues to trade normally while the proceedings are pending, thus reducing significantly the impact of such safeguard proceedings on operational companies.

The same conditions mentioned above for the opening of accelerated safeguard proceedings also apply to a debtor eligible for accelerated financial safeguard proceedings, provided that the accounts of the debtor offer evidence that a plan prepared in the context of conciliation proceedings is supported by a large majority of those financial creditors who will be affected by the accelerated financial safeguard proceedings (as indicated in the preceding paragraph), and is likely to be adopted within the duration of the procedure.

The content of the safeguard plan and conditions of its adoption are the same as in accelerated safeguard proceedings, except that the credit institutions' committee and the general meeting of noteholders are required to vote on the proposed safeguard plan within a shortened minimum period of eight days of being notified of the proposed plan.

The duration of the accelerated financial safeguard proceedings must not exceed one month, unless the commercial court decides to extend it by one additional month. If, during this period, no plan is adopted by the required majorities of the financial creditors and noteholders (the same majority rules apply as in committees in regular safeguard proceedings), the commercial court shall terminate the accelerated financial safeguard proceedings and may not impose any uniform debt rescheduling on creditors.

Judicial Reorganization (Procédure de Redressement Judiciaire)

A judicial reorganization may be initiated with respect to a company incorporated in France (or a foreign company whose center of main interest is situated in France) if it cannot pay its due debts out of its available assets (i.e., if it is in *cessation des paiements*) provided that its financial situation is capable of improving.

Such proceedings may be initiated by the company, a creditor, the commercial court or the State prosecutor. The debtor is required to petition for insolvency proceedings within 45 days of becoming in *cessation des paiements* unless it has initiated a conciliation proceedings within the same period. If it does not, directors and, as the case may be, de facto managers, may be subject to civil liability.

The objectives of judicial reorganization proceedings are the same as those of safeguard proceedings. Most of the rules applicable to safeguard proceedings apply to judicial reorganization proceedings. In particular, the commencement of judicial reorganization proceedings triggers an automatic stay of proceedings against the debtor during the observation period (subject to the same limited exceptions). As with safeguard proceedings, the restructuring plan (the "reorganization plan") may be adopted by two creditors' committees (mandatory for companies employing more than 150 persons or with a turnover exceeding € 20 million, optional below such thresholds), one consisting of credit institutions and "assimilated entities" and the other of the main trade creditors (creditors whose claim is equal to more than 3% of the company's total debt to its trade creditors), and a general meeting of noteholders (comprising all holders of all notes issued by the company even they relate to different issues and no matter what the applicable law of those notes is).

The reorganization plan can combine all of the following: a debt restructuring, a recapitalization of the company, a debt-for-equity swap (always with the relevant shareholder approval) and the sale of certain assets or of portions of the business.

In addition, Law No. 2015-990 dated August 6, 2015 (known as "*loi Macron*") has introduced a new provision (Article L. 631-19-2 of the French Commercial Code) applicable to judicial reorganization proceedings opened as from August 7, 2015 in the cases where (i) a debtor (a) employs more than 150 employees or (b) controls one or more companies employing 150 employees, (ii) the disappearance of such debtor is likely to cause serious disturbance to the national or local economy and to local employment, and (iii) a share capital modification appears, after review of total or partial disposal plan solutions, the only credible solution to avoid such a disturbance and to allow the debtor's business activities to continue. In summary, if, in such event, a reorganization plan provides for a modification of the share capital in favor of one or more person(s) who undertake to execute the plan (e.g., the new majority shareholders) and the existing shareholders refuse to vote in favor of such share capital modification, the commercial court may, under certain procedural and substantial conditions (e.g., the payment to the evicted shareholders of an amount corresponding to the value of their shares, as determined by a commercial court-appointed expert if no agreement as to such value is reached among the parties) and upon request of the commercial court-appointed administrator or the State prosecutor, either (a) appoint a trustee (*mandataire de justice*) to vote in favor of a share capital increase in place of the dissenting shareholders or (b) order, in favor of the person(s) who have undertaken to execute the plan, the transfer of all or part of the shares owned by the dissenting shareholders who own a majority of voting rights or hold a blocking minority in the company. Any approval clause included in the company's constitutional documents is deemed null and void.

If no reorganization plan is drafted or if the draft reorganization plan appears obviously incapable of restoring the debtor's viability, the court may decide to adopt a sale plan (*plan de cession*), i.e., a plan whereby all or part of the business is sold to a third party which can cherry-pick the assets, contracts and employees, without (subject to certain exceptions) the need to obtain the consent of either the debtor, the creditors or the other party to certain contracts (such as lease-back agreements or supply agreements of goods and services). Any third party may make a bid to that effect as from the opening of judicial reorganization proceedings. If such a sale plan is adopted, the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of their claims. The sale price is generally significantly lower than the aggregate value of the assets, bearing in mind that the courts would endorse the most credible offer that would best ensure the preservation of jobs.

Judicial Liquidation (Procédure de Liquidation Judiciaire)

Such proceedings may be initiated by the company, a creditor or the State prosecutor if the debtor is cannot pay its due debts out of its available assets (i.e., if it is in "*cessation des paiement*") and its recovery is not possible. The aim of these proceedings is to liquidate a company and end its activities, by selling its business, either as a whole or per branch of activity or asset by asset. The activity is ended from the opening of proceedings, except if a sale of all or part of the business is feasible. In such a case, the court authorizes the company to continue its activity during a maximum period of three months (renewable once) to implement such a sale.

Liquidation proceedings trigger an automatic stay of proceedings against the company. However, secured creditors benefiting from a pledge are, where the applicable security arrangements so contemplate, entitled to enforce their security interest through a court-monitored allocation process (*attribution judiciaire*) (i.e., request the court to transfer ownership of the pledged asset(s)). In any case, secured creditors benefiting from a pledge or a mortgage are entitled to enforce their security interest if the liquidator has not commenced selling the asset subject to the pledge or mortgage within three months from the judgment opening the liquidation proceedings.

The commercial court will end the proceedings when either no due liabilities remain, the liquidator having sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

Void and Voidable Transactions

The date of insolvency (cessation des paiements) is generally deemed to be the date of the court decision commencing the judicial reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization or judicial liquidation proceedings or in a subsequent decision, a court may set the date on which the debtor became insolvent at an earlier date, up to 18 months prior to the court decision commencing the proceedings. This date is important because it marks the beginning of the "hardening period," which lasts until the opening of the insolvency proceedings. Certain transactions entered into by the debtor during the suspect period are, by law, automatically void or voidable by the court.

Automatically void transactions include in particular transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. Such transactions or payments must be set aside by the court if a claimant (the judicial administrator, the liquidator, the creditors' representative or the court-appointed trustee in charge of overseeing the implementation of the restructuring plan, or the State prosecutor) so requests. These include, notably, transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred, provisional measures (unless the right of attachment or seizure predates the date of insolvency), share options granted or sold during the suspect period, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of pre-existing debts.

Voidable transactions include, (i) transactions for consideration, (ii) payments of due and payable debts or (iii) notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at that time. In addition, transactions relating to transfers of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the suspect period. Unlike void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only "voidable."

There is no hardening period prior to the opening of safeguard proceedings, since the condition required to commence such proceedings is that the company is not insolvent (*en état de cessation des paiements*) within the meaning of French law.

Article L. 650-1 of the French commercial code also provides that when safeguard, accelerated financial safeguard, judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings are initiated, creditors cannot be held liable for damages resulting from facilities that they granted, unless they acted fraudulently or deliberately interfered with the management of the debtor or if security interests granted to secure such facilities (which may include bonds) were out of proportion with the latter. Case law has recently set out that this liability would also require that the granting of the facility be deemed to be wrongful. If the creditors are held liable, the security interests granted to secure the facility may be held void or reduced by a commercial court. The date at which the proportion should be analyzed is the date when the security interests were granted, not the date when they were enforced. With regard to the extent by which the security interests must exceed the amount of the facility to be considered "out of proportion" this is a question which is reviewed by French courts on a case-by-case basis.

Status of Creditors

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of the proceedings must file a proof of claim with the creditors' representative within two months of the publication of the commercial court commencing the proceedings in the *Bulletin Officiel des Annonces Civiles et Commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except with respect to very limited exceptions, barred from receiving distributions made in connection with the proceedings and their unasserted claims are unenforceable (*inopposables*) during the safeguard or reorganization plan and even after the plan if the obligations under the plan have been complied with. Employees are not subject to such limits and are preferential creditors under French law.

Contractual provisions that would accelerate the payment of the company's obligations upon the opening of insolvency proceedings or the occurrence of a state of *cessation des paiements* are not enforceable under French law. The commencement of liquidation proceedings, however, automatically accelerates the maturity of the company's obligations. If, however, the court authorizes the company to continue its activity because a sale of all of the business is feasible, the company's obligations which have not yet matured shall only mature as at the date of the judgment ordering such total sale of the business. The administrator may opt for the continuation (or not) of on-going contracts (*contrats en cours*) (except for employment contracts). The continuation of on-going contracts requires that the company fully performs its contractual obligations arising after the commencement of the insolvency proceedings. French insolvency law assigns priority to the payment of certain preferential creditors, including employees, the commercial court, officials appointed by the commercial court as required by the insolvency proceedings, certain post-petition creditors, certain secured creditors and the French tax authorities.

As from the commencement of insolvency proceedings:

- accrual of interest is suspended (except in respect of loans providing for an initial term of at least one year, or contracts providing for a payment which is differed by at least one year; even in such a case, accrued interest cannot bear themselves interest, notwithstanding Article 1343-2 of the French Civil Code (as it currently stands));
- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the insolvency proceedings, subject to specified exceptions which essentially cover the set-off of related debts (*compensation pour dettes connexes*), payments authorized by the supervising judge (*juge-commissaire*) to recover assets for which recovery is justified by the continued operation of the business; and
- creditors may not initiate or pursue any individual legal action against the debtor with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:
- to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due);

- to terminate or cancel a contract for non-payment of pre-opening amounts owed to the creditor; or
- to enforce the creditor's rights against any assets of the debtor (subject to limited exceptions).

French insolvency law assigns priority to the payment of certain preferential creditors, including in particular employees, the commercial court, officials appointed by the commercial court as required by the insolvency proceedings, certain creditors whose claims arose after the commencement of the insolvency proceedings, secured creditors and the French tax authorities. Some creditors may nevertheless bypass this order of priority, e.g., if they benefit from a retention right over certain assets.

Corporate Benefit Rules—Limitation on Enforcement of the Guarantee

The grant of a guarantee by a French Guarantor for the obligations of the Issuer under the Notes must be for the corporate benefit of such French Guarantor. Under Articles L.242-6 and L.244-1 of the French commercial code, directors and managers of a company incorporated as a *société par actions simplifiée* (simplified joint-stock company) such as the French Guarantors, may be prosecuted for misappropriation of corporate funds and/ or credit if they are determined to have, in bad faith, used the company's property or credit in a manner which they knew to be contrary to the company's interests for personal ends or for the benefit of another company in which they have a direct or indirect interest.

Furthermore, under French corporate benefit rules, a court could declare any guarantee unenforceable and void, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French Guarantor did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis.

The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

However, based on current case law certain inter-group transactions (including up-stream guarantees) can be in the corporate interest of the relevant company, in particular, where the following four criteria are fulfilled:

- existence of a genuine group of companies to which the guarantor and the person whose obligations are being guaranteed belong operating under a common strategy aimed at a common objective and the guarantee, and the transaction to which they relate, must be entered into in furtherance of the common economic interest of the group as a whole and the liability under the guarantee should be commensurate with such group benefit;
- the risk assumed by a French Guarantor must be proportionate to the benefit;
- the French Guarantor must receive an actual and adequate benefit, consideration or advantage from the transaction involving the granting by it of the guarantee which is commensurate with the liability which it takes on under the guarantee; and
- the obligations of the French Guarantor under the guarantee must not exceed its financial capability.

However, such criteria being subject to interpretation and depending on factual matters, the prudent approach prevailing in the French market is to create a strict correlation between the risk assumed and the benefit received by a French Guarantor without relying on the corporate benefit of the group (*intérêt social de groupe*) and applying the conditions listed above and therefore, limiting the amounts of the guarantee to the amounts on-lent to the French Guarantors as set out below.

Each Guarantee provided by a French Guarantor will apply only insofar as required to:

(i) guarantee the payment obligations under the Indenture and the notes of its direct or indirect subsidiaries which are or become Issuer or Note Guarantor from time to time under the Indenture and the notes and incurred by those subsidiaries as Issuer and Note Guarantors (without double counting). However, where such subsidiary is itself a Note Guarantor which guarantees the obligations of a member of the Group which is not a subsidiary of the relevant French Guarantor, the amounts payable by such French Guarantor under this paragraph (i) in respect of the obligations of this subsidiary as Note Guarantor shall be limited as set out in paragraph (ii) below; and

(ii) guarantee the payment obligations under the Indenture and the notes of each other Issuer or Note Guarantor which is not a direct or indirect subsidiary of that French Guarantor, provided that in each case such guarantee shall be limited to the payment obligations of such other Issuer or Note Guarantor under the Indenture and the notes provided that these shall not exceed an amount equal to the aggregate of all amounts made available (directly or indirectly) to such other Issuer or Note Guarantor under the Indenture and the notes and on-lent (directly or indirectly by way of intra-group loans) to such French Guarantor and outstanding from time to time (such amount being the "French Maximum Guaranteed Amount").

It being specified that any payment made by such French Guarantor in accordance with paragraph (ii) above in respect of the obligations of any other Issuer or Note Guarantor shall reduce pro tanto the outstanding amount of the intercompany loans (if any) due by such French Guarantor to that Issuer or Note Guarantor under the intercompany loan arrangements referred to above. For the avoidance of doubt, any payment made by a French Guarantor in respect of the payment obligations of an Issuer or a Note Guarantor referred to in paragraph (ii) above shall reduce the French Maximum Guaranteed Amount.

No French Guarantor will secure liabilities under the Indenture and the notes which would result in such French Guarantor not complying with French financial assistance rules as set out in Article L. 225-216 of the French Commercial Code (Code de commerce) and/or would constitute a misuse of corporate assets within the meaning of Article L. 242-6 or L. 244-1 of the French Commercial Code (Code de commerce) or any other law or regulations having the same effect, as interpreted by French courts.

No French Guarantor will be acting jointly and severally with the Issuer and/or the other Note Guarantors and no French Guarantor shall be deemed to be a "*co-débiteur solidaire*" as to its obligations arising under or in connection with any such guarantee given in accordance with the Indenture and the notes. By virtue of this limitation, each French Guarantor's obligations under the Note Guarantees could be significantly less than amounts payable with respect to the notes or a French Guarantor may have effectively no obligation under the Note Guarantee should the balance of the portion of the proceeds of the notes made available to a French Guarantor directly or indirectly be equal to or reduced to zero.

In addition, if a French Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arms' length basis, the difference between the actual economic benefit and that in a comparable arms' length transaction could be taxable under certain circumstances.

The rights of the holders of the notes under the Note Guarantee are also subject to the Intercreditor Agreement. See "Description of the Notes—Security—Intercreditor Agreement."

The Note Guarantee is also contractually adjusted so that such guarantee (together with the guarantee granted under the Credit Facilities) does not result in interest payments not being deductible for corporate income tax purposes when compared to the position that would have been applicable in the absence of such guarantee and indemnity obligations. By virtue of this limitation, a Note Guarantor's obligations under the Note Guarantee may be less than the amount that a noteholder could have claimed in the absence of such limitation.

Recognition of Intercreditor Arrangements by French Courts

There is no law or published decision of the French courts of appeal or of the French Supreme Court (*Cour de cassation*) on the validity or enforceability of the obligations of an agreement such as the Intercreditor

Agreement, except for Article L.626-30-2 of the French Commercial Code which states that, in the context of safeguard proceedings (applicable in judicial reorganization proceedings), the safeguard plan which is put to the vote of the creditors' committees takes into consideration (*prend en compte*) the provisions of subordination agreements between creditors which were entered into prior to the commencement of the safeguard proceedings. As a consequence, except to the extent referred to above (which, as at the date of this offering memorandum, has received no judicial interpretation), we cannot rule out that a French court would not give effect to certain provisions of the First Lien Intercreditor Agreement.

Fraudulent Conveyance

French law contains specific provisions dealing with fraudulent conveyance both in and outside of insolvency proceedings, called action paulienne provisions. The action paulienne offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such person's or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant person by, as the case may be, the creditors' representative or the trustee in charge of overseeing the implementation of the restructuring plan (*commissaire à l'exécution du plan*) of the relevant debtor, or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the debtor's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person's creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*), in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. If a court found that the issuance of the notes, the granting of a guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the notes, the granting of such guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor that lodged the claim in relation to the relevant act. As a result of such successful challenges, the noteholders may not enjoy the benefit of the notes, the guarantees and the value of any consideration that the noteholders received with respect to the notes, the guarantees could also be subject to recovery from the noteholders and, possibly, from subsequent transferees. In addition, under such circumstances, the noteholders might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Note Guarantors as a result of the fraudulent conveyance.

Germany

Insolvency

Several of the Note Guarantors are organized under the laws of Germany and have their registered office in Germany. There is a rebuttable presumption that the "centre of main interest" as defined in the Council of the European Union Regulation No 1346/2000 on Insolvency Proceedings is the jurisdiction where the registered office is situated. Consequently, any insolvency proceedings with regard to such Note Guarantors (together, the "German Guarantors"), is likely to be initiated in Germany and, if the German Guarantors were held to have its centre of main interest within the territory of Germany at the time the application for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, German insolvency law would most likely govern such proceedings. The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*) may not be as favorable to creditors as the insolvency laws of other jurisdictions, including, inter alia, in respect of priority of creditors' claims, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and hence may limit the ability of the recovery of payments due on the notes to an extent exceeding the limitations arising under other insolvency laws. However, pursuant to the EU Insolvency

Regulation, the jurisdiction of the German courts may be limited if the company's "centre of main interests" is found to be in a Member State other than Germany. This issue is to be determined at the time when the competent court decides on the commencement of the relevant insolvency proceedings.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, there is no group insolvency concept, which generally means that, despite the economic ties between various entities within one group of companies, there will be one separate insolvency proceeding for each of the entities if and to the extent there exists an insolvency reason on the part of the relevant entity. Each of these insolvency proceedings will be legally independent from all other insolvency proceedings (if any) within the group. In particular, there is no consolidation of assets and liabilities of a group of companies in the event of insolvency and no pooling of claims among the respective entities of a group. A draft act to facilitate the mastering of group insolvencies (*Entwurf eines Gesetzes zur Erleichterung der Bewältigung von Konzerninsolvenzen*) is currently under discussion in Germany. However, according to this draft act it is mainly intended to provide for coordination of and cooperation between insolvency proceedings of group companies. The draft act does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims amongst the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceedings; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*). It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court ex officio, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or if the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). According to the relevant provision of the German Insolvency Code (Insolvenzordnung), a debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor's business as a going concern is predominantly likely (*positive Fortführungsprognose*). As a guideline, the debtor is deemed illiquid if it is unable to pay 10% or more of its due and payable liabilities during the subsequent three weeks, unless it is virtually certain that the company can close the liquidity gap shortly thereafter (*demnächst*) and it can be deemed acceptable to the creditor to continue to wait for the payments owed by such debtor. If a stock corporation (*Aktiengesellschaft*—AG), a European law stock corporation based in Germany (Societas Europaea—SE) or a limited liability company (*Gesellschaft mit beschränkter Haftung*—GmbH) or any company not having an individual as personally liable shareholder becomes illiquid and/or over-indebted, the management of such company and, under certain circumstances, its shareholders are obliged to file for the opening of insolvency proceedings without undue delay, however, at the latest within three weeks after the mandatory insolvency reason (i.e., illiquidity and/or over-indebtedness) occurred. Non-compliance with these obligations exposes management to both severe damage claims as well as sanctions under criminal law. In addition, imminent illiquidity (*drohende Zahlungsunfähigkeit*) is a valid insolvency reason under German law which exists if the company currently is able to service its payments obligations, but will presumably not be able to continue to do so at some point in time within a certain prognosis period. However, only the debtor, but not the creditors, is entitled (but not obliged) to file for the opening of insolvency proceedings in the event of an imminent illiquidity of the debtor.

The insolvency proceedings are controlled by the competent insolvency court which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures (*vorläufige Maßnahmen*) to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's moveable assets during these preliminary proceedings. In addition, the court will generally also appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*), unless the debtor has petitioned for debtor-in-possession status (*Eigenverwaltung*)—an insolvency proceeding in which the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a custodian (*Sachwalter*). The order for opening an insolvency proceeding as debtor-in-possession proceeding requires that (i) it has been requested by the debtor and (ii) no circumstances are known which lead to the expectation that the order will place the creditors at a disadvantage. If the debtor's request for debtor-in-possession proceeding does not manifestly lack the prospect of success, the court shall in the opening proceedings refrain from (i) imposing on the debtor a general prohibition on making dispositions or (ii) ordering that all of the debtor's dispositions are effective only with the consent of a preliminary insolvency administrator. In this case, instead of a preliminary insolvency administrator, a preliminary custodian (*vorläufiger Sachwalter*) shall be appointed who shall supervise the management of the debtor in the preliminary insolvency proceeding (*vorläufige Eigenverwaltung*).

If the debtor has filed a petition for the opening of insolvency proceedings based on an insolvency reason other than illiquidity (i.e., imminent illiquidity or over-indebtedness), combined with a petition to initiate such process based on a debtor-in-possession status and can prove (by way of a certification provided by a tax advisor, accountant or lawyer with experience in insolvency matters) that a restructuring of its business is not obviously futile (*offensichtlich aussichtslos*), the court shall, upon the request of the debtor, set a deadline of up to three months for submission of an insolvency plan (*Schutzschirm*). During this period, the creditors' rights to enforce security may—upon application of the filing debtor—be suspended. Under these circumstances, the insolvency court has to appoint a preliminary custodian (*vorläufiger Sachwalter*) to supervise the process. The debtor is entitled to suggest an individual to be appointed as custodian with such suggestion being binding on the insolvency court unless the suggested person is obviously not eligible to become a custodian (i.e., is obviously not competent or impartial).

Depending on the size of the debtor's business operations and several other circumstances, the insolvency court must or may appoint a preliminary creditors' committee (*vorläufiger Gläubigerausschuss*). The preliminary creditors' committee will be asked for their view on a petition for debtor-in-possession status, or on the profile of the (preliminary) insolvency administrator to be appointed or to suggest a particular individual to be appointed by the court. In case the members of the preliminary creditors' committee unanimously agree on an individual, such suggestion is binding on the court (unless the suggested individual is not eligible; i.e., not competent and/or not impartial). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it shall comprise a representative of the secured creditors, one for the large creditors and one for the small creditors as well as one for the employees.

The duties of the preliminary insolvency administrator are, in particular, to safeguard and to preserve the debtor's assets (which, depending on the circumstances, includes the continuation of the business carried out by the debtor), to verify the existence of an insolvency reason and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. The court orders the opening of formal insolvency proceedings (*Eröffnung des Insolvenzverfahrens*) if certain requirements are met, in particular if there are sufficient assets (*Insolvenzmasse*) to cover at least the costs of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open formal insolvency proceedings if third parties (e.g., creditors) advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will be dismissed for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of formal insolvency proceedings, an insolvency administrator (*Insolvenzverwalter*) (usually, but not necessarily, the same person who acted as preliminary insolvency administrator) is appointed by the insolvency court unless a debtor-in-possession status (*Eigenverwaltung*) is ordered. In case the court orders for a debtor-in-possession status, the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a custodian (*Sachwalter*). In the absence of a debtor-in-possession status, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator with the insolvency creditors (*Insolvenzgläubiger*) only being entitled to request the change of the individual appointed as insolvency administrator at the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by head count and amount of insolvency claims) has voted in favor of the proposed individual becoming the new insolvency administrator and (ii) the proposed individual be eligible as officeholder (i.e., sufficiently qualified, business-experienced and impartial). The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's business. These new liabilities incurred by the insolvency administrator qualify as preferential claims against the estate (*Masseverbindlichkeiten*) which are preferred to any insolvency claim of an unsecured creditor (with the residual claim of a secured insolvency creditor remaining after realization of the available collateral (if any) also qualifying as unsecured insolvency claim).

From the perspective of the holders of the notes, among others, some important consequences of such opening of formal insolvency proceedings against any German Guarantor or any of their relevant subsidiaries that are subject to the German insolvency regime would be the following:

- the right to administer and dispose of the assets of the insolvent entity would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate, unless the court orders debtor-in-possession proceedings (*Eigenverwaltung*);
- if the court does not order debtor-in-possession status (*Eigenverwaltung*) with respect to such insolvent entity, disposals effected by the management of such insolvent entity, after the opening of formal insolvency proceedings, are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings has acquired through execution (e.g., attachment) a security interest in part of such insolvent entity's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings;
- claims against such insolvent entity may only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and
- any person that has a right for separation (*Aussonderungsrecht*) (i.e., the relevant asset of this person does not constitute part of the insolvency estate) does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)), wishing to assert claims against the insolvent debtor need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code (*Insolvenzordnung*). Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Absonderungsrechte*). Depending on the legal nature of the security interest entitlement to enforce such security is either vested with the secured creditor or the insolvency administrator. In this context, it should be noted that the insolvency administrator generally has the sole right to realize any moveable assets in his/the debtor's possession which are subject to preferential rights (e.g., liens over movable assets (*Mobiliarsicherungsrechte*) or security transfer of title (*Sicherungsübereignung*)) as well as to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). In the case of creditors secured by pledges over shares or company interests forming part of the insolvency estate it is, in the absence of authoritative case law, uncertain whether the creditors are entitled to initiate the enforcement process in respect of the pledged shares on their own or whether the insolvency administrator has the right to realize the pledges on behalf of and for the benefit of the secured creditors.

In case the enforcement right is vested with the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds plus VAT (if any), are disbursed to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. With the remaining unencumbered assets of the debtor the insolvency administrator has to satisfy the creditors of the insolvency estate (*Massegläubiger*) first (including the costs of the insolvency proceedings as well as any preferred liabilities incurred by the insolvency estate after the opening of formal insolvency proceedings). Thereafter, all other claims (insolvency claims—*Insolvenzforderungen*), in particular claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is value remaining in the insolvency estate (*Insolvenzmasse*) after the security interest and the preferential claims against the estate have been settled and paid in full.

The preferential right (*Absonderungsrecht*) of a creditor may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator must, however, compensate the creditor for any loss of value resulting from such use.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law, while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings (*Massegläubiger*) generally rank senior to the claims of regular, unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other non-subordinated creditors (including the unsecured insolvency claims) have been fully satisfied.

The following subordinated claims shall be satisfied ranking below the other unsubordinated claims of insolvency creditors in the order given herein, and in proportion to their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offense binding the debtor to pay money; (iv) claims on the debtor's gratuitous performance of a consideration; (v) claims for the restitution of shareholder loans (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan; and (vi) claims which the creditor and the debtor agreed to be subordinated in insolvency proceedings.

Under certain circumstances, restrictive covenants and undertakings in finance documents may result in the relevant creditor being considered to hold a "shareholder-like position" (*gesellschafterähnliche Stellung*) in the insolvent entity. In that event, in an insolvency proceeding over the assets of such insolvent entity, the claims against that entity would be treated as a subordinated insolvency claim (*nachrangige Insolvenzforderungen*) in accordance with the rules applying to shareholder loans. A third party acquiring the claims that are subject to the rules of the treatment of shareholder loans will itself be exposed inter alia to a claw back risk with respect to repayments that have been made within the period of one year prior to the request to open insolvency proceedings or subsequent to such request (section 135 of the German Insolvency Code). Subordinated insolvency claims are not eligible to participate in the insolvency proceedings over the assets of the debtor (or in any transaction security) unless the insolvency court handling the case has granted special permission allowing these subordinated insolvency claims to be filed which is not granted in the majority of insolvency cases governed by German law. To the extent any creditor that benefited from the transaction security was a subordinated creditor, potential sharing and equalization provisions in the finance documents could result in holders who are not subordinated suffering a shortfall on the amount they recover.

While in ordinary insolvency proceedings aiming at the liquidation of the relevant insolvent debtor, the value of the insolvent entity's assets may be realized by a piecemeal sale or, as the case may be, by a bulk sale of the entity's business as a going concern, a different approach aiming at the rehabilitation of such entities can be taken based on an insolvency plan (*Insolvenzplan*). Such plan can be submitted by the debtor or the insolvency administrator and requires, among other things and subject to certain exceptions, the consent of each class of creditors in accordance with specific majority rules and the approval of the insolvency court (while a group of dissenting creditors or the debtor can—under certain circumstances—be crammed down). The insolvent entity itself may only oppose the proposed plan if the plan is detrimental to the insolvent company (in comparison to an ordinary insolvency proceeding) or if any creditor will receive a higher economic value than the amount of its claim. If the debtor is a corporate entity, also the shares or, as the case may be, the membership rights in the debtor can be included in the insolvency plan (e.g., they can be transferred to third parties, including a transfer to creditors based on a debt-to-equity swap). In this case, the adoption of the insolvency plan generally also requires the consent of the group of the shareholders. However, the group of dissenting shareholders can—under certain circumstances—also be crammed down.

Under the German Insolvency Code, the insolvency administrator (or in case of debtor-in-possession proceedings, the custodian) may void (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the commencement of formal insolvency proceedings during applicable voidable periods. Generally, if transactions, performances or other acts are successfully voided by the insolvency administrator, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvency estate plus accrued interest. The administrator's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to ten years prior to the filing for the commencement of insolvency proceedings. In the event of insolvency proceedings with respect to any insolvent entity based on and governed by the insolvency laws of Germany, the payment of any amounts to the holders as well as the granting of Collateral for or providing credit support for the benefit of the notes could be subject to potential challenges (i.e., clawback rights) by an insolvency administrator under the rules of avoidance as set out in the German Insolvency Code (I*nsolvenzordnung*). In the event such a transaction is successfully voided (*angefochten*), the holders of the notes may not be able to recover or retain any amounts under the notes or the Collateral and may participate in the insolvency proceedings as unsecured creditor only. If payments have already been made under the notes or Collateral, any amounts received from a transaction that had been voided would have to be repaid (plus accrued interest) to the insolvency estate (*Insolvenzmasse*). In this case, the holders of the notes may only have a general unsecured claim under the notes without preference in insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a legal transaction (*Rechtsgeschäft*) (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code (*Insolvenzordnung*) in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that clearly suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that clearly suggest such illiquidity or filing);
- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the

other insolvency creditors (or had knowledge of circumstances that clearly suggest such detrimental effect);

- a legal transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew either of the debtor's illiquidity or of such filing at the time of the transaction;
- any act by the debtor without (adequate) consideration (e.g., whereby a debtor grants security for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;
- any act performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intention of prejudicing its insolvency creditors (*vorsätzliche Gläubigerbenachteiligung*) and the beneficiary of the act knew of such intention at the time of such act. Such intention of the debtor and the respective knowledge of the beneficiary shall be presumed if the debtor and the beneficiary knew of the debtor's imminent insolvency, and that the transaction constituted a disadvantage for the creditors;
- any non-gratuitous contract concluded between the debtor and an affiliated party that directly operates to the detriment of the creditors can be voided unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded; in relation to corporate entities, the term "affiliated party" includes, subject to certain limitations, members of the management board or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;
- any act that provides security or satisfaction (*Befriedigung*) for a claim of a shareholder for repayment of a shareholder loan or a similar claim if (i) in the case of the provision of security, the act took place during the last ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of the insolvency proceedings or after the filing of such petition; or
- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the satisfaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor (*Garant*) or provider of surety (*Bürge*) (in which case not the third party but the shareholder must compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if he or she knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to an "affiliated party," there is a general statutory presumption that such party had "knowledge."

The granting of security concurrently with the incurrence of debt may be qualified as a "cash transaction" (*Bargeschäft*). In case of such "cash transaction", the avoidance risk can—under certain circumstances—substantially be reduced.

The German legislature is currently discussing a draft amendment concerning the statutory avoidance provisions in the German Insolvency Code (*Insolvenzordnung*). Amendments are envisaged with regards to, among others, the provisions for avoidance claims in connection with willful disadvantage of the creditors, for cash transactions (*Bargeschäfte*) and the interest rates on avoidance claims. It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

Apart from the examples of an insolvency administrator voiding transactions according to the German Insolvency Code (*Insolvenzordnung*) described above, a creditor who has obtained an enforcement order (*Vollstreckungstitel*) could possibly also void any security right or payment performed under the relevant security right according to the German Law of Avoidance (*Anfechtungsgesetz*) outside formal insolvency proceedings. The prerequisites vary to a certain extent from the rules described above and the avoidance periods are calculated from the date a creditor exercises its rights of avoidance in the courts.

Security

Under German law it is unclear whether all of the security interests in the collateral give a collateral agent a right to prevent other creditors of a guarantor or security provider from foreclosing into and realizing the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their rank) in the distribution of any proceeds of such realization, but not an intervention right (*Drittwiderspruchsrecht*). Accordingly, the collateral agent and the holders of the interests in the notes may not be able to avoid foreclosure by other creditors into the collateral, even if they consider such foreclosure untimely. Moreover, enforcement of the collateral through the German courts may become time-barred or subject to defenses of setoff or counterclaim.

Global Assignments

Under German law, in particular the basic principle of priority (Prioritätsgrundsatz), receivables can only be validly assigned if, at the time the assignment is made, the assignor has unencumbered title to such receivable or is authorized by the holder of the receivable to assign such receivable to the relevant assignee. In general, German law does neither recognize any bona fide acquisition (gutgläubiger Erwerb) of receivables nor can a pledge of receivables be validly granted solely on a bona fide basis.

If the creditor and the debtor of a receivable have contractually restricted the assignment of such receivable it cannot be validly assigned unless it is a commercial monetary claim (i.e., claim for the payment of money) governed by German law and the underlying agreement giving rise to such claim constitutes a commercial transaction (*Handelsgeschäft*) or the debtor under such claim is a public law entity (*juristische Person des öffentlichen Rechts*) or public special fund (*öffentlich-rechtliches Sondervermögen*).

Under German law, a debtor may

- invoke against an assignee all defenses it possesses against the assignor at the time of the assignment of the claim; and
- under certain circumstances, set-off against the assignee an existing claim which the debtor has against the assignor.

An assignee must give credit for any payment or other act of performance by the debtor in favor of the assignor after the assignment unless the debtor knew of the assignment at the time of performance. In addition, any legal transaction entered into after the assignment between a debtor (being unaware of the assignment) and the assignor in respect of the debt will have effect against the assignee. If, in any court action between the debtor and the assignor subsequent to the assignment, a final judgment has been delivered, the assignee is bound by that judgment, unless the debtor knew of the assignment at the date when the action was first commenced.

Receivables which are subject to or result from a current account relationship (*Kontokorrentverhältnis*) come into in rem existence and can validly be assigned only

- on each balance date (*Abrechnungsstichtag*), (but until such current account relationship is terminated such claims are subject to the continuing current account relationship); and
- upon termination of the current account relationship (whether by notice or by the initiation of insolvency proceedings in relation to any party or otherwise in relation to such current account relationship).

An assignment of rights and claims may only be effective if the rights and claims to be assigned are identifiable (bestimmbar) at the time of the assignment or transfer.

Finally, in case of an assignment of receivables where the underlying supply is subject to value added tax, such as trade receivables, the assignor and the assignee will be jointly liable for the payment of such value added tax.

Pledges

The same limitations as set out above apply to pledges as a receivable may not validly be pledged if the transfer of such receivable is restricted. Also, under German law, a pledge may only be validly created in favor of the creditor(s) of the secured claims and the pledgor will need to notify the relevant debtor of a pledged claim of such pledge in order to create a valid pledge. Due to the accessory nature of the pledges, the security interests granted as pledges have been created in favor of the collateral agent acting in its capacity as creditor of a parallel debt. See "—Accessory Security Interests / Parallel Debt" below.

Since German law does not generally permit for an appropriation of pledged assets by the pledgee upon the occurrence of an enforcement event, an enforcement of a share pledge governed by German law usually requires the sale of the relevant collateral through a formal disposal process involving a public auction. Certain waiting periods and notice requirements may apply for such disposal process.

Accessory Security Interests/Parallel Debt

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) are of strict accessory nature and are therefore dependent on the secured claims and require that the security holder and the creditor of the secured claim be identical. Therefore, pledges may only be granted to the creditor of a claim to be secured by the accessory security interest and other accessory interests. Such accessory security interests (*akzessorische Sicherungsrechte*) cannot be held for the benefit of a third party by a pledgee who does not itself hold the secured claim and (i) will automatically lapse to the extent a secured claim is settled, discharged or novated and (ii) may not be assigned independently, but would automatically follow the claims they secure in case the relevant secured claim is assigned.

The accessory security interests will be granted to the collateral agent. The collateral agent is however not a creditor under the notes. The holders of the notes on the other hand are creditors under the notes and the Note Guarantees but the holders of the interests in the notes from time to time will not be parties to the Collateral Documents. In order to permit the holders of the notes from time to time to benefit from pledges granted to the collateral agent under German law the Collateral Documents provide for the creation of a so called "parallel debt" obligation created under the First Lien Intercreditor Agreement in favor of the collateral agent rather than secure the claims of holders of the notes directly. The pledges governed by German law will directly secure, in particular, the parallel debt.

Pursuant to the parallel debt, the collateral agent becomes the holder of a claim equal to each amount payable by an obligor under, in particular, the notes, the Note Guarantees and the Indenture, and any payment in respect of the principal obligations will discharge the corresponding parallel debt and any payment in respect of the parallel debt will discharge the corresponding principal obligations. Although the collateral agent will have, pursuant to the parallel debt, a claim against the debtors under the notes and the Note Guarantors for the full principal amount due under the notes, there are no published court decisions confirming the validity of the parallel debt structure and of the pledges granted under German law to secure such parallel debt. Therefore, it cannot be ruled out that such concept will not be recognized by German courts and hence there is no certainty that German courts will uphold such pledges. Therefore, the ability of the collateral agent to enforce the collateral may be restricted.

Moreover, the collateral agent does not hold the pledges or the parallel debt in trust. This means that in the case of an insolvency of the collateral agent, the insolvency administrator over the insolvency estate of the collateral agent may successfully claim that there is no right for separation (Aussonderungsrecht) of the holders with respect to the secured claims. As a consequence the secured claims (including the parallel debt) and the accessory security rights would remain with the (then insolvent) collateral agent.

Standard Business Terms

The Collateral Documents may qualify as standard business terms (*Allgemeine Geschäftsbedingungen*). Standard business terms are subject to certain mandatory legal requirements, inter alia, they must be readily understandable (transparent) and not unduly burdensome to the average addressee. If any such requirements are not complied with, the relevant standard business terms would be void and replaced by applicable statutory law.

Excessive Collateral

According to the case law of the German Federal Court, collateral, and the agreements granting such collateral, can be void if an initial over-collateralization (*anfängliche Übersicherung*) is constituted which is so excessive that it must be considered as being "against good ethics" (*gegen die guten Sitten*). If, at the time of entering into a security agreement, it is already certain that the realizable value of the collateral is significantly out of proportion to the claim secured, the entire German collateral could be regarded as an initially excessive collateralization. Although no specific case law exists, a decision by the German Federal Court indicates that the loan-to-collateral ratio would be beyond the threshold applied to subsequent excessive collateralization if the value of the collateral is more than 150 percent of the amount of the secured obligations. Any valuation, however, will be based on the realizable value taking into account any possible discount on the current market value, arising, e.g. from a sale in the then current situation. In addition, the over-collateralization, in order to be regarded as initially excessive, must be based on a creditor's reprobate attitude (*verwerfliche Gesinnung*), which is assumed if a creditor, out of self-interest, displays an ethically unbearable recklessness against a debtor. In exceptional circumstances, an excessive loan-to-collateral ratio can, itself, justify the assumption of a reprobate attitude.

If the realizable value of the collateral at any date after having been granted not only temporarily exceeds the amount of the secured claims by more than 10 percent, the subsequently excessively secured (*nachträglich übersichert*) creditor is, according to the case law of the German Federal Court, regularly obliged to release collateral back to the debtor insofar as the estimated realizable value of collateral, which depends on the risks of realization of the collateral and on the market situation, exceeds the secured amount by more than such 10 percent. In order to determine the realizable value of the collateral granted, the German Federal Court allows for a reduction of the face value of the collateral, thus, permitting that the face value of the collateral is up to 150 percent of the amounts secured from time to time. In case and to the extent that the realizable value of the aggregate collateral exceeds 110 percent of the secured obligations, the secured creditor would, on demand by the collateral provider, have to release excess collateral.

Limitations on Validity and Enforceability of the Guarantees and the Security Interests

Each of the German Guarantors guaranteeing and providing collateral is established in the form of a German limited liability company ("GmbH") (each a "German GmbH Subsidiary Guarantor"). Consequently, the granting of a Note Guarantee or Collateral by such German GmbH Subsidiary Guarantor is subject to certain provisions relating to preservation of the statutory capital under the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, "GmbHG"). These provisions would also apply to any future guarantor incorporated in the form of a GmbH or established as a limited partnership with a limited liability company as general partner ("GmbH & Co. KG"; the German GmbH Subsidiary Guarantor, any future subsidiary of the Issuer incorporated as a GmbH or established as a GmbH & Co. KG are hereinafter jointly referred to as a "German Subsidiary Guarantors" and each a "German Subsidiary Guarantor").

The enforcement of the Note Guarantee and of the Collateral granted by a German Subsidiary Guarantor to secure the Issuer's debt will be limited if, and to the extent, payments under the Note Guarantee or the enforcement of the Collateral would cause the amount of such German Subsidiary Guarantor's (or in the case the German Subsidiary Guarantor is a GmbH & Co. KG, its general partner's) net assets (i.e., total assets less liabilities and liability reserves) in accordance with the German Commercial Code (*HGB*)) to fall below the amount of its stated share capital.

As a general rule, the provisions of the GmbHG prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbHs net assets would fall below the amount of its stated share capital (*Stammkapital*) or an already negative amount of its net assets would further be reduced and prohibit payments to shareholders which render the German Subsidiary Guarantor unable to pay its debts as they fall due. Guarantees or security interests granted by a German Subsidiary Guarantor in respect of liabilities or payments of a direct or indirect parent or sister company as well as payments under any arrangements that are not at arm's length terms are considered disbursements under the provisions of the GmbHG.

In order to enable German Subsidiary Guarantors to grant Guarantees and to provide Collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating the provisions of the GmbHG and to limit any potential personal liability of management, it is standard market practice for credit agreements, indentures, guarantees and collateral documents to contain so called "limitation language" in relation to subsidiaries incorporated in Germany in the legal form of a GmbH or a GmbH & Co. KG.

Pursuant to such "limitation language," the secured parties contractually agree, subject to certain exemptions, to enforce the security interests and the beneficiaries of the guarantees agree to enforce the guarantees against a German subsidiary which is a GmbH or GmbH & Co. KG (or to release the proceeds of an enforcement, as applicable) only if and to the extent that such enforcement does not result in the subsidiary's—or, in case of a GmbH & Co. KG, in the general partner's—net asset falling below the amount of its stated share capital or increasing such shortfall in order to avoid a violation of the applicable provisions of the German GmbHG.

Accordingly, as a matter of German corporate law, the documentation with respect to the Collateral and the Note Guarantee, to the extent provided by a German Subsidiary Guarantor, contains or will contain such contractual limitation language. This could lead to a situation in which the respective Note Guarantee or Collateral granted by such German Subsidiary Guarantor cannot be enforced at all and the holders of the notes will lose the benefit of the Note Guarantee or Collateral, respectively.

The German capital maintenance rules and the other provisions referred to above are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of German Subsidiary Guarantors, which can negatively affect the ability of the Issuer to make payment on the notes or of a German Subsidiary Guarantors to make payments on the Note Guarantee or negatively affect the ability to enforce the Collateral.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so called "destructive interference" (*existenzvemichtender Eingriff*) (i.e., a situation where a shareholder deprives a German Subsidiary Guarantor of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of the Note Guarantee or any Collateral granted by a German Subsidiary Guarantor. In such case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of the Note Guarantee and/or Collateral by a German Subsidiary Guarantor. Furthermore, the beneficiary of a transaction effecting a repayment of the stated share capital of the respective German Subsidiary Guarantor of the Note Guarantee or Collateral could become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of bonos mores (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that a German Subsidiary Guarantor when granting the Note Guarantee and/or the Collateral was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Hardening Periods and Fraudulent Transfer

In the event of insolvency proceedings with respect to a German subsidiary of the Issuer based on and governed by the insolvency laws of Germany, an insolvency administrator (*Insolvenzverwalter*) (or in the event debtor-in-possession status has been granted, the preliminary trustee (*Sachwalter*) may possibly challenge (*anfechten*) under the rules of avoidance as set out in the German insolvency code (*Insolvenzordnung*) (i) a guarantee granted by that entity, (ii) payments that have been made (under the Note Guarantee or in relation to any collateral), if such payments have already been made or (iii) any other collateral granted by that entity. For details of such voidance rights, see "—Insolvency."

Creditor Liability

The beneficiary of a transaction effecting a repayment of the stated share capital of the grantor of the guarantee or security could moreover become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if for example the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of contra bonos mores (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee or security has been close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto. Under such circumstances, the Note Guarantees or other collateral may also be invalid.

Hungary

The notes will be guaranteed by VALEANT PHARMA Hungary LLC, a limited liability company incorporated under the laws of Hungary, or the "Hungarian Guarantor".

Limitation on Enforceability

In general, a Hungarian court will apply Hungarian private international law regime when determining choice of law issues in respect of private law claims. Accordingly, the enforceability of U.S. federal securities laws or judgments of U.S. courts (e.g., stay orders in moratorium) may be decided on a case by case basis.

A judgment in relation to any Note Guarantee obtained against the Hungarian Guarantor from a New York Court will not be directly recognized by the Hungarian courts in the absence of relevant reciprocity arrangement, bilateral or multilateral international agreements for the mutual enforcement of civil law judgments or local law (at present none of them are available). However, separate legal proceedings may be commenced in the Hungarian courts for an amount due under a judgment given by the New York Courts and that judgment may be deemed by the Hungarian courts in separate proceedings to be conclusive (as evidence or otherwise) in Hungary as between the parties as to all relevant issues upon which it adjudicates. The Hungarian courts have wide discretion, but recognition may be generally granted unless the judgment can be impeached pursuant to Hungarian mandatory rules (e.g., the recognition and/or enforcement of the judgment would be contrary to the public policy of Hungary, the relevant court in the U.S. had no jurisdiction or generally accepted international procedural principals have not been complied with).

The express choice of the laws of the State of New York is subject to mandatory provisions of Hungarian law that in exceptional circumstances (e.g., breach of public policy, the choice results in illegality or the choice is not bona fide) competent Hungarian courts may change, invalidate or supplement (e.g., new terms of contract) certain provisions of the transaction documents and/or related rights and/or obligations of the contracting parties.

The enforceability of obligations assumed by the Hungarian Guarantor are subject to Hungarian corporate, bankruptcy and insolvency law that under exceptional circumstances protecting the interest of the creditors and/or minority owners may allow for a challenge of certain obligations that may eventually lead to the nullification of agreements or certain provisions (e.g., agreement to obtain security interest or receive pre-payments in a pre-petition period with the intention to defraud or mislead other creditors, with liquidation challenge look back periods of 5 years, 2 years, 90 days and 60 days). The successful challenge may even result in the termination of registered pledges or repayment obligations or in setting aside various contractual terms.

Hungarian Insolvency Considerations

Hungarian insolvency proceedings, including bankruptcy, liquidation and winding up (voluntary liquidation) proceedings, are non-contentious proceedings and extend to all assets of the Hungarian Guarantor existing on the commencement date.

Bankruptcy

The purpose of bankruptcy proceedings is to make arrangements for the settlement of creditors' claims against a debtor. As part of bankruptcy proceedings, a debt moratorium lasting between 120-360 days could be ordered by the competent bankruptcy court and consequently any enforcement actions and most of the ordinary distributions would be suspended against the Hungarian Guarantor until negotiations are underway. This would prevent the holders of the notes from enforcing their security rights. If there is no agreement reached with the relevant majority by the creditors classes, the court will order the commencement of liquidation proceedings. The Hungarian bankruptcy regime does not support the parties reaching agreement in this phase and, in practice, the vast majority of Hungarian bankruptcy proceedings eventually turn into liquidation proceedings.

Liquidation

The purpose of liquidation proceedings is to satisfy the claims of creditors of an insolvent debtor in the course of terminating a debtor without a legal successor. Subsequent to the commencement date of the liquidation, the ownership rights related to the Hungarian Guarantor would fall away, the liquidator would legally and effectively take over the management of the assets and activities of the company, any monetary or enforcement related claims against the Hungarian Guarantor could only be enforced as part of the liquidation proceedings and all debt of the Hungarian Guarantor would become due and payable.

Following a period of 40 days subsequent to the publication of the liquidation order, the creditors and the debtor may, at any time, enter into a composition agreement with an aim to settle and/or restructure their debt, before the submission date of the closing liquidation balance-sheet. Upon the debtor's request, the court shall hold a composition negotiation within 60 days following receipt of the petition. The debtor must prepare a schedule and an appropriate proposal for the purpose of restoring its solvency.

During the negotiation, the debtor and the creditors may agree on:

(i) the order of satisfying the debts,

(ii) the modification of the deadline for the debt payments;

(iii) the ratio and manner of the satisfaction of the debts; and

(iv) all issues which are considered necessary by the parties for the purpose of restoring the solvency of the debtor, in particular, measures increasing the revenues of the debtor.

The agreement may only be implemented if at least half of the creditors representing the various classes of creditor claims consent and the total amount of claims of such creditors reaches two thirds of the aggregate creditor claims.

In the absence of a restructuring agreement, the assets of the debtor shall be publicly disposed (generally by a public auction) by the liquidator at the highest price that can be obtained on the market. Under Hungarian insolvency law the sale proceeds of the Hungarian Guarantor's assets would be distributed in accordance with the following order of priority (the list that follows is non-exhaustive):

(i) costs of the liquidation;

(ii) claims secured by pledge or mortgage before the initial date of liquidation;

(iii) alimonies, life-annuity payments, compensation allowance, mining salary supplements payable by economic organizations, furthermore, monetary contributions granted to members of agricultural cooperatives instead of household land or crops of which the beneficiary is entitled to receive for a lifetime;

(iv) with the exception of claims based on bonds, other claims of private individuals not originating from economic activities (in particular claims resulting from insufficient performance or compensation for damages, also including the amount of the guarantee and warrantee obligations ordinarily expected in the given trade, as calculated by the liquidator), claims of small and micro companies and of agricultural primary producers and certain claims of the Common Capital Maintenance Funds of Credit Cooperatives;

(v) debts of social insurance and private pension fund membership fees, taxes—with the exception of tax debts that are classified as cost of liquidation—and public debts collectable as taxes, repayable state aids and water and sewage fees;

(vi) other claims; and

(vii) irrespective of the time and grounds of its occurrence, default interests and late charges, and debts of fines and bonuses.

The costs of liquidation are as follows:

(i) wages and other similar benefits payable by the debtor—including severance pay due at the termination of employment if the wages and other similar benefits became due prior to the initial date of liquidation were paid after the initial date of liquidation, as well as the connected tax and contribution obligations (including social security contributions and private pension fund membership fees);

(ii) costs in connection with the rational completion of the economic activities of the debtor following the initial date of liquidation, and furthermore, the costs connected to the protection and maintenance of the debtor's assets, including the costs of settling environmental damages and burdens, and those credit debts, tax and contribution payment (including social security contributions and private pension fund membership fees) and compensation obligations of the debtor that are originated from economic activities after the initial date of liquidation, with the exception of the taxes to be paid from the profits;

(iii) verified costs connected to the sale of the assets and the enforcement of claims;

(iv) aids received from the wage guarantee fund of Labour Market Fund and debited to the debtor;

(v) costs incurred during the court and official proceedings in connection with liquidation, payable by the debtor;

(vi) costs in connection with the arrangement, placement and safeguarding of the debtor's documents;

(vii) liquidator's fees; and

(viii) certain costs and expenses related to funds advanced by the state to mitigate or manage environmental and other risks.

Simplified Liquidation

If the assets of the Hungarian Guarantor would not be sufficient even to cover the expected costs of liquidation, or the proceedings are technically non-executable due to inadequate books and records of the Hungarian Guarantor, upon the request of the liquidator, the court could order the direct distribution of the assets and uncollected claims of the debtor to the creditors in the above priority order prescribed by Hungarian insolvency law. Therefore, it cannot be guaranteed that any holder of the notes could obtain monetary compensation under such circumstances.

Suspect Transactions

The liquidator has wide powers to challenge certain declarations and agreements if they are deemed to be detrimental to the creditors of the debtor's bankruptcy estate and made prior and subsequent to the filing of insolvency petition.

a) In particular, the liquidator may challenge any agreements or declarations made in a five-year period prior to the petition filing if the debtor conspired with the intention to mislead its creditors and as a result the value of the debtor's assets decreased.

b) Certain transactions related to free disposal of assets, assumption of obligations without consideration or with conditions that are obviously not at arm's length can be challenged if entered into in a two-year period prior to the filing of the petition.

c) If the debtor provides preferential treatment by declaration or an agreement to any of its creditors in the last 90 days leading up to the petition, including an amendment of contract with favourable terms to a creditor or provision of collateral to an unsecured creditor, the liquidator may challenge such contract or declaration.

d) The pre-petition look back period is 60 days; if the liquidator finds that certain services or voluntary prepayments were made to a creditor and such conduct cannot be considered to be carried out in the ordinary course of business, the liquidator may reclaim these services or payments.

If agreements are entered into between companies that are connected through direct or indirect ownership, the Hungarian insolvency law operates under a legal assumption that such agreements were entered into in bad faith and without consideration.

If a challenge is successful the relevant agreements or declarations could be avoided or held unenforceable and other legal consequences of nullity would become applicable. If the provision of the guarantee or Hungarian law governed collateral by the Hungarian Guarantor would be challenged successfully, any related rights of the holders of the notes could be terminated and payment made in the suspect periods would need to be repaid.

Capital Maintenance Laws

Current capital maintenance laws limit the rights of the Hungarian Guarantor to make a distribution to its owners and basically require that such distribution be specifically authorized by law and in general cannot lead or contribute to an insolvency situation. The interaction of relevant capital maintenance and corporate benefit doctrines of the new Hungarian Civil Code have not been tested yet. Therefore, the possibility that a future judicial practice specifically addresses the collateral obligations assumed by a guarantor for the benefit of its direct or indirect parents and requires that such an obligation be limited statutorily or contractually to a level that does not endanger the liquidity of the grantor, thus effectively nullifying certain obligations hitherto assumed by the Hungarian Guarantor, cannot be excluded.

Collateral Agent

The direct recognition and enforceability of foreign law security trust or security agency concepts in enforcement against assets held in Hungary is not possible. In order to mitigate the risk, each agent (on the basis of the authorizations of the secured parties) must be authorized and appointed as Hungarian collateral agent (zálogjogosulti bizományos) pursuant to Article 5:96. § of Act V of 2013 on the new Hungarian Civil Code (“New Hungarian Civil Code”), in respect of the Hungarian pledges.

Ireland

Enforceability

Certain guarantors of the notes are companies incorporated under the laws of Ireland (any such guarantor, an “Irish Guarantor”).

It may not be possible to enforce court judgments obtained in the United States against any Irish Guarantor 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 an Irish Guarantor or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against an Irish Guarantor or those persons based on those laws.

Center of Main Interest

Each Irish Guarantor has its registered office in Ireland and, as a result, there is a rebuttable presumption that its center of main interest is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. If the center of main interest of an Irish Guarantor is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland. Under the EU Insolvency Regulation, territorial or secondary proceedings may be commenced in other Member States of the European Union (except Denmark) even if the center of main interests is in Ireland; provided that the company has an establishment in that other Member State. The effects of these secondary proceedings would be restricted to the assets of the relevant company situated in that other Member State.

Insolvency

Irish insolvency law may not be as favorable to investors’ interests as the laws of the United States or other jurisdictions with which investors are familiar. In the event that an Irish Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Any insolvency proceedings applicable to an Irish Guarantor will be likely to be governed by Irish insolvency laws so long as the center of main interest of the Irish Guarantor is in Ireland. Irish insolvency laws and other limitations could limit the enforceability of any guarantee granted, or security interest created, by an Irish Guarantor, irrespective of the governing law or jurisdiction of such guarantee or security interest. Where a guarantee or security interest is granted by an Irish Guarantor that is governed by the laws of another country, the Irish court should apply that foreign law to the guarantee or security interest notwithstanding that the Irish Guarantor has entered insolvency proceedings governed by Irish insolvency law.

Certain aspects of Irish insolvency law relating to limitations on a guarantee or security interest provided by a company (such as an Irish Guarantor) could adversely affect investors, their ability to enforce their rights under such guarantee or security and/or other security in respect of the notes and, therefore, may affect the validity or enforceability of such guarantee or security and limit the amounts that investors may receive in an insolvency of the provider of such guarantee or security (such as an Irish Guarantor).

Liquidation

Liquidation is a procedure under which the assets of a company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Irish Companies Act (see "—Priorities of Claims on Liquidation"). A company can itself resolve to put itself into liquidation (a 'voluntary' liquidation, being either a members' voluntary liquidation if the company is solvent or a creditors' voluntary liquidation if insolvent) or a court can be petitioned by creditors or contributors of a company to put the company into liquidation, being a court liquidation. At the end of the liquidation process the company is dissolved.

In a liquidation, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected).

Priority of Claims on Liquidation

Under Irish insolvency law, the liabilities of a company such as an Irish Guarantor would be paid only after certain of its other debts which are entitled to priority under Irish law, as set out below.

The general priority of claims on insolvency is as follows (in descending order of priority):

- *First-ranking* claims: remuneration, costs and expenses of an examiner where a company goes into liquidation after a failed examinership process that are approved by a court (see "—Examinership");
- *Second-ranking* claims: holders of fixed charge security and creditors with a proprietary interest in assets of the debtor company;
- *Third-ranking* claims: expenses certified by the examiner under section 529 of the Irish Companies Act being liabilities incurred by the company during the protection period which the examiner deems necessary to allow the company to continue to operate through the protection period, which certification may be reviewed by the court;
- *Fourth-ranking* claims: costs and expenses of the winding up of the company;
- *Fifth-ranking* claims: liquidator's fees;
- *Sixth-ranking* claims: any sum which would have been deducted from the remuneration of an employee in respect of an employment contribution (as defined in the Social Welfare Consolidation Act 2005 of Ireland) for a period of employment before a winding-up had that remuneration been paid before the winding-up;
- *Seventh-ranking* claims: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) certain pension entitlements; (ii) wages and salaries of

employees for work done in a defined period before the insolvency date, up to a maximum per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date. As between one another, preferential debts rank equally;

- *Eighth-ranking* claims: holders of floating charge security, according to the priority of their security, such as the floating charges included in the security purported to be provided by an Irish Guarantor in support of guarantees in respect of the New notes granted by the Irish Guarantor (see "—Challenges to Guarantees and Security—Floating Charges");
- *Ninth-ranking* claims: unsecured creditors;
- *Tenth-ranking* claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Receivership

A receiver is a person appointed by a security holder to realize the assets secured by a security document in discharge or part discharge of a debtor's liability to a security holder. The receiver's function is to take possession of the secured assets and discharge any unpaid indebtedness from the proceeds. The powers conferred on a receiver, and the circumstances of a receiver's appointment, depend to a large extent on the provisions of the particular security document and are also set forth in the Irish Companies Act, which gives a receiver a wide range of statutory powers in addition to any powers contained in the security document. The terms of the security document may provide for the appointment of a receiver-manager, in which case the receiver can continue to operate the business during the course of the receivership with a view to maximizing the value of the charged assets. The terms of the security governed by Irish law which is granted in respect of the notes provide broad powers in favor of any receiver appointed pursuant to the terms thereof.

Examinership

Examinership is a court procedure available under the Irish Companies Act to facilitate the survival of Irish companies in financial difficulty. Examinership is a rescue mechanism which can be used by a company in financial difficulty where that company has a reasonable prospect of survival, if restructured. It allows a company a period of protection from its creditors within which time the examiner will endeavor to put together a survival plan. During this period of protection no holders of guarantees or security may take any steps to enforce such guarantees or security against the company. There are four primary pre-requisites to the appointment of an examiner: (i) that the company is, or is likely to be, unable to pay its debts; (ii) that no resolution subsists for the winding up of the company; (iii) that no order has been made for the winding up of the company; and (iv) that there is a reasonable prospect of survival of the company as a going concern.

In examinership, the scheme of arrangement can be approved involving the writing down of the level of debts due from the company to the holders of guarantees and security, including fixed and floating charges. A compromise or scheme of arrangement under an examinership may be implemented with the support of a majority in number (also representing a majority by value) of just one class of creditors subject to confirmation by the Irish High Court that the compromise or scheme is not unfair or inequitable or unfairly prejudicial to nonconsenting classes of creditors. That said, the court will only in exceptional circumstances approve a scheme of arrangement where the holders of a fixed or floating charge would get less under the scheme of arrangement than they would obtain in realizing the assets the subject of the fixed or floating charges.

The primary risks to the holders of the notes if an examiner were appointed to an Irish Guarantor are as follows:

- the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of any debt due by an Irish Guarantor;

- the potential for the examiner to seek to set aside any negative pledge in the documents pertaining to the notes prohibiting the creation of security or the incurring of borrowings by an Irish Guarantor to enable the examiner to borrow to fund an Irish Guarantor during the protection period; and
- in the event that a scheme of arrangement is not approved and an Irish Guarantor subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of an Irish Guarantor and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by an Irish Guarantor to, ultimately, the holders of the notes.

Challenges to Guarantees and Security

There are circumstances under Irish insolvency law in which transactions, including the granting by an Irish company of security and guarantees can be challenged. In most cases this will only arise if a liquidator is appointed to the company within a specified period of the granting of the guarantee or security. Therefore, if during the specified period a liquidator is appointed to a company, the liquidator may challenge the validity of the security or guarantee given by such company. We cannot be certain that, in the event of the onset of the insolvency of a provider of a guarantee or security (such as an Irish Guarantor) if the main insolvency proceedings applicable to the provider would be governed by Irish insolvency law that is within any of the requisite time periods set forth below, the grant of any guarantee or security will not be challenged or that a court would uphold the transaction as valid.

Fraudulent Preference

Under Irish insolvency law, a liquidator of a company could apply to the court for an order to set aside a security interest or a guarantee granted or a payment made by such company (or give other relief) on the grounds such security interest or such guarantee or payment constituted an unfair preference. The grant of a security interest or guarantee or making of a payment is an unfair preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee or payment had not been granted or made. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the commencement of the liquidation if the beneficiary of the security interest or the guarantee or payment is not a "connected person". The look back period is two years if the beneficiary is a connected person. In addition, the company must have been insolvent at the time it gave the preference or become unable to pay its debts as a result. A court will not make an order in respect of an unfair preference of a person unless it is satisfied that the dominant intention of the transaction was to prefer one creditor over other creditors. If the court determines that the transaction was an unfair preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party that benefits from the transaction and acted in good faith and for value.

Improper Transfer / Transaction Having the Effect of a Fraud on Creditors

Irish insolvency law provides that when a company is insolvent or near insolvency its assets are held for the benefit of its creditors. Pursuant to the Irish Companies Act, if it can be shown on the application of a liquidator, creditor or contributory of a company which is being wound up, to the satisfaction of the Irish High Court, that any property of that company was disposed of (including a disposal by way of charge, security assignment or mortgage) and the effect of such a disposal was to "perpetrate a fraud" on the company, its creditors or members, the Irish High Court may, if it deems it just and equitable to do so, order any person who appears to have "use, control or possession" of the property concerned, or of the proceeds of the sale or development of that property, to deliver it or them, or to pay a sum in respect of it to the liquidator on such terms as the High Court sees fit. There are also circumstances where a creditor or receiver could invoke this provision of Irish law where a winding-up has not taken place due to the lack of assets to fund a liquidation.

There is relatively little case law on the interpretation of these sections of the Irish Companies Act. However, it is clear that the Irish High Court can apply a very wide interpretation to the provision so as to allow virtually any kind of transaction to come within its scope. It is also clear that the Irish High Court will not require the liquidator or creditor challenging a transaction to prove intent to defraud creditors, rather they will only have to show that the effect of the transaction was to perpetrate a fraud on creditors.

Notwithstanding the lack of judicial guidance, it is considered likely that the Irish High Court would not regard a transaction as having the effect of a fraud upon creditors if the transaction was concluded on market terms and not at an undervalue so that, in effect, the balance sheet of the company concerned was not immediately adversely impacted following the completion of the transaction.

Finally, it should be noted that in order for these provisions of the Irish Companies Act to have any effect on the entry into of, or any payment under, any guarantee of the notes by the Irish Guarantor, there must first be an insolvency of the Irish Guarantor (whether by virtue of liquidation, receivership or an examinership).

Floating Charges

Floating charges, such as those which are included in the security purported to be provided by each Irish Guarantor in support of guarantees granted by each Irish Guarantor in respect of the notes, are a form of security which allow a company to manage assets subject to the charge in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge prior to such time as the floating charge crystallizes and fixes over the assets. Events that crystallize the floating security will be set out in the security document establishing such charge together with certain crystalizing events that occur by operation of law. The floating security would include any charge that was stated to be or purported to be a fixed charge in the document that created it but which, on a proper interpretation, is rendered or deemed a floating charge.

Fixed charge security has a number of advantages over floating charge security. Under Irish law, a court has discretion to recharacterize as floating charges any security interests expressed to be created as fixed charges where the charge does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice.

Under Irish insolvency law, if a company is shown to have been insolvent at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator if it was granted in the period of one year ending with the commencement of the insolvency process (or two years if grant was to a connection person).

Dispositions in Winding-up

Under the Irish Companies Act, any dispositions of a company's property made after the date of liquidation are void, unless the court orders otherwise.

Asset Swelling on Insolvency

Where there is a shortfall of available assets, the Irish Companies Act provides that on the application of the liquidator or any creditor or contributory of a company that is being wound up, the court, if it is satisfied that it is just and equitable to do so, may order that a company that is or has been related to the company being wound up shall pay to the liquidator of that company an amount equivalent to the whole or part of all or any of the debts provable in that winding up. Any such order may be made on such terms and conditions as the court thinks fit.

The Irish Companies Act provides that, where two or more related companies are being wound up under Irish insolvency law, and if the court is satisfied that it is just and equitable to do so, both companies may be wound up together as if they were one company (a "pooling order"). A pooling order does not affect the rights of any secured creditor of any companies which are subject to it.

Limitation on Enforcement

The grant of a guarantee or security by an Irish incorporated company in respect of the obligations of another group company must satisfy certain legal requirements including corporate benefit. A director of an Irish incorporated company must act in the way that he considers, in good faith, would be most likely to promote the success of an Irish incorporated company, as the case may be, for the benefit of its members as a whole. If a company enters into a transaction where there is no or insufficient commercial benefit, the transaction could be challenged as unenforceable. Furthermore, the directors of the company may be found as abusing their powers as directors.

Luxembourg

Registration in Luxembourg

If any of the notes, security interest agreements, indentures, guarantees, transaction documents (and any document in connection therewith) is (i) voluntarily registered in Luxembourg or (ii) attached to a public deed or to any other document that requires mandatory registration in Luxembourg, a registration fee (droit d'enregistrement) will be due, the amount of which will depend on the nature of the document(s) to be registered.

The Luxembourg courts or the official Luxembourg authority may require that the notes, the security interest agreements, the indentures, the guarantees and the transaction documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Insolvency Proceedings

The notes will be guaranteed by Valeant International Luxembourg S.à r.l., Valeant Pharmaceuticals Luxembourg S.à r.l., Valeant Holdings Luxembourg S.à r.l., Valeant Finance Luxembourg S.à r.l., Biovail International S.à r.l. and Bausch & Lomb Luxembourg S.à r.l., which are all incorporated under the laws of Luxembourg (each a "Luxembourg Guarantor" and together, the "Luxembourg Guarantors")

Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Luxembourg Guarantors, as entity having its registered office and central administration (*administration centrale*) and centre of main interest ("COMI"), as used in Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the "EU Insolvency Regulation"), in the Grand Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Insolvency Regulation, there is a rebuttable presumption that a company has its COMI in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the COMI of the Luxembourg Guarantors is in the Grand Duchy of Luxembourg and consequently that any "main insolvency proceedings" (as defined in the EU Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

However, the determination of where each of the Luxembourg Guarantors has its COMI is a question of fact, which may change from time to time. EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties.

Certain privileges, such as the privileges of the Luxembourg tax authorities or social security institutions over certain specific assets, may take precedence over any security or privileges of other creditors of the Luxembourg Guarantors.

The obligations of the Luxembourg Guarantors may be limited by general principles of bankruptcy, insolvency, liquidation, reorganization, reconstruction or other laws affecting the enforcement of creditors' rights generally and, in particular:

- during a *gestion contrôlée* (controlled management) procedure under the Grand-Ducal Decree dated May 24, 1935 on the procedure of *gestion contrôlée*, the rights of secured creditors are frozen until a final decision has been taken by the court as to the petition for controlled management;
- the obligations of the Luxembourg Guarantors may be affected and, after their performance, subject to annulment by a court on the basis of Article 445 of the Luxembourg Code of Commerce, if the documents entered into by the Luxembourg Guarantors have been entered into during the hardening period (*période suspecte*) (which is the period starting on the date determined by the bankruptcy court as being the date on which the debtor is unable to pay its due and payable liabilities (the "Cessation of Payments") which cannot be earlier than 6 months before the date of the bankruptcy judgment, and ending on the date of the bankruptcy judgment) or ten days before. Such documents may come under Article 445 if they constitute or contain, or the performance of such obligations thereunder would constitute (a) a contract for the transfer of movable or immovable property done without consideration, or a contract or transaction done with notably insufficient consideration for the insolvent party, or (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due, or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor's assets for previously contracted debts. Article 445 of the Luxembourg Code of Commerce is not applicable to valid financial collateral agreements subject to the law of 5 August 2005 on financial collateral arrangements (as amended) (the "Luxembourg Collateral Law");
- the obligations of the Luxembourg Guarantors may be affected and after their performance, subject to annulment by a bankruptcy court on the basis of Article 446 of the Luxembourg Code of Commerce, if the transaction constitute or contain, or the performance of such obligations thereunder would constitute a payment for due debts or an onerous act done by the Luxembourg Guarantors after the Cessation of Payments (such date as determined by the bankruptcy court) and prior to the judgment opening insolvency proceedings, if the counter-party that has received from or dealt with the Luxembourg Guarantors had knowledge of the Cessation of Payments. Article 446 of the Luxembourg Code of Commerce is not applicable to valid financial collateral agreements subject to the Luxembourg Collateral Law;
- regardless of the date of execution and performance, the documents entered into by the Luxembourg Guarantors may be declared null and void in relation to the Luxembourg Guarantors, if they have been entered into or issued with the fraudulent intent of the parties thereto to deprive other creditors of the insolvent party of their rights (Article 448 of the Code of Commerce);
- however the annulment of the documents entered into by the Luxembourg Guarantors on the basis of articles 445, 446 or 448 of the Luxembourg Code of Commerce may not be pronounced, according to the EU Insolvency Regulation, if the person who benefited from an act detrimental to all the creditors provides proof that (a) the said act is subject to the law of a European Union Member State other than that of Luxembourg, and (b) that law does not allow any means of challenging that act in the relevant case;
- under Luxembourg insolvency proceedings, certain creditors of the insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured creditors, and most of which are preferences arising by operation of law. This includes in particular the rights relating to the fees and costs of the court appointed insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, the rights of the tax administration and certain assimilated parties (such as the social security organisms), as well as certain other rights, which preferences may extend to all or part of the assets of the insolvent party;

- the obligations of the Luxembourg Guarantors may be affected or limited by the rights of the receiver, liquidator or other court official appointed in the insolvency proceedings to selectively perform contracts profitable to the insolvent party's estate and renounce to the performance of contracts which are not profitable to the insolvent party's estate ("cherry-picking"), where such contracts have not been terminated automatically by the opening of the insolvency proceedings on the basis of an express contractual provision, or by operation of law; the counterparty to that agreement (a) may enter a claim for damages in the bankruptcy and such claim shall rank *pari passu* with claims of all other unsecured creditors and/or (b) seek a court order to have the relevant contract dissolved; it will, however, no longer be possible to seek injunctive relief or to require specific performance.

Continuance of On-Going Contracts

The bankruptcy receiver (*curateur*) decides whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu* personae contracts (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. The counterparty to that agreement may make a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not require specific performance of the contract.

Fraudulent Conveyance

Third parties (including, without limitation, any *commissaire*, *juge-commissaire*, *liquidateur* or *curateur* or similar official) are also admitted to challenge certain acts of disposal viewed as preferential transactions made by the Luxembourg Guarantors if, among other things, they can show that the Luxembourg Guarantors have given "preference" to any person by defrauding their rights (the rights of creditors generally), under the *action paulienne* (*action pauliana*), and Luxembourg courts have the power to void the preferential transaction.

Finally, any international aspects of Luxembourg bankruptcy, controlled management and composition proceedings may be subject to the EU Insolvency Regulation.

Security Interests

The granting of security interests over movable or immovable, tangible or intangible, assets may be subject to validity and/or enforceability conditions. The breach of any of such conditions may render such security interests invalid or unenforceable. The foreclosure of security interests may be subject to formalities (e.g. judicial or non-judicial consent) and may be time consuming in the event that the foreclosure takes place under judicial control or in the event of a legal dispute. Courts may condition the enforcement of a security interest and/or guarantee upon the evidence that the creditor has a final and undisputed claim triggering the foreclosure of the security interest and/or guarantee. Enforcement of security interests and/or guarantees may be hindered by conflict of law and/or conflict of jurisdiction issues and may not breach any public policy provision and/or mandatory legal provisions. Case law on security interests over intellectual property rights is very limited.

Luxembourg courts would have in principle jurisdiction for any conservatory or provisional action in connection with assets located in Luxembourg and such action would most likely be governed by Luxembourg law.

Under the Luxembourg Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements:

- A share pledge agreement must be acknowledged and accepted by the company which has issued the shares.
- A pledge over receivables becomes enforceable against the debtor of the receivables and third parties from the moment when the agreement pursuant to which the pledge was created is entered into between the pledgor and the pledgee. However, a debtor may validly fulfil and extinguish its obligation to pay its debt by making a payment to its creditor (being the pledgor), as long as such debtor does not have knowledge of the creation of pledge over the claim, including in case of enforcement of the security interest created by a collateral agreements subject the Luxembourg Collateral Law.
- A bank account pledge agreement must be notified to and accepted by the account bank. In addition, the account bank has to waive any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, the perfection of such pledge will require additional notification to, acceptance and waiver by the account bank. Until such registrations, notifications and acceptances occur, the pledge agreements are not effective and perfected against the debtors, the account banks and other third parties.

The Luxembourg Collateral Law sets out the following enforcement remedies available upon the occurrence of an enforcement event:

- appropriation of the pledged assets at a price determined, before or after their appropriation, by the agreed upon valuation method;
- assignment of the pledged assets by private sale in a commercially reasonable manner, by sale over a stock exchange or by public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; and
- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Law does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Limitation on Validity and Enforceability of the Guarantees

Any judgment awarded in the courts of Luxembourg may be expressed in a currency other than the euro or the euro equivalent at the time of judgment or payment. However, any obligation to pay a sum or money in any currency other than the euro will be enforceable in Luxembourg in terms of the euro only.

The granting of cross- or up-stream security interests and guarantees by a Luxembourg company in order to secure the obligations of other entities may raise some corporate benefit issues, in particular in relation to the corporate interest of the Luxembourg company having to provide such security interests/guarantees. The Luxembourg company law does not provide for rules governing the ability of a Luxembourg company to guarantee the indebtedness of another entity of the same group. A Luxembourg company must act for its own benefit (*spécialité légale*) and in its own corporate interest.

Whether an action is in the corporate interest of a company is a matter of fact not a legal issue. The managers of a company are those who are able to assess whether such company has a corporate benefit and interest in granting cross- or up-stream security interests or guarantees.

Under Luxembourg law, a company may give a guarantee/security interest provided the giving of the guarantee is covered by the company's corporate objects and in the best interest of the company. The test regarding the guarantor's corporate interest is whether the company that provides the guarantee/ security interest receives some consideration in return (such as an economic or commercial benefit) and whether the benefit is proportionate to the burden of the assistance. A guarantee/security interest that exceeds the guarantor company's ability to meet its obligations to the beneficiary of the guarantee and to its other creditors would expose its managers to personal liability. It cannot ultimately be excluded that granting of security interest/guarantee, which would be considered by a Luxembourg court as made in the absence of corporate interest, be declared void.

The Note Guarantee granted by the Luxembourg Guarantors may be limited to a certain percentage of, among other things, the company's own funds (*capitaux propres*) and intra-group indebtedness.

Finally, each of the Luxembourg Guarantors has been incorporated in the form of a private limited liability company (*société à responsabilité limitée*). Enforcement on these entities will depend on their financial situation and will only be limited to their assets. Shareholders of a private limited liability company cannot in principle be held liable for debts contracted by the private limited liability company.

$750,000,000

Valeant Pharmaceuticals International, Inc.

5.500% Senior Secured Notes due 2025

Offering Memorandum

, 2017

Joint Book-Running Managers

Barclays

Citigroup

Deutsche Bank Securities

Goldman Sachs & Co. LLC

DNB Markets

J.P. Morgan

Morgan Stanley

RBC Capital Markets