OFFERING MEMORANDUM (Subject to Completion) *STRICTLY CONFIDENTIAL*
Issued November 28, 2016

$400,000,000 (equivalent)

Catalent

Catalent Pharma Solutions, Inc.

an indirect, wholly owned subsidiary of

Catalent, Inc.

€ % SENIOR NOTES DUE 2024

Interest payable on and

We are offering € aggregate principal amount of % senior notes due 2024 (the "notes"). We will pay interest on the notes on and of each year, beginning on , 2017. The notes will mature on , 2024.

The notes may be redeemed, in whole or in part, on or after , 2019 at the redemption prices specified under "Description of the Notes—Optional Redemption," plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to , 2019, we may redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a make-whole premium, together with accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, we may redeem up to 40% of the notes before , 2019 with funds in an aggregate amount not exceeding the net cash proceeds from certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, we must offer to purchase the notes at prices set forth in this offering memorandum plus accrued and unpaid interest. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the notes.

The notes will be our unsecured senior obligations and will rank equally in right of payment with all of our existing and future unsubordinated indebtedness, rank senior in right of payment to any of our future indebtedness that expressly provides for its subordination to the notes, be structurally subordinated to all of the existing and future indebtedness and other liabilities of our subsidiaries that are not guarantors, and be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness (including obligations under our senior secured credit facilities). On the issue date, all of our wholly owned U.S. subsidiaries that guarantee our senior secured credit facilities will guarantee the notes. The guarantees will be unsecured senior obligations of the guarantors and will rank equally in right of payment with all existing and future unsubordinated indebtedness of the guarantors, rank senior in right of payment to any future indebtedness of the guarantors that expressly provides for its subordination to the guarantees, and be effectively subordinated to all existing and future secured indebtedness of the guarantors to the extent of the value of the assets securing such indebtedness (including the guarantors' guarantees of our obligations under our senior secured credit facilities). The notes will not be guaranteed by either PTS Intermediate Holdings, LLC or Catalent, Inc., our direct and indirect parent companies. For a more detailed description of the notes, see "Description of the Notes."

Investing in the notes involves risks. See "Risk Factors" beginning on page 21.

PRICE: % AND ACCRUED INTEREST, IF ANY, FROM , 2016

The notes have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction and are being offered only (1) to persons reasonably believed to be qualified institutional buyers under Rule 144A under the Securities Act and (2) to certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. For a description of certain restrictions on transfer, see "Notice to Investors."

There is currently no public market for the notes. Application will be made to The Channel Islands Securities Exchange Authority Limited (the "Exchange") for the listing of and permission to deal in the notes on the Official List of the Exchange. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained, and settlement of the notes is not conditioned on obtaining such listing.

The notes will be ready for delivery in book-entry form only through the facilities of Euroclear Bank SA/NV, as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about , 2016.

Joint Book-Running Managers

MORGAN STANLEY ***J.P. MORGAN***

BofA MERRILL LYNCH ***RBC CAPITAL MARKETS***

, 2016

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THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED BY THIS OFFERING MEMORANDUM BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS OR THE AFFAIRS OF OUR SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE OF THIS OFFERING MEMORANDUM.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the notes. We and Morgan Stanley & Co. International plc, J.P. Morgan Securities plc, Merrill Lynch International and RBC Europe Limited, which we refer to in this offering memorandum as the initial purchasers, reserve the right to withdraw this offering of the notes at any time. We and the initial purchasers also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered hereby. This offering memorandum is personal to the offeree to whom it has been delivered by the initial purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopy or other duplication of this offering memorandum, and, if the offeree does not purchase the notes or the offering is terminated for any reason, to return this offering memorandum to: Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA United Kingdom, Attention: High Yield Syndicate Desk.

Upon receiving this offering memorandum, you acknowledge that: (1) you have been afforded an opportunity to request from us, and to review, and have received, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum; (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; (3) this offering

memorandum relates to an offering that is exempt from registration under the Securities Act, and does not comply in important respects with the rules of the U.S. Securities and Exchange Commission (the "SEC") that would apply to an offering document relating to a public offering of securities in the United States; and (4) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries, or the notes (other than as contained in this offering memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the notes. Persons into whose possession this offering memorandum or any of the notes are delivered must inform themselves about, and observe, any such restriction. Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, or sells the notes or possesses or distributes this offering memorandum and must obtain any consent, approval, or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, or sales, and none of us, any of our subsidiaries, or the initial purchasers shall have any responsibility therefor.

Certain persons participating in this offering of the notes may engage in transactions that stabilize, maintain, or otherwise affect the price of the notes. Such transactions may include purchases of the notes to stabilize their market price, purchases of the notes to cover all or some of an over-allotment or a short position in the notes maintained by the initial purchasers, and the imposition of penalty bids. Such activities, if commenced, may be discontinued at any time. For a description of these activities, see "Plan of Distribution."

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF OUR BUSINESS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED, APPROVED, OR DISAPPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE INDENTURE GOVERNING THE NOTES, THE SECURITIES ACT, THE REGULATIONS PROMULGATED THEREUNDER, AND ANY OTHER APPLICABLE LAW. YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.

THE INITIAL PURCHASERS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM, AND NOTHING CONTAINED IN THIS OFFERING MEMORANDUM IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE. THE INITIAL PURCHASERS DO NOT ASSUME ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION INCLUDED IN THIS OFFERING MEMORANDUM.

Application will be made to the Exchange for the listing of and permission to deal in the notes on the Official List of the Exchange and we will submit this offering memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this offering memorandum in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this offering memorandum or may require the

inclusion of additional information. We may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained, and settlement of the notes is not conditioned on obtaining this listing. Any investor or potential investor in the European Economic Area should not base any investment decision relating to the notes on the information contained in this offering memorandum after publication of the listing particulars and should refer instead to those listing particulars.

See "Risk Factors" for a description of certain factors you should carefully consider before deciding to invest in the notes. Neither we, the initial purchasers, nor any of our or their respective representatives are making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial, and related aspects of a purchase of the notes.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of notes in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary other than offers made by the initial purchasers, which constitute the final placement of notes contemplated by this offering memorandum. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum has not been approved by any authorized person in the United Kingdom and is for distribution only to persons and directed only at persons who (i) 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 "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, which is hereafter referred to as the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

You should rely only on the information contained in this offering memorandum or in any additional written communication authorized by us. We are offering to sell the notes only where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or any resale of the notes.

TRADEMARKS AND SERVICE MARKS

We have U.S. or foreign registration in the following marks, among others: ADVASEPT®, OptiForm®, GPEx®, Liqui-Gels®, Vegicaps®, and Zydis®. This offering memorandum also includes trademarks and trade names owned by other parties, and these trademarks and trade names are the property of their respective owners. We use certain other trademarks and service marks, including PEEL-ID™, Fastchain™, OptiShell™, OptiPact™, SMARTag™, OptiGel™, OptiGel™ Bio, Easyburst™, Savorgel™, Galacorin™ and Softdrop™ on an unregistered basis in the United States and abroad.

Solely for convenience, the trademarks, service marks and trade names identified in this offering memorandum may appear without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, and trade names.

INDUSTRY AND MARKET INFORMATION

The market data and other statistical information used throughout this offering memorandum are based on our good-faith estimates, which are derived from our review of internal surveys, as well as synthesis and analysis prepared based on or derived from independent industry publications, government publications, reports by market research firms or other published independent sources. These publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the initial purchasers have independently verified such data and neither we nor the initial purchasers make any representation as to the accuracy of such information. Forecasts are particularly likely to be inaccurate, especially over long periods, and we make no representation as to the accuracy of assumptions regarding general economic or product specific growth used in preparing the forecasts included in this offering memorandum. Similarly, while we believe our internal and external research is reliable, it has not been verified by any independent sources and we make no assurances that the statements and predictions contained therein are accurate.

BASIS OF PRESENTATION

We are an indirect wholly owned subsidiary of Catalent, Inc. In this offering memorandum, we present the consolidated financial statements of Catalent, Inc. Catalent, Inc. has no material assets other than the capital stock of its subsidiaries and conducts substantially all of its operations through Catalent Pharma Solutions, Inc. and its subsidiaries. Therefore, although Catalent, Inc. is not an issuer or a guarantor of the notes, its consolidated revenues and results of operations substantially reflect the revenues and results of operations of Catalent Pharma Solutions, Inc. and its subsidiaries.

Unless otherwise indicated or the context otherwise requires, references in this offering memorandum to "we," "our," "us" and "the Company" refer to Catalent Pharma Solutions, Inc. and each of its consolidated subsidiaries, the "Issuer" refers to Catalent Pharma Solutions, Inc. and not to any of its subsidiaries and "Catalent" refers to Catalent, Inc. and its consolidated subsidiaries. Notwithstanding the foregoing, with respect to the historical financial information and other data presented in this offering memorandum, including under the headings "Summary—Summary Historical Financial Information and Other Data," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited and

unaudited consolidated financial statements including the notes thereto, as well as the historical financial and other information presented in this offering memorandum, unless otherwise specified or the context requires, "we," "our," "us" and "the Company" refer to Catalent, Inc. and its consolidated subsidiaries.

We do not intend to register the notes pursuant to a registration statement under the Securities Act. If the notes had been registered under the Securities Act, we would have been required to make changes to the financial and other information included in this offering memorandum. In particular, this offering memorandum would have needed to include a consolidating guarantor footnote in the financial statements of Catalent, Inc. as required by Rule 3-10 of Regulation S-X, and such footnote is not included in the financial statements of Catalent, Inc. included in this offering memorandum and will not be included in the financial statements of Catalent, Inc. following the consummation of this offering of the notes.

USE OF NON-GAAP MEASURES

Management measures operating performance based on consolidated earnings from continuing operations before interest expense, expense/(benefit) for income taxes and depreciation and amortization, which is further adjusted for the income or loss attributable to noncontrolling interests ("EBITDA from continuing operations"). EBITDA from continuing operations is not defined under those accounting principles generally accepted in the United States ("U.S. GAAP") and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP and is subject to important limitations.

We believe that the presentation of EBITDA from continuing operations enhances an investor's understanding of our financial performance. We believe this measure is a useful financial metric to assess our operating performance from period to period and use this measure for business planning purposes.

In addition, given the significant investments that we have made in the past in property, plant and equipment, depreciation and amortization expenses represent a meaningful portion of our cost structure. We believe that EBITDA from continuing operations provides investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures because it eliminates depreciation and amortization expense. We present EBITDA from continuing operations in order to provide supplemental information that we consider relevant for the readers of the consolidated financial statements, and such information is not meant to replace or supersede U.S. GAAP measures. Our definition of EBITDA from continuing operations may not be the same as similarly titled measures used by other companies.

In addition, we evaluate the performance of our segments based on segment earnings before noncontrolling interest, other (income)/expense, impairments, restructuring costs, interest expense, income tax expense/(benefit), and depreciation and amortization ("Segment EBITDA"). Moreover, under the credit agreement governing our senior secured credit facilities and the indenture that will govern the notes, our ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "Consolidated EBITDA" in the credit agreement governing our senior secured credit facilities and "EBITDA" in the indenture that will govern the notes). Adjusted EBITDA is based on the definitions in the credit agreement governing our senior secured credit facilities and in the indenture that will govern the notes, is not defined under U.S. GAAP and is subject to important limitations. We have included the calculations of Adjusted EBITDA for the periods presented.

In applying Adjusted EBITDA to determine our ability to engage in the activities described above under the credit agreement governing our senior secured credit facilities and the indenture that will govern the notes, we are permitted to make further adjustments to Adjusted EBITDA as provided by the credit agreement governing our senior secured credit facilities and as described in the definition of "Fixed Charge Coverage Ratio" in the indenture that will govern the notes. We refer to this further adjusted measure as "Further Adjusted EBITDA." Further Adjusted EBITDA is based on the definitions in the credit agreement governing our senior secured credit

facilities and in the indenture that will govern the notes, is not defined under U.S. GAAP, and is subject to important limitations. We have included the calculation of Further Adjusted EBITDA for the twelve months ended September 30, 2016.

Because not all companies use identical calculations, our presentation of EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Included in this offering memorandum is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations, to Adjusted EBITDA and to Further Adjusted EBITDA.

EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. For example, EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA:

- exclude certain tax obligations relating to excluded financial measures;
- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs; and
- do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt.

In calculating Adjusted EBITDA and Further Adjusted EBITDA, we add back certain non-cash, non-recurring and other items that are included in EBITDA and net income as required by various covenants in the credit agreement governing our senior secured credit facilities and the indenture that will govern the notes. Adjusted EBITDA and Further Adjusted EBITDA, among other things:

- do not include non-cash stock-based employee compensation expense and certain other non-cash charges;
- do not include cash and non-cash restructuring, severance and relocation costs incurred to realize future cost savings and enhance our operations;
- add back noncontrolling interest expense, which represents the minority investors' ownership of certain of our consolidated subsidiaries and is, therefore, not available to us; and
- include estimated cost savings that have not yet been fully reflected in our results.

In calculating Further Adjusted EBITDA, we give pro forma effect to acquisitions as if they had occurred at the beginning of the period presented. Certain of these pro forma effects are based on estimates and assumptions, all of which we believe we have a reasonable basis for and are subject to change. Actual results could differ from those estimates.

As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a constant currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. In this offering memorandum, we calculate constant currency by calculating current-year results using prior-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP. Unless specifically indicated, our results, including EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA, presented in this offering memorandum, are not provided on a constant currency basis.

FORWARD-LOOKING STATEMENTS

Certain information included in this offering memorandum may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. All statements, other than statements of historical facts, included in this offering memorandum, are forward-looking statements. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words.

These statements are based on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statement is subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements.

Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include, but are not limited to, those described under the heading "Risk Factors" and the following:

- We participate in a highly competitive market, and increased competition may adversely affect our business.
- The demand for our offerings depends in part on our customers' research and development and the clinical and market success of their products. Our business, financial condition and results of operations may be harmed if our customers spend less on, or are less successful, in these activities.
- We are subject to product and other liability risks that could adversely affect our results of operations, financial condition, liquidity, and cash flows.
- Failure to comply with existing and future regulatory requirements could adversely affect our results of operations and financial condition.
- Failure to provide quality offerings to our customers could have an adverse effect on our business and subject us to regulatory actions and costly litigation.
- The services and offerings we provide are highly exacting and complex, and if we encounter problems providing the services or support required, our business could suffer.
- Our global operations are subject to economic, political and regulatory risks.
- The recent referendum in the U.K. and resulting decision of the U.K. government to consider exiting from the European Union could have future adverse effects on our revenues and costs, and therefore our profitability.
- If we do not enhance our existing or introduce new technology or service offerings in a timely manner, our offerings may become obsolete or uncompetitive over time, customers may not buy our offerings and our revenue and profitability may decline.
- We and our customers depend on patents, copyrights, trademarks, trade secrets and other forms of intellectual property protections, but these protections may not be adequate.
- Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials.
- Changes in market access or healthcare reimbursement for our customers' products in any of the geographic markets where they are sold could adversely affect our results of operations and financial condition by affecting demand for our offerings.

- As a global enterprise, fluctuations in the exchange rate of the U.S. dollar, the functional currency in which we report our financial results, against foreign currencies could have a material adverse effect on our financial performance and results of operations.
- Tax legislation initiatives or regulatory initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.
- We may be required to establish an additional valuation allowance against our U.S. deferred tax assets in the future.
- We are dependent on key personnel.
- Risks generally associated with information and communications systems could adversely affect our results of operations.
- We engage from time to time in acquisitions and other transactions that may complement or expand our business or divest of non-strategic businesses or assets. We may not be able to complete such transactions, and such transactions, if executed, pose significant risks and could have a negative effect on our operations.
- Our offerings and our customers' products may infringe on the intellectual property rights of third parties.
- We are subject to environmental, health and safety laws and regulations, which could increase our costs and restrict our operations in the future.
- We are subject to labor and employment laws and regulations, which could increase our costs and restrict our operations in the future.
- Certain of our pension plans are underfunded, and additional cash contributions we may make will reduce the cash available for our business, such as the payment of our interest expense.
- Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in our industry or to deploy capital to grow our business, expose us to interest rate-risk to the extent of our variable-rate debt and prevent us from meeting our obligations under the notes.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this offering memorandum apply only as of the date of this offering memorandum or as of the date they were made and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

SUMMARY

This summary does not contain all of the information that you should consider before investing in the notes. You should read the entire offering memorandum carefully, including the matters discussed under the caption "Risk Factors," along with the financial data and related notes included in this offering memorandum. In this offering memorandum, when we refer to our fiscal years, we say "fiscal" and the year number, as in "fiscal 2016," which refers to our fiscal year ended June 30, 2016.

OUR COMPANY

We are the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. Our oral, injectable, and respiratory delivery technologies address the full diversity of the pharmaceutical industry, including small molecules, large molecule biologics and consumer and animal health products. Through our extensive capabilities and deep expertise in product development, we help our customers take products to market faster, including nearly half of new drug products approved by the U.S. Food and Drug Administration (the "FDA") in the last decade. Our advanced delivery technology platforms, including those in our Softgel Technologies and Drug Delivery Solutions segments, our proven formulation, manufacturing and regulatory expertise, and our broad and deep intellectual property enable our customers to develop more products and better treatments for patients and consumers. Across both development and delivery, our commitment to reliably supply our customers' and their patients' needs is the foundation for the value we provide. Annually, we produce more than 70 billion doses for nearly 7,000 customer products, or approximately 1 in every 20 doses of such products taken each year by patients and consumers around the world. We believe that through our investments in growth-enabling capacity and capabilities, our ongoing focus on operational and quality excellence, the sales of existing customer products, the introduction of new customer products, our innovation activities and patents, and our entry into new markets, we will continue to benefit from attractive and differentiated margins, and realize the growth potential from these areas.

We continue to make investments to expand our sales and marketing activities, leading to growth in the number of active development programs for our customers in both of our two main strategic areas. This has further enhanced our extensive, long-duration relationships and long-term contracts with a broad and diverse range of industry-leading customers. In the fiscal year ended June 30, 2016, we did business with 87 of the top 100 branded drug marketers, 22 of the top 25 generics marketers, 24 of the top 25 biologics marketers, and 21 of the top 25 consumer health marketers globally. Selected key customers include Pfizer, Johnson & Johnson, GlaxoSmithKline, Novartis, Roche and Teva. We have many long-standing relationships with our customers, particularly in advanced delivery technologies, where we tend to follow a prescription molecule through all phases of its lifecycle, from the development and launch of the original brand prescription, to generics or over-the-counter switch. A prescription pharmaceutical product relationship with an innovator will often last many years, in several cases nearly two decades or more, extending from pre-clinical development through the end of the product's life cycle. We serve customers who require innovative product development, superior quality, advanced manufacturing and skilled technical services to support their development and marketed product needs. Our broad and diverse range of technologies closely integrates with our customers' molecules to yield final dose forms, and this generally results in the inclusion of Catalent in our customers' prescription product regulatory filings. Both of these factors translate to long-duration supply relationships at an individual product level.

We believe our customers value us because our depth of development solutions and advanced delivery technologies, intellectual property, consistent and reliable supply, geographic reach, and substantial expertise enable us to create a broad range of business and product solutions that can be customized to fit their individual needs. Today we employ approximately 1,400 scientists and technicians and hold approximately 1,100 patents and patent applications in advanced delivery, drug and biologics formulation and manufacturing. The aim of our offerings is to allow our customers to bring more products to market faster, and develop and market

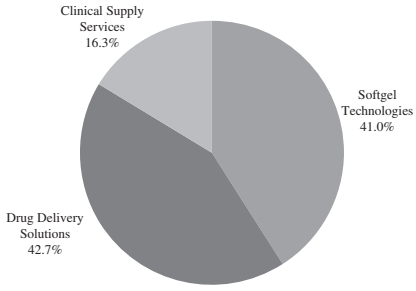
differentiated new products that improve patient outcomes. We believe our leading market position, significant global scale, and diversity of customers, offerings, regulatory categories, products, and geographies reduce our exposure to potential strategic and product shifts within the industry.

We provide a number of proprietary, differentiated technologies, products and service offerings to our customers across our advanced delivery technologies and development solutions platforms. The core technologies within our advanced delivery technologies platform include softgel capsules, our Zydis oral dissolving tablets, blow-fill-seal unit dose liquids and a range of other oral, injectable and respiratory technologies. The technologies and service offerings within our development solutions platform span the drug development process, ranging from our OptiForm Solutions Suite for bioavailability enhancement of early-stage molecules, and Gene Product Expression ("GPEx") and SMARTag platforms for development of biologics and antibody-drug conjugates (ADCs), to formulation, analytical services, early stage clinical development, and clinical trials supply, including our unique FastChain demand-led clinical supply solution. Our offerings serve a critical need in the development and manufacturing of difficult-to-formulate products across a number of product types.

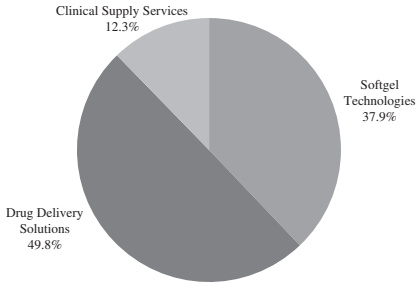
We have advanced our technologies and grown our service offerings over more than 80 years through internal development, strategic alliances, in-licensing and acquisitions. We initially introduced our softgel capsule technology in the 1930s and have continued to expand our range of new, technologically enhanced offerings. Since fiscal 2013, we have launched OptiShell, OptiMelt, Zydis Nano and Zydis Bio and OptiPact. In fiscal 2016, we launched OptiForm Solutions Suite and our FastChain demand-led clinical supply solution. Also in 2016, our customers received regulatory approval for first-to-market products using the OptiShell and ADVASEPT technologies. To extend the reach of our technologies and services, we have also formed several active partnerships, including partnerships with BASF (Germany), CEVEC (Germany), and CTC Bio (South Korea), and have active relationships with research universities around the world. We have also augmented our portfolio through ten acquisitions since fiscal 2012, including significantly expanding our scale through the acquisition of the Aptuit CTS business in February 2012, adding an ADC business through the completion of our acquisition of the Redwood Bioscience Inc. ("Redwood") business in October 2014, extending our particle engineering capabilities via our November 2014 acquisition of MTI Pharma Solutions, Inc. ("Micron Technologies"), a leader in the category, and adding extensive early-phase drug development capabilities and spray-dry dispersion expertise through our September 2016 acquisition of Pharmatek Laboratories, Inc. ("Pharmatek"), a leading drug development and clinical manufacturing specialist. We believe our own internal innovation, supplemented by current and future external partnerships and acquisitions, will continue to strengthen and extend our leadership positions in the delivery and development of drugs, biologics and consumer and animal health products.

For the twelve months ended September 30, 2016, our revenues and Adjusted EBITDA were $1,867.3 million and $398.6 million, respectively. Including the full year impact of the Pharmatek Acquisition (as defined below) and the Accucaps Acquisition (as defined below), our Further Adjusted EBITDA was $412.0 million. For a reconciliation of Adjusted EBITDA and Further Adjusted EBITDA to earnings/(loss) from continuing operations, see note 4 to "—Summary Historical Financial Information and Other Data."

Revenue by Segment[(1)]
Year Ended June 30, 2016



EBITDA by Segment
Year Ended June 30, 2016



Segment	Offerings and Services	Fiscal 2016 Revenue[(1)] (in millions)	Fiscal 2016 EBITDA (in millions)	Fiscal 2016 EBITDA (% margin)
Softgel Technologies	Formulation, development and manufacturing of prescription and consumer health soft capsules, or "softgels," including traditional softgel capsules (in which the shell is made from animal-derived materials) and Vegicaps and OptiShell capsules (in which the shell is made from vegetable-derived materials).	$775.0	$163.8	21.1%
Drug Delivery Solutions	Formulation, development and manufacturing of prescription and consumer and animal health products using our proprietary OptiMelt, OptiPact, OptiForm and Zydis technologies, other proprietary and conventional drug delivery technologies such as prefilled syringes; blow-fill seal unit dose manufacturing including our ADVASEPT technology; biologic development including our GPEx and SMARTag technologies; and analytical and bioanalytical development and testing services.	$806.4	$215.2	26.7%
Clinical Supply Services	Manufacturing, packaging, labeling, storage, distribution and inventory management of drugs and biologics for customer required patient kits for global clinical trials; FastChain demand-led clinical supply service; clinical e-solutions and informatics; and global comparator sourcing services.	$307.5	$53.2	17.3%

(1) Segment Revenue includes inter-segment revenue of $40.8 million.

HISTORY

Catalent was formed in April 2007, when affiliates of The Blackstone Group L.P. ("Blackstone") acquired the core of the Pharmaceutical Technologies and Services ("PTS") segment of Cardinal Health, Inc. ("Cardinal"). Cardinal had created PTS through a series of acquisitions beginning with R.P. Scherer Corporation in 1998, with the intent of creating the world's leading outsourcing provider of specialized, market-leading solutions to the global pharmaceutical and biotechnology industry. Catalent is a holding company that indirectly owns Catalent Pharma Solutions, Inc., which owns, directly or indirectly, all of the operating subsidiaries of Catalent. Since Catalent's 2007 acquisition, Catalent has regularly reviewed its portfolio of offerings and operations in the context of its strategic growth plan, and, as a result, Catalent has sold five businesses and consolidated operations at five facilities, integrating them into the remaining facility network. Catalent has also actively acquired new businesses and facilities, completing ten transactions since fiscal 2012. In July 2014, Catalent completed the initial public offering of its common stock (the "IPO"), which is now listed on the New York Stock Exchange (the "NYSE") under the symbol "CTLT." Catalent is no longer an affiliate of Blackstone.

INDUSTRY

We participate in nearly every sector of the $900 billion annual revenue global pharmaceutical industry, including the prescription drug and biologic sectors, as well as consumer health, which includes the over-the-counter and vitamins and nutritional supplement sectors. Global demand for both pharmaceutical and consumer healthcare products continues to increase, driven by: expanded access to care arising from reforms in two large markets, the United States and China; increased life expectancy in aging and increasingly obese populations in both developed markets and emerging markets; and a rising number of affluent consumers in emerging markets.

While benefiting from this strong demand, innovator companies have faced many challenges, including significant patent expirations and challenges, pricing pressures, increasingly complex discovery and development activities, and higher regulatory expectations. In response, many larger pharmaceutical companies have been restructuring their in-house approaches to research and development, manufacturing and sales and marketing, including realigning therapeutic class focus, scaling back on idle capacity resulting from generic conversions, and accessing specialized capabilities and capacity through outsourcing arrangements. The total share of industry spend that is outsourced is estimated around 35% today, with the share of large company spend that is outsourced growing, and medium-to-smaller companies already outsourcing a significant portion of their activities due to their limited resources and more virtual business models.

Advanced Delivery Technologies Market. More than half of today's prescription revenues come from dose forms that require more than simple, immediate release tablets and oral solutions—drugs and biologics frequently require specialized manufacturing and/or molecular profile modification to achieve expected clinical results. Today, there are more than 4,000 new drugs in active development, and an increasing share of these molecules will require advanced delivery technologies, with estimates ranging from 60% to 90% of all new molecules entering development. Consumer health products also benefit from advanced delivery technologies, to enable innovative new products, or to create new formats for existing products and extend a brand franchise. We believe, based on the reports of external industry analysts, that the size of the advanced delivery technologies market will grow approximately 6 to 10% annually driven by these factors.

Development Solutions Market. The global pharmaceutical industry invests approximately $160 billion annually in research and development ("R&D"), of which an estimated 40% is outsourced (approximately 25% in large companies, with more than 50% in mid-sized and specialty companies). Approximately 50% of R&D spend is for compounds in Phase II and later stages of development; separately approximately half of R&D spend is on the combination of clinical research and chemistry, manufacturing and controls ("CMC") work. These areas are the most common areas of outsourcing, with large global and regional clinical research organizations participating in

clinical research spend (approximately 35% of R&D spend), and providers of development sciences, clinical trial supplies and logistics such as Catalent, participating in the CMC spend (approximately 15% of R&D spend). Global development and clinical activities are increasingly complex, with evolving global standards, and more complex multi-arm trials in multiple patient populations across both developed and emerging markets. Within the approximately $22.0 billion market segment for pharmaceutical CMC, only 25% of such spending is outsourced as compared to the clinical research market segment where 60% of such spending is outsourced. We believe that levels of outsourcing will increase in the CMC segment, driving long-term growth in the outsourced CMC industry.

OUR COMPETITIVE STRENGTHS

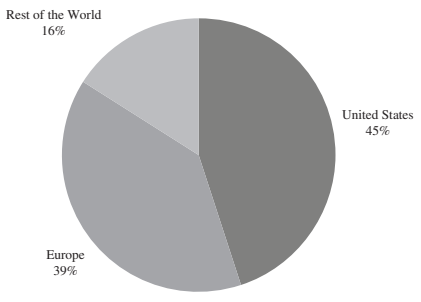
Leading Provider of Advanced Delivery Technologies and Development Solutions

We are the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. In the last decade, we have earned revenue with respect to nearly half of the drugs based on new molecular entities ("NMEs") approved by the FDA, and over the past three years with respect to nearly 80% of the top 200 largest-selling compounds globally. With approximately 1,400 scientists and technicians worldwide and approximately 1,100 patents and patent applications, our expertise is in providing differentiated technologies and solutions that help our customers bring more products and better treatments to market faster. For example, in the high-value area of NMEs, approximately 90% of NME softgel approvals by the FDA over the last 25 years have been developed and supplied by us. We hold market leadership positions in all of our core businesses. We are the leading provider of softgels, fast dissolve oral solid and blow-fill-seal solutions for complex products. We are also one of the leading players in clinical trials supply and respiratory delivery, including metered dose and dry powder inhalers and intra-nasal forms.

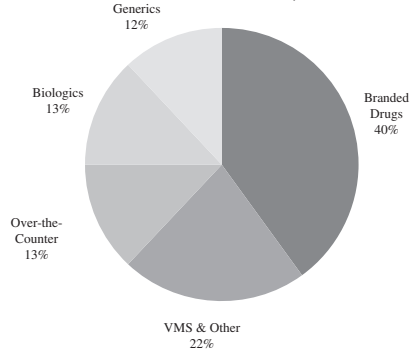
Diversified Operating Platform

We are diversified by virtue of our geographic scope, our large customer base, the extensive range of products we produce, our broad service offerings, and our ability to provide solutions at nearly every stage of a product's lifecycle. We produce nearly 7,000 distinct items across multiple categories, including brand and generic prescription drugs and biologics, over-the-counter, consumer health and veterinary products, medical devices and diagnostics. In fiscal 2016, our top 20 products represented approximately 25% of total revenue, with no single customer accounting for greater than 10% of revenue and with no individual product greater than 3%. We serve more than 1,000 customers in approximately 80 countries. In fiscal 2016, we generated 45% of our revenues in the United States, 39% in Europe and 16% in the rest of the world. This diversity, combined with long product lifecycles and close customer relationships, has contributed to the stability of our business. It has also allowed us to reduce our exposure to potential strategic, customer and product shifts as well as to payer-driven pricing pressures experienced by our branded drug and biologic customers.

Revenue by Geography
Year Ended June 30, 2016



Revenue by Product Type
Year Ended June 30, 2016



Long-standing, Extensive Relationships with Blue Chip Customers

We have long-standing, extensive relationships with leading pharmaceutical and biotechnology customers. In fiscal 2016, we did business with 87 of the top 100 branded drug marketers, 22 of the top 25 generics marketers, 24 of the top 25 biologics marketers, and 21 of the top 25 consumer health marketers globally, as well as with more than 1,000 other customers, including emerging and specialty companies, which are often more reliant on outside partners as a result of their more virtual business models. Regardless of size, our customers seek innovative product development, superior quality, advanced manufacturing and skilled technical services to support their development and marketed product needs.

We believe our customers value us because our depth of development solutions and advanced delivery technologies, consistent and reliable supply, geographic reach and substantial expertise enable us to create a broad range of tailored solutions, many of which are unavailable from other individual providers.

Our customer relationships typically last over long periods of time, particularly in advanced delivery technologies, where we tend to follow a prescription molecule through all phases of its lifecycle, from the development and launch of the original brand prescription, to generics or over-the-counter switch. A prescription pharmaceutical product relationship with an innovator will often last many years, in several cases nearly two decades or more, extending from pre-clinical development through the end of the product's life cycle.

Deep, Broad and Growing Technology Foundation

Our breadth of proprietary and patented technologies and long track record of innovation substantially differentiate us from other industry participants. Our leading softgel platforms, including Liqui-Gels, OptiShell and Vegicaps capsules, and our oral modified release technologies, including the Zydis family, OptiPact and OptiMelt technologies, provide formulation expertise to solve complex delivery challenges for our customers. We offer advanced technologies for delivery of small molecules and biologics via respiratory, ophthalmic and injectable routes, including the blow-fill-seal unit dose technology, ADVASEPT glass-free vials, and prefilled syringes. We also provide advanced biologics formulation options, including our GPEx cell-line and SMARTag antibody-drug conjugate technologies. We have reinforced our leadership position in advanced delivery technologies over the last four years, as we have launched more than a dozen new technology platforms and applications, including in fiscal 2016 the launch of our Optiform Solutions Suite, a dose form-agnostic bioavailability enhancement platform for early-stage molecules. Our culture of creativity and innovation is grounded in our advanced delivery technologies, our scientists and engineers, and our patents and proprietary manufacturing processes throughout our global network. Our global product development team drives a focused application of resources to our highest priority opportunities for both new customer product introductions and platform technology development. As of September 30, 2016, we had approximately 625 product development programs in active development across our businesses.

Long-Duration Relationships Provide Sustainability

Our broad and diverse range of technologies closely integrates with our customers' molecules to yield final dose forms, and this generally results in the inclusion of Catalent in our customers' prescription product regulatory filings. Both of these factors translate to long-duration supply relationships at an individual product level, to which we apply our expertise in contracting to produce long-duration commercial supply agreements. These agreements typically have initial terms of three to ten years with regular renewals of one to three years. See "Business—Contractual Arrangements" for more detail. Nearly two-thirds of our fiscal 2016 advanced delivery technology platform revenues (comprised of our Softgel Technologies and Drug Delivery Solutions reporting segments) were covered by such long-term contractual arrangements. We believe this base provides us with a sustainable competitive advantage.

Significant Recent Growth Investments

We have made significant investments over time to establish a global manufacturing network, and today employ 5.2 million square feet of manufacturing and laboratory space across five continents. We have invested approximately $630 million in the last five fiscal years in gross capital expenditures. Growth-related investments in facilities, capacity and capabilities across our businesses have positioned us for future growth in areas aligned with anticipated future demand. Through our focus on operational, quality and regulatory excellence, we drive ongoing and continuous improvements in safety, productivity and reliable supply to customer expectations, which we believe further differentiate us. Our manufacturing network and capabilities allow us the flexibility to reliably supply the changing needs of our customers while consistently meeting their quality, delivery and regulatory compliance expectations.

High Standards of Regulatory Compliance and Operational and Quality Excellence

We operate our plants in accordance with current good manufacturing practices ("cGMP"), following our own high standards that are consistent with those of many of our large global pharmaceutical and biotechnology customers. We have more than 1,100 employees around the globe focused on quality and regulatory compliance. More than half of our facilities are registered with the FDA, with the remaining facilities registered with other applicable regulatory agencies, such as the European Medicines Agency (the "EMA"). In some cases, facilities are registered with multiple regulatory agencies. In fiscal 2016, we were subject to 49 regulatory audits and, over the last five fiscal years, we successfully completed more than 250 regulatory audits. We also undergo more than 400 customer and internal audits annually. We believe our quality and regulatory track record to be a competitive differentiator for Catalent.

Strong and Experienced Management Team

Our executive leadership team collectively has more than 200 years of combined and diverse experience within the pharmaceutical and healthcare industries. With an average of more than 20 years of functional experience, this team possesses deep knowledge and a wide network of industry relationships.

OUR STRATEGY

We are pursuing the following key growth initiatives:

"Follow the Molecule" by Providing Solutions to our Customers across all Phases of the Product Lifecycle

We intend to use our advanced delivery technologies and development solutions across the entire lifecycle of our customers' products to drive future growth. Our development solutions span the drug development process, starting with our platforms for development of small molecules, biologics and antibody-drug conjugates, to formulation and analytical services, through early stage clinical development and manufacturing of clinical trials supply, to regulatory consulting. Once a molecule is ready for late-stage trials and subsequent commercialization, we provide our customers with a range of advanced delivery technologies and manufacturing expertise that allow them to deliver their molecules to the end-users in appropriate dosage forms. The relationship between a molecule and our advanced delivery technologies typically starts with developing and manufacturing the innovator product, then extends throughout the molecule's commercial life, including through potential generic launches or over-the-counter conversion. For prescription products, we are typically the sole and/or exclusive provider, and are reflected in customers' new drug applications.

Our breadth of solutions gives us multiple entry points into the lifecycle of our customers' molecules. Our initial commercial opportunity arises during the discovery and development of a molecule, when our development and particle engineering solutions can be applied. Once a product reaches late-stage development,

we can provide our customers with drug delivery solutions for the commercialization of their products. We have two additional entry points during the commercial phase: upon loss-of-exclusivity and upon conversion to over-the-counter status. At these points, we partner with the makers and marketers of both generic and over-the-counter products to provide them with advanced delivery technologies that can be applied to their products through these stages of the product lifecycle. Our revenues from our advanced delivery technologies are primarily driven by volume and, as a result, the loss of exclusivity may not have a significant negative impact if we continue to work with both branded and generic partners.

An example of this can be found in a leading over-the-counter respiratory brand, which today uses both our Zydis fast dissolve and our Liqui-Gels softgel technologies. We originally began development of the prescription format of this product for our multinational pharmaceutical company partner in 1992 to address specific patient sub-segment needs. After four years of development, we then commercially supplied the prescription Zydis product for six years, and we have continued to provide the Zydis form since the switch to over-the-counter status in the United States and other markets in the early 2000s. More recently, we proactively brought a softgel product concept for the brand to the customer, which the customer elected to develop and launch as well. By following this molecule, we have built a strong, 24-year long relationship across multiple formats and markets.

Continue to Grow Through New Product Launches and Projects

We intend to grow by supplementing our existing diverse base of commercialized advanced delivery technology products with new development programs. As of September 30, 2016, our product development teams were working on approximately 625 new customer programs. Our base of active development programs has expanded in recent years from growing market demand, as well as from our investments since 2010 to expand our global sales and marketing function; once developed and approved in the future, we expect these programs to add to long-duration commercial revenues under long-term contracts and grow our existing product base. In the year ended June 30, 2016, we introduced 184 new products, which is up 12% versus new product introductions in the year ended June 30, 2015 and up more than 200% since the year ended June 30, 2012, when we introduced 59 new products. In the year ended June 30, 2016, we recognized approximately $330 million of revenue related to the development of products on behalf of customers, included in our Softgel Technologies and Drug Delivery Solutions reporting segments, up 19% from the prior year. In addition, substantially all of the revenues associated with the Clinical Supply Services segment relate to our support of customer products in development.

We expect that our expanded offerings and capacity, such as our OptiForm Solutions Suite bioavailability enhancement offering, expanded bioanalytical testing and commercial-scale metered dose inhaler production, ongoing service offering and geographic network expansion in our clinical supply services business, our expanded presence in Brazil, and our continued growth in China, will further expand our active advanced delivery technologies development programs, and position us for ongoing future growth. Our development solutions business is driven by thousands of projects annually, ranging from individual short-duration analytical projects to multi-year clinical supply programs.

Accelerate Growth with Existing Customers through Increased Penetration and Broadening of Services

While we have a broad presence across the pharmaceutical and biotechnology industries, we believe there are significant opportunities for additional revenue growth in our existing customer base, by providing advanced delivery solutions for new pipeline or commercial molecules, and by expanding the range and depth of our development solutions used by those customers. Within our top 50 customers, nearly 75% use less than half of our individual offerings. In order to ensure we provide the most value to our customers, we have increased our field sales and marketing force by approximately 20% since fiscal 2009. We have continued to follow a targeted account strategy, designating certain accounts as global accounts, based on current materiality, partnering approach and growth potential. We also designate other accounts as growth accounts, based primarily on

partnering approach and potential to become global accounts in the future. In both cases, we assign incremental business development product development resources to identify and pursue new opportunities to partner. Global accounts represented nearly 29% of our revenues in fiscal 2016, while growth accounts represented approximately 8% of revenues in that same period.

Enter Into and Expand Into Attractive Technologies and Geographies

We have made a number of internal investments in new geographies and markets, including the construction and ongoing expansion of a state-of-the-art biomanufacturing facility in Wisconsin to serve the growing global biologics development market, a recently completed significant expansion of oral solid controlled release production capacity in Kentucky, the scaling-up of commercial manufacturing capacity for metered-dose inhalers and continuing development and scale-up of the SMARTag™ antibody-drug conjugate technology to address the growing need for improved targeted delivery of therapeutic compounds directly to tumor sites.

In addition, we intend to increase our presence in emerging/high-growth geographies and other markets where we are currently only narrowly represented, including China, Brazil, Japan, and the animal health market.

Capitalize on Our Substantial Technology Platform

We have a broad and diverse technology platform that is supported by approximately 1,100 patents and patent applications in more than 100 families across advanced delivery technologies, drug and biologics formulation and manufacturing. This platform is supported by substantial know-how and trade secrets that provide us with additional competitive advantages. For example, we have significant softgel fill and formulation databases and substantial softgel regulatory approval expertise, and as a result, approximately 90% of NME softgel approvals by the FDA over the last 25 years have been developed and supplied by us.

In addition to resolving product challenges for our customers' molecules, for more than two decades we have applied our technology platforms and development expertise to proactively develop proof-of-concept products, whether improved versions of existing drugs, new generic formulations or innovative consumer health products. In the consumer health area, we file product dossiers with regulators in relevant jurisdictions for self-created products, which help contribute sustainable growth to our consumer health business. We expect to continue to seek proactive development and other non-traditional relationships to increase demand for and value realized from our technology platforms. These activities have provided us with opportunities to capture an increased share of end-market value through out-licensing, profit-sharing and other arrangements.

Leverage Existing Infrastructure and Operational Discipline to Drive Profitable Growth

Through our existing infrastructure, including our global network of operating locations and programs, we promote operational discipline and drive margin expansion. With our Lean Manufacturing and Lean Six Sigma programs, a global procurement function and conversion cost productivity metrics in place, we have created a culture of functional excellence and cost accountability. We intend to continue to apply this discipline to further leverage our operational network for profitable growth. Since fiscal 2009, we have expanded gross margin by over 400 basis points and Adjusted EBITDA margin by over 200 basis points.

Pursue Strategic Acquisitions and Licensing to Build upon our Existing Platform

We operate in highly fragmented markets in both our advanced delivery technologies and development solutions businesses. Within those markets, the five top players represent nearly 35% and 10% of the total market share, respectively, by revenue. Our broad platform, global infrastructure and diversified customer base provide us with a strong foundation from which to consolidate within these markets and to generate operating leverage through such acquisitions. Since fiscal 2012, we have executed ten transactions, investing more than $750 million, and have demonstrated an ability to efficiently and effectively integrate these acquisitions.

While we are rigorously focused on driving Catalent's organic growth, we intend to continue to opportunistically source and execute bolt-on strategic acquisitions within our existing business areas, as well as to undertake transactions that provide us with expansion opportunities within new geographic markets or adjacent market segments. We have a dedicated corporate development team in place to identify these opportunities and have a rigorous and financially disciplined process for evaluating, executing and integrating such acquisitions.

RECENT DEVELOPMENTS

The Pharmatek Acquisition

On September 22, 2016, we acquired Pharmatek (the "Pharmatek Acquisition"), a contract drug development and clinical manufacturing company, based in the U.S. Pharmatek adds discovery-to-clinic drug development capabilities, expands our capability for handling highly potent compounds, and adds spray drying to our technologies.

The Accucaps Acquisition

On November 23, 2016, we entered into a share purchase agreement with, among others, Apotex Holdings, Inc., pursuant to which we agreed to acquire Accucaps Industries Limited ("Accucaps") for a purchase price of approximately $75.0 million (U.S. dollar equivalent) (the "Accucaps Acquisition"). Accucaps operates two facilities in Ontario, Canada that manufacture and package softgel capsules for the prescription and over-the-counter markets. The transaction is subject to customary closing conditions. We intend to use a portion of the net proceeds from the notes offered hereby to fund the purchase price for the Accucaps Acquisition. See "Use of Proceeds." The closing of this notes offering is not conditioned upon the consummation of the Accucaps Acquisition and there can be no assurance that the Accucaps Acquisition will be consummated.

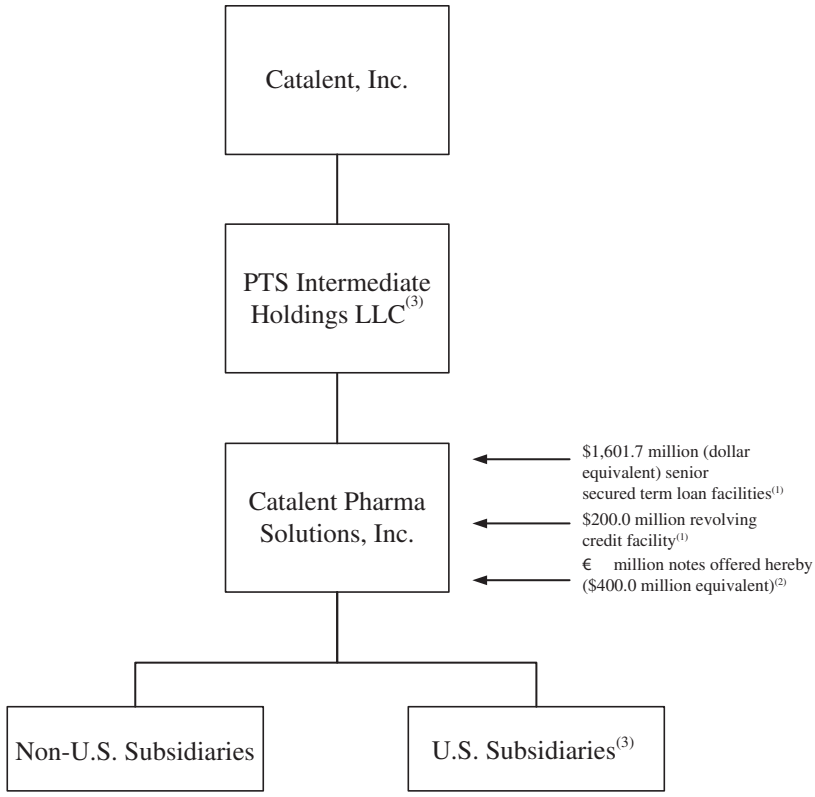
Repricing of Term Loans

Concurrently with the closing of this notes offering, we intend to amend the credit agreement governing our senior secured credit facilities to reduce the applicable margin on the term loans. The closing of this notes offering is not conditioned upon the consummation of the credit agreement amendment and there can be no assurance that we will be able to obtain any such reduction to the applicable margin.

Catalent Pharma Solutions, Inc. is incorporated in Delaware. Our principal executive offices are located at 14 Schoolhouse Road, Somerset, New Jersey 08873, and our telephone number there is (732) 537-6200.

CORPORATE STRUCTURE

The following diagram illustrates our simplified corporate structure as of September 30, 2016, as adjusted to reflect this offering of the notes and the application of the net proceeds therefrom.



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(1) As of September 30, 2016, our senior secured credit facilities consisted of (i) $1,451.2 million U.S. dollar-denominated term loans and €312.7 million euro-denominated term loans (equal to $350.5 million based on an exchange rate of €1 = $1.1208 as of September 30, 2016), which mature in May 2021, and (ii) a $200.0 million revolving credit facility, of which $75.0 million was outstanding as of September 30, 2016, which matures in May 2019. See "Description of Other Indebtedness." We intend to use a portion of the net proceeds from this offering of notes to repay $200.0 million (U.S. dollar equivalent) aggregate principal amount of outstanding term loans and $75.0 million of outstanding borrowings under our revolving credit facility. See "Use of Proceeds."

(2) We are offering € million in aggregate principal amount of notes pursuant to this offering memorandum (the aggregate U.S. dollar equivalent of $400.0 million).

(3) The notes will be guaranteed on a senior unsecured basis by all of our wholly owned U.S. subsidiaries that guarantee our senior secured credit facilities. Our senior secured credit facilities are guaranteed on a senior secured basis by PTS Intermediate Holdings LLC, our direct parent, and each of our material U.S. wholly owned subsidiaries. The notes will not be guaranteed by either PTS Intermediate Holdings, LLC or Catalent, Inc., our direct and indirect parent companies.

THE OFFERING

The following summary is provided solely for your convenience and is not intended to be complete. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the notes, see "Description of the Notes."

Issuer	Catalent Pharma Solutions, Inc., a Delaware corporation.
Notes Offered	€ aggregate principal amount of % Senior Notes due 2024.
Maturity Date	, 2024.
Interest	The notes will bear interest at % per annum.
Interest Payment Dates	Interest on the notes will be paid semi-annually in arrears on each and , beginning on , 2017. Interest on the notes will accrue from , 2016.
Form and Denomination	The notes will be issued in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Optional Redemption	On and after , 2019, we may, at our option, redeem the notes, in whole or in part, at the applicable redemption prices set forth in this offering memorandum. See "Description of the Notes—Optional Redemption." We may, at our option, redeem the notes, in whole or in part, at any time prior to , 2019, at a price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date plus the applicable "make-whole premium" described under "Description of the Notes—Optional Redemption." In addition, prior to , 2019, we may, at our option, redeem up to 40% of the aggregate principal amount of the notes with funds in an aggregate amount not exceeding the net cash proceeds from certain equity offerings at a redemption price equal to % of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
Additional Amounts	Any payments made under or with respect to the notes will be made without withholding or deduction for taxes imposed by the United States (or any political subdivision or taxing authority thereof) unless required by law. If withholding or deduction for such taxes is required by the United States (or any political subdivision or taxing authority thereof) to be

	made from any payments by us under or with respect to any of the notes, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the holders of such notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "Description of the Notes—Additional Amounts."
Optional Redemption for Tax Reasons	If we are or would be required to pay Additional Amounts with respect to the notes and such requirement arises as a result of certain changes in tax laws, regulations or rulings of (or their interpretation by, or certain actions by) the United States (or any political subdivision or taxing authority thereof), we may redeem the notes in whole, but not in part, at any time at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See "Description of the Notes—Taxation Redemption."
Change of Control	Upon a change of control, as defined under the section titled "Description of the Notes," we will be required to make an offer to purchase the notes then outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. We may not have sufficient funds available at the time of a change of control to repurchase the notes.
Guarantees	The notes will be guaranteed on a senior unsecured basis, jointly and severally, by all of our wholly owned U.S. subsidiaries that guarantee our senior secured credit facilities. The notes will not be guaranteed by either PTS Intermediate Holdings, LLC or Catalent, Inc., our direct and indirect parent companies.
Ranking	The notes will be our unsecured senior obligations. Accordingly, the notes will: • rank equally in right of payment with all of our existing and future unsubordinated indebtedness; • rank senior in right of payment to any of our future indebtedness that expressly provides for its subordination to the notes; • be structurally subordinated to all of the existing and future indebtedness and other liabilities of our subsidiaries that are not guarantors; and

- be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness (including obligations under our senior secured credit facilities).

The guarantees will be unsecured senior obligations of the guarantors. Accordingly, the guarantees will:

- rank equally in right of payment with all existing and future unsubordinated indebtedness of the guarantors;
- rank senior in right of payment to any future indebtedness of the guarantors that expressly provides for its subordination to the guarantees; and
- be effectively subordinated to all existing and future secured indebtedness of the guarantors to the extent of the value of the assets securing such indebtedness (including the guarantors' guarantees of our obligations under our senior secured credit facilities).

As of September 30, 2016, on an as adjusted basis after giving effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," we would have had approximately $2,062.3 million (U.S. dollar equivalent) of total indebtedness outstanding, consisting of $1,601.7 million (U.S. dollar equivalent) of secured indebtedness under our senior secured indebtedness, $400.0 million (U.S. dollar equivalent) of senior indebtedness represented by the notes and $60.6 million of capital lease and other obligations. In addition, we would have had an additional $186.1 million of unutilized capacity and $13.9 million of outstanding letters of credit under our revolving credit facility. For the twelve months ended September 30, 2016, our non-guarantor subsidiaries represented 55% of our total net revenues and as of September 30, 2016, our non-guarantor subsidiaries represented 55% of our total assets and, after giving effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," 16% of our total liabilities, in each case after intercompany eliminations.

Certain Covenants	The terms of the notes will, among other things, limit our ability and the ability of our restricted subsidiaries to: • incur additional indebtedness and issue certain preferred stock; • pay certain dividends on, repurchase or make distributions in respect of capital stock or make other restricted payments; • enter into agreements that place limitations on distributions from restricted subsidiaries; • guarantee certain indebtedness; • make certain investments; • sell or exchange certain assets; • enter into transactions with affiliates; • create certain liens; and • consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis. These covenants are subject to a number of important qualifications and exceptions. See "Description of the Notes."
Use of Proceeds	We intend to use the net proceeds from the notes to (i) fund the Accucaps Acquisition, (ii) repay a portion of the outstanding borrowings under our senior secured credit facilities, plus any accrued and unpaid interest and related fees and expenses, (iii) pay certain fees, expenses and costs in connection with the foregoing transactions and this offering of the notes and (iv) provide cash on our balance sheet for general corporate purposes. See "Use of Proceeds."
No Registration Rights	We do not intend to file a registration statement under the Securities Act relating to the sale or resale of any of the notes or any offer to exchange any of the notes for notes publicly traded in the United States.
Certain ERISA Considerations	The notes may, subject to certain restrictions described in "Certain ERISA Considerations" herein, be sold and transferred to ERISA Plans. Prospective investors should carefully consider the matters discussed under "Notice to Investors."
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and the notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act. For more information on these restrictions, see "Plan of Distribution" and "Notice to Investors."

Trading	The notes are a new issue of securities, and there is currently no established trading market for the notes. An active or liquid market may not develop for the notes or, if developed, be maintained.
Listing	Application will be made to the Exchange for the listing of and permission to deal in the notes on the Official List of the Exchange. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained, and settlement of the notes is not conditioned on obtaining such listing.
Risk Factors	Investing in the notes involves substantial risks. You should carefully consider all of the information in this offering memorandum. In particular, for a discussion of some specific factors that you should consider before buying the notes, see "Risk Factors."
Governing Law	The notes and the indenture that will govern the notes will be governed by the laws of the State of New York.
Trustee	Deutsche Trustee Company Limited.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following table presents our summary historical financial information and other data as of the dates and for the periods presented. The summary historical financial information as of June 30, 2016 and 2015 and for the fiscal years ended June 30, 2016, 2015 and 2014 has been derived from our audited consolidated financial statements included in this offering memorandum. The summary historical financial information as of June 30, 2014 has been derived from our audited consolidated financial statements not included in this offering memorandum. The summary historical financial information as of September 30, 2016 and 2015 and for the three months ended September 30, 2016 and 2015 have been derived from our unaudited consolidated financial statements included in this offering memorandum. The summary historical financial information as of September 30, 2015 has been derived from our unaudited consolidated financial statements not included in this offering memorandum. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the information set forth herein. Interim financial results are not necessarily indicative of results for the full fiscal year or any future reporting period.

The unaudited consolidated financial information for the twelve months ended September 30, 2016 has been derived by adding the financial information from our audited consolidated financial statements for the fiscal year ended June 30, 2016 to the financial data from our unaudited consolidated financial statements for the three months ended September 30, 2016 and subtracting the financial information from our unaudited consolidated financial statements for the three months ended September 30, 2015.

You should read this information together with the information included under the heading "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and related notes included in this offering memorandum as well as the other financial information included in this offering memorandum.

	Twelve Months Ended September 30,	Three Months Ended September 30,		Fiscal Years Ended June 30,		
	2016	2016	2015	2016	2015	2014
	(Unaudited)					
	(in millions, except as noted)					
Statement of Operations Data:						
Net revenue[1]	$1,867.3	$ 442.2	$ 423.0	$1,848.1	$1,830.8	$1,827.7
Cost of sales	1,277.1	318.1	301.5	1,260.5	1,215.5	1,229.1
Gross margin[1]	590.2	124.1	121.5	587.6	615.3	598.6
Selling, general and administrative expense	374.0	98.2	82.3	358.1	337.3	334.8
Impairment charges and (gain)/loss on sale of assets	1.5	—	1.2	2.7	4.7	3.2
Restructuring and other	9.1	1.1	1.0	9.0	13.4	19.7
Operating earnings/(loss)	205.6	24.8	37.0	217.8	259.9	240.9
Interest expense, net	87.9	22.1	22.7	88.5	105.0	163.1
Other (income)/expense, net	(18.3)	(2.1)	0.6	(15.6)	42.4	10.4
Earnings/(loss) from continuing operations before income taxes	136.0	4.8	13.7	144.9	112.5	67.4
Income tax expense/(benefit)	31.9	0.2	2.0	33.7	(97.7)	49.5
Earnings/(loss) from continuing operations	104.1	4.6	11.7	111.2	210.2	17.9
Earnings/(loss) from discontinued operations, net of tax	—	—	—	—	0.1	(2.7)
Net earnings/(loss)	104.1	4.6	11.7	111.2	210.3	15.2
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(0.1)	—	(0.2)	(0.3)	(1.9)	(1.0)
Net earnings/(loss) attributable to Catalent	$ 104.2	$ 4.6	$ 11.9	$ 111.5	$ 212.2	$ 16.2

	Twelve Months Ended September 30,	Three Months Ended September 30,		Fiscal Years Ended June 30,		
	2016	2016	2015	2016	2015	2014
		(Unaudited)				
		(in millions, except as noted)				
Statement of Cash Flow Data:						
Net cash provided by/(used in) continuing operations:						
Operating activities		$ 48.3	$ 44.9	$ 155.3	$ 171.7	$ 180.2
Investing activities		(114.6)	(33.2)	(137.7)	(271.8)	(175.2)
Financing activities		65.9	(10.3)	(30.8)	196.5	(42.1)
Balance Sheet Data (at period end):						
Cash and cash equivalents		$ 132.1	$ 151.4	$ 131.6	$ 151.3	$ 74.4
Total assets[2]		3,128.1	3,049.5	3,091.1	3,138.3	3,073.4
Long term debt, including current portion and other short term borrowing[2]		1,937.3	1,877.0	1,860.5	1,880.8	2,693.8
Total liabilities[2]		2,513.6	2,446.5	2,455.2	2,498.5	3,440.7
Other Financial Data:						
Capital expenditures		$ 27.7	$ 33.2	$ 139.6	$ 141.0	$ 122.4
Cash interest expense[3]	$ 88.1	20.2	20.8	82.4	107.1	153.8
Adjusted EBITDA[1][4]	398.6	75.0[5]	77.6	401.2[5]	443.1	432.3
Other Adjusted Financial Data:						
Further Adjusted EBITDA[1][4]	$ 412.0					
Total debt / Further Adjusted EBITDA[1][4]	5.0x					
Total net debt / Further Adjusted EBITDA[1][4][6]	4.6x					
Further Adjusted EBITDA / Cash interest expense[1][3][4]	4.7x					

(1) On November 13, 2015, the primary French drug regulatory agency (the "ANSM") issued an order temporarily suspending operations at our softgel manufacturing facility in Beinheim, France, which was lifted on April 28, 2016. The temporary suspension of operations at our facility in Beinheim, France resulted in a reduction of Softgel Technologies segment revenues by approximately $35.0 million and $6.0 million for fiscal 2016 and the first quarter of fiscal 2017, respectively, as compared to pre-suspension levels of production and impacted Softgel Technologies' Segment EBITDA by approximately $32.0 million and $5.0 million, respectively, for the same periods. As presented in this offering memorandum, EBITDA, Adjusted EBITDA and Further Adjusted EBITDA have not been adjusted to remove the impact of the Beinheim suspension.

(2) In connection with the Company's adoption of Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, as of January 1, 2016, prior year debt balances have been retrospectively adjusted to include a direct deduction of unamortized debt issuance costs, resulting in a reclassification of $7.1 million, $16.8 million and $6.9 million of debt issuance costs as of June 30, 2015 and 2014 and September 30, 2015, respectively, to long-term debt, including current portion and other short-term borrowing for the respective periods. Prior to the adoption of ASU 2015-03, the unamortized debt issuance costs were included in other assets on the Company's consolidated balance sheets. The unamortized debt issuance costs associated with the Company's revolving credit facility continues to be included within other assets.

(3) Cash interest expense for the twelve months ended September 30, 2016 is adjusted for the notes offered hereby and the use of the net proceeds therefrom. See "Use of Proceeds." Cash interest expense assumes that the interest rate on our term loans was constant for the twelve month period ended September 30, 2016 and does not give effect to any reduction in the applicable margin on the term loans that we seek to obtain concurrently with the closing of this offering of the notes. See "—Recent Developments—Repricing of Term Loans." Assuming that our revolving credit facility is undrawn and LIBOR is above any applicable minimum floor, each one-eighth percent change in interest rates would result in a change of approximately $2.0 million in annual interest expense on the indebtedness under our senior secured credit facilities.

(4) For additional information regarding our use of EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA and limitations on their usefulness as analytical tools, see "Use of Non-GAAP Measures." A reconciliation of earnings/(loss) from continuing operations, the most directly comparable U.S. GAAP measure, to EBITDA from continuing operations, Adjusted EBITDA and Further Adjusted EBITDA is as follows:

	Twelve Months Ended September 30,	Three Months Ended September 30,		Fiscal Years Ended June 30,		
	2016	2016	2015	2016	2015	2014
Earnings/(loss) from continuing operations	$104.1	$ 4.6	$11.7	$111.2	$210.2	$ 17.9
Interest expense, net	87.9	22.1	22.7	88.5	105.0	163.1
Depreciation and amortization	140.9	35.8	35.5	140.6	140.8	142.9
Income tax (benefit)/expense[a]	31.9	0.2	2.0	33.7	(97.7)	49.5
Non-controlling interest	0.1	—	0.2	0.3	1.9	1.0
EBITDA from continuing operations	$364.9	$62.7	$72.1	$374.3	$360.2	$374.4
Equity compensation	15.1	6.9	2.6	10.8	9.0	4.5
Impairment charges and (gain)/loss on sale of assets	1.5	—	1.2	2.7	4.7	3.2
Financing related expenses and other[b]	—	—	—	—	21.8	11.0
U.S. GAAP Restructuring	9.1	1.1	1.0	9.0	13.4	19.7
Acquisition, integration and other special items	22.0	4.8	1.0	18.2	13.8	9.8
Foreign exchange loss/(gain) (included in other, net)[c]	(10.5)	(0.5)	(0.5)	(10.5)	(2.7)	(3.5)
Sponsor advisory fee[d]	—	—	—	—	—	12.9
Other adjustments[e]	(3.5)	—	0.2	(3.3)	22.9	0.3
Adjusted EBITDA	398.6	75.0[f]	77.6	401.2[f]	443.1	432.3
Pharmatek Acquisition[g]	6.0					
Accucaps Acquisition[h]	7.4					
Further Adjusted EBITDA[i]	$412.0					

(a) Represents the amount of income tax-related expense/(benefit) recorded within our net earnings/(loss) that may not result in cash payment or receipt.

(b) Financing-related expenses for the three months ended September 30, 2014 include $20.6 million of early debt termination expenses incurred in connection with the repayment of debt with the net proceeds of the IPO. See footnote (e) below for an additional $29.8 million of IPO-related costs, totaling $50.4 million.

(c) For the twelve months ended September 30, 2016 and the fiscal years ended June 30, 2016, 2015 and 2014, foreign exchange gains of $10.5 million, $10.5 million, $2.7 million and $3.5 million, respectively, included $16.9 million, $16.3 million, $16.4 million and $17.1 million of unrealized foreign currency exchange rate gains. For the twelve months ended September 30, 2016, such gains were primarily driven by gains of $6.2 million related to foreign trade receivables and payables, $9.3 million of unrealized gains on inter-company loans and $1.3 million of unrealized gains on the effective portion of the Company's net investment hedge. For the fiscal years ended June 30, 2016, 2015 and 2014, such gains were primarily driven by gains of $9.0 million, losses of $31.4 million and gains of $26.6 million, respectively, related to inter-company loans denominated in a currency different from the functional currency of either the borrower or the lender and foreign currency exchange gains of $3.8 million, $47.8 million and $9.5 million, respectively, driven by the ineffective portion of the net investment hedge related to the euro-denominated debt. For the twelve months ended September 30, 2016 and the fiscal years ended June 30, 2016, 2015 and 2014, the foreign exchange adjustment was also affected by the exclusion of realized foreign currency exchange rate losses from the non-cash and cash settlement of inter-company loans of $6.3 million, $5.8 million, $13.7 million and $13.6 million, respectively. Inter-company loans are between Catalent entities and do not reflect the ongoing results of Catalent's trade operations.

(d) Represents the amount of sponsor advisory fee for each respective period. The sponsor advisory fee agreement was terminated in connection with the completion of our IPO.

(e) Other Adjustments for the twelve months ended June 30, 2015 includes $29.8 million for a sponsor advisory agreement termination fee paid in connection with the IPO. See footnote (b) above for an additional $20.6 million of IPO-related costs, totaling $50.4 million.

(f) See footnote (5) below for the impact of unfavorable currency exchange rates on Adjusted EBITDA for the periods.

(g) We closed the Pharmatek Acquisition in September 2016. This adjustment represents estimated EBITDA attributable to the Pharmatek Acquisition for the twelve months ended September 30, 2016, net of potential cost dissynergies. See "—Recent Developments—The Pharmatek Acquisition" above and note (i) below.

(h) This adjustment represents estimated EBITDA attributable to the Accucaps Acquisition for the twelve months ended September 30, 2016. See "—Recent Developments—The Accucaps Acquisition" above and note (i) below.

(i) Further Adjusted EBITDA gives effect to the Pharmatek Acquisition and the Accucaps Acquisition as if such acquisitions had occurred on October 1, 2015. The information relating to the estimated EBITDA attributable to Pharmatek prior to our ownership was derived from audited financial information provided by Pharmatek. In addition, the estimated EBITDA attributable to Accucaps has been derived from unaudited financial information provided by Accucaps. Such financial information was prepared by Pharmatek and Accucaps, respectively, pursuant to applicable accounting principles for such entities, which may differ from U.S. GAAP and our accounting principles. We did not control Pharmatek prior to September 22, 2016 and will not control Accucaps until consummation of the Accucaps Acquisition. Accordingly, although we believe such information to be accurate, such information cannot be independently verified by our management. In addition, our auditors have not audited, reviewed, compiled or performed any procedures with respect to such financial information and, accordingly, do not express an opinion or any other form of assurance with respect thereto. The amounts attributable to Pharmatek and Accucaps presented herein have not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information, are presented for illustrative purposes only, do not purport to be indicative of the contribution that Pharmatek or Accucaps would have made to our Adjusted EBITDA had such businesses been included in our operations for the twelve months ended September 30, 2016 and do not purport to project our future operating results. Such Further Adjusted EBITDA does not reflect any transaction costs, financing costs, or integration costs relating to such acquisitions, or any potential synergies therefrom, and is not intended as a forecast of future operating results or financial performance. Furthermore, the Accucaps Acquisition is subject to customary closing conditions, and there can be no assurance that the Accucaps Acquisition will be consummated. See "Risk Factors—Risks Relating to the Notes—This offering memorandum includes financial information from recently acquired and to be acquired businesses that were not prepared by our management and which our management cannot independently verify. Furthermore, this information was not prepared in accordance with the rules and regulations of the SEC relating to the use of pro forma financial statements."

(5) On a constant currency basis, Adjusted EBITDA for the fiscal year ended June 30, 2016 and the three months ended September 30, 2016 was $422.0 million and $80.0 million, respectively, after adjusting for a $20.8 million and a $5.0 million unfavorable impact from currency exchange rates, respectively.

(6) Total net debt represents our total debt, including capital lease and other financing obligations, as of September 30, 2016, less the amount of cash and cash equivalents as of September 30, 2016, in each case, as adjusted to give effect to the offering of the notes and the use of the net proceeds therefrom. See "Use of Proceeds."

RISK FACTORS

Any investment in the notes involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this offering memorandum, before buying the notes. Any of the following risks could materially adversely affect our business, results of operations or financial condition. These risks and uncertainties are not the only ones we face. Additional risks or uncertainties not presently known to us, or that we currently deem immaterial, could also materially adversely affect our business, results of operations or financial condition. In such cases, you may lose all or part of your original investment. We cannot assure you that any of the events discussed in the risk factors below will not occur.

Risks Relating to Our Indebtedness

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in our industry or to deploy capital to grow our business, expose us to interest rate-risk to the extent of our variable-rate debt and prevent us from meeting our obligations under the notes.

We are highly leveraged. As of September 30, 2016, on an as adjusted basis after giving effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," we would have had approximately $2,062.3 million (U.S. dollar equivalent) of total indebtedness outstanding, consisting of $1,601.7 million (U.S. dollar equivalent) of secured indebtedness under our senior secured indebtedness, $400.0 million (U.S. dollar equivalent) of senior indebtedness represented by the notes and $60.6 million of capital lease and other obligations. In addition, we would have had an additional $186.1 million of unutilized capacity and $13.9 million of outstanding letters of credit under our revolving credit facility.

Our high degree of leverage could have important consequences for us, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under our senior secured credit facilities, are at variable rates of interest;
- exposing us to the risk of fluctuations in exchange rates because certain of our borrowings, including a portion of our senior secured term loan facilities and the notes, are denominated in euros;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture that will govern the notes and the agreements governing such other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Our cash interest expense was $82.4 million, $107.1 million and $153.8 million for fiscal years 2016, 2015 and 2014, respectively. On an as adjusted basis after giving effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," assuming that our revolving credit facility is undrawn and LIBOR is above any applicable minimum floor, each one-eighth percent change in interest rates would result in a change of approximately $2.0 million in annual interest expense on the indebtedness under our senior secured credit facilities.

Despite our high indebtedness level, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture that will govern the notes and the senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. As of September 30, 2016, as adjusted to give effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," we would have had approximately $186.1 million available to us for borrowing, subject to certain conditions, from our $200.0 million revolving credit facility. If new debt is added to our subsidiaries' existing debt levels, the risks associated with debt we currently face would increase.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The indenture that will govern the notes and our senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional indebtedness and issue certain preferred stock;
- pay certain dividends on, repurchase or make distributions in respect of capital stock or make other restricted payments;
- enter into agreements that place limitations on distributions from restricted subsidiaries;
- guarantee certain indebtedness;
- make certain investments;
- sell or exchange certain assets;
- enter into transactions with affiliates;
- create certain liens; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross-default provisions, and, in the case of the revolving credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under the indenture that will govern the notes or our senior secured credit facilities, the noteholders or lenders, as the case may be, could elect to declare all amounts outstanding to be immediately due and payable and, in the case of the senior secured credit facilities, to terminate all commitments to extend further credit. Such actions by those noteholders or lenders, as the case may be, could cause cross-defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the senior secured credit facilities could proceed against the collateral granted to them to secure that indebtedness. We pledged a significant portion of our assets as collateral under the senior secured credit facilities. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, we may not have sufficient assets to repay the senior secured credit facilities as well as our unsecured indebtedness, including the notes. In addition, our senior secured credit facilities include other and more restrictive covenants and restrict our ability to prepay our other indebtedness, including the notes. Our ability to comply with these covenants may be affected by events beyond our control.

We may use derivative financial instruments to reduce our exposure to market risks from changes in interest rates on our variable rate indebtedness and any such instruments may expose us to risks related to counterparty credit worthiness or non-performance of these instruments.

We may enter into interest-rate swap agreements or other hedging transactions in an attempt to limit our exposure to changes in variable interest rates. Such instruments may result in economic losses if, for example, prevailing interest rates decline to a point lower than any applicable fixed-rate commitment. Any such swap will expose us to credit-related risks that, if realized could adversely affect our results of operations or financial condition.

Risks Relating to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes. After giving effect to the offering of the notes and the application of proceeds therefrom as described under "Use of Proceeds," our cash interest expense for the twelve months ended September 30, 2016 would have been $88.1 million.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. The revolving credit facility will mature in 2019 and the term loans under our senior secured credit facilities will mature in 2021, all prior to the maturity of the notes. Our ability to restructure or refinance our debt will depend on the condition of 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. The terms of existing or future debt instruments and the indenture that will govern the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

Your right to receive payments on the notes is effectively subordinated to the rights of lenders who have a security interest in our assets, to the extent of the value of those assets.

Our obligations under the notes and our guarantors' obligations under their guarantees of the notes are unsecured, but our and the guarantors' obligations under our senior secured credit facilities are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of substantially all of our wholly owned U.S. subsidiaries and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our senior secured credit facilities, the lenders could declare all indebtedness outstanding thereunder due and payable. If we were unable to repay them, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indenture that will govern the notes. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes immediately. In any such event, because the notes will not be secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims in full. See "Description of Other Indebtedness."

As of September 30, 2016, on an as adjusted basis after giving effect to the offering of the notes and the application of proceeds therefrom, as described in "Use of Proceeds," we would have had approximately $1,601.7 million (U.S. dollar equivalent) aggregate principal amount of senior secured indebtedness, which is indebtedness under our senior secured credit facilities, and the right to borrow $186.1 million under our revolving credit facility (all of which would be secured), after giving effect to $13.9 million of outstanding letters of credit, subject to certain conditions. The indenture that will govern the notes will permit us and our restricted subsidiaries to incur substantial additional indebtedness in the future, including secured indebtedness.

Claims of noteholders will be structurally subordinated to claims of creditors of our subsidiaries that do not guarantee the notes, which represent a substantial portion of our EBITDA and total assets.

The notes will not be guaranteed by any subsidiary that is not wholly owned or any subsidiary that does not guarantee our senior secured credit facilities. Claims of holders of the notes will be structurally subordinated to the claims of creditors of our subsidiaries that do not guarantee the notes, including trade creditors. All obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to our creditors, including the holders of the notes. For the twelve months ended September 30, 2016, our non-guarantor subsidiaries represented 55% of our total net revenues and as of September 30, 2016, our non-guarantor subsidiaries represented 55% of our total assets and, after giving effect to the offering of the notes and the application of the net proceeds therefrom as described in "Use of Proceeds," 16% of our total liabilities, in each case after intercompany eliminations.

In addition, there may be local legal restrictions or adverse international tax consequences to us that reduce our ability to access or prevent us from accessing the assets and cash flows of non-guarantor subsidiaries. Also, the covenants in the indenture that will govern the notes will allow us to create contractual restrictions or prohibitions on our ability to access those assets and cash flows, particularly in favor of lenders to those subsidiaries.

We are principally a holding company and will depend on receiving payments from our subsidiaries to meet our obligations under the notes.

We are principally a holding company and conduct a substantial portion of our operations through our subsidiaries. Consequently, we do not have any material income from operations and do not expect to generate income from operations in the future. As a result, our ability to meet our debt service obligations, including our obligations under the notes, depends upon our subsidiaries' cash flow and payment of funds to us by our subsidiaries as dividends, loans, advances or other payments. The indenture that will govern the notes will allow us to incur any debt that is permitted to be incurred by our subsidiaries and to impose restrictions on those subsidiaries' ability to transfer funds or assets to us. As a result, we might not have access to the assets or cash flows of our subsidiaries. In addition, the payment of dividends or the making of loans, advances or other payments to us may be subject to regulatory or contractual restrictions.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under the senior secured credit facilities, could prevent us from making any payments on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants of our indebtedness, we could be in default under such indebtedness. In the event of such default,

- the holders of such indebtedness may be able to cause all of our available cash to be used to pay such indebtedness and, in any event, could elect to declare all amounts thereunder to be due and payable;

- the lenders under our senior secured credit facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

We may not be able to repurchase the notes upon a change of control.

Upon a change of control as defined in the indenture that will govern the notes, we will be required to make an offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest, unless we have previously given notice of our intention to exercise our right to redeem all of the outstanding notes. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control." We may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control offer or, if then permitted under the indenture that will govern the notes, to redeem the notes. A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due would result in a default under the indenture that will govern the notes. The occurrence of a change of control would also constitute an event of default under our senior secured credit facilities and may constitute an event of default under the terms of our other indebtedness. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under our senior secured credit facilities or holders of other indebtedness to permit the required repurchase or redemption, but the required holders of such indebtedness have no obligation to grant and may refuse to grant such a waiver.

The lenders under our senior secured credit facilities have the discretion to release any subsidiary guarantors under the senior secured credit facilities, which will cause those subsidiary guarantors to be released from their guarantees of the notes.

Any subsidiary guarantee of the notes may be released at the sole discretion of the lenders under our senior secured credit facilities, if the related subsidiary guarantor is no longer a guarantor of obligations under the senior secured credit facilities. See "Description of the Notes." You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, of those subsidiaries will effectively be senior to claims of noteholders.

Federal and state statutes allow courts, under specific circumstances, to cancel the notes or the related guarantees and require noteholders to return payments received from us or the guarantors.

Our creditors or the creditors of the guarantors of the notes could challenge the issuance of the notes and the related guarantees as fraudulent conveyances or on other grounds. Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the delivery of the notes or the guarantees could be found to be a fraudulent transfer and declared void if a court determined that we or the relevant guarantor, at the time that we or the relevant guarantor incurred the indebtedness evidenced by the note or its guarantee, as applicable, (1) delivered the note or guarantee, as applicable, with the intent to hinder, delay or defraud existing or future creditors; or (2) received less than reasonably equivalent value or did not receive fair consideration for the delivery of the note or guarantee, as applicable, and any of the following three conditions apply:

- we or the guarantor was insolvent or rendered insolvent by reason of delivering the note or guarantee
- we or the guarantor was engaged in a business or transaction for which our or the guarantor's remaining assets constituted unreasonably small capital; or
- we or the guarantor intended to incur, or believed that we or it would incur, debts beyond our or its ability to pay such debts at maturity.

In addition, any payment by us or that guarantor pursuant to the notes or its guarantee, as applicable, could be voided and required to be returned to us or the guarantor, or to a fund for the benefit of the creditors of us or the guarantor, as applicable. In any such case, the right of noteholders to receive payments in respect of the notes from us or any such guarantor, as applicable, would be effectively subordinated to all indebtedness and other liabilities of ours or that guarantor.

The indenture that will govern the notes will contain a "savings clause," which limits the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. We cannot assure you that this limitation will protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due. In a 2009 Florida bankruptcy case, this kind of provision was found to be ineffective to protect the guarantees.

If a court declares the notes or guarantees to be void, or if the notes or guarantees must be limited or voided in accordance with their terms, any claim a noteholder may make against us for amounts payable on the notes could, with respect to amounts claimed against us or the guarantors, be subordinated to our indebtedness and the indebtedness of the guarantors, including trade payables. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, we or a guarantor would be considered insolvent if:

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

On the basis of historical financial information, recent operating history and other factors, we believe that we and each guarantor, after giving effect to the issuance of the notes and its guarantee of the notes, respectively, will not be insolvent, will not have unreasonably small capital for the business in which we or it is engaged and will not have incurred debts beyond our or its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

There are restrictions on your ability to transfer or resell the notes without registration under applicable securities laws.

The notes are being offered and sold pursuant to an exemption from registration under U.S. and applicable state securities laws, and we do not intend to register the notes. 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 United States only in a transaction registered under or exempt from the registration requirements of the U.S. and applicable state securities laws. By purchasing the notes, you will be deemed to have made certain acknowledgements, representations and agreements as set forth under "Notice to Investors." The terms of the indenture governing the notes offered hereby will enable us to satisfy our financial reporting obligations under the indenture through the filing with the SEC of reports prepared by Catalent, which may also limit your ability to resell the notes pursuant to an exemption under the Securities Act or the securities laws of any state or any other jurisdiction. You should read the discussion under the heading "Notice to Investors" for further information about these transfer restrictions. It is your obligation to ensure that your offers and sales of notes comply with applicable securities laws. You should be aware that you may be required to bear the financial risk of your investment in the notes for an indefinite period.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

The notes are a new issue of securities for which there is no established public market. Certain of the initial purchasers have advised us that they intend to make a market in the notes as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in any of the notes and they may

discontinue their market making activities at any time without notice. Therefore, an active market for any of the notes may not develop or, if developed, it may not continue. The liquidity of any market for the notes will depend upon the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. A liquid trading market may not develop for the notes. If a market develops, the notes could trade at prices that may be lower than the initial offering price of the notes. If an active market does not develop or is not maintained, the price and liquidity of the notes may be adversely affected. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for any of the notes may not be free from similar disruptions and any such disruptions may adversely affect the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Application will be made to the Exchange for the listing of and permission to deal in the notes on the Official List of the Exchange. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained. Although no assurance is made as to the liquidity of the notes as a result of the admission to trading on the Exchange, failure to be approved for listing or the delisting of the notes, as applicable, from the Exchange may have a material effect on a holder's ability to resell the notes in the secondary market. Therefore, an active market for the notes may not develop or be maintained, which would adversely affect the market price and liquidity of the notes. In that case, the holders of the notes may not be able to sell their notes at a particular time or at a favorable price, if at all.

Any rating downgrade for the notes may cause the price of the notes to fall.

We have received credit ratings from certain rating services in connection with this offering of the notes. In the event a rating service were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announce its intention to put the notes on credit watch, the market price of the notes could decline.

You may face foreign exchange risks by investing in the notes.

The notes will be denominated and payable in euros. If you measure your investment returns by reference to a currency ("reference currency") other than the euro, an investment in the notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to your reference currency. These foreign exchange-related risks may be because of economic, political and other factors over which we have no control. Depreciation of the euro against your reference currency could cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into your reference currency. There may also be tax consequences for you as a result of any foreign exchange gains or losses from any investment in the notes. See "Certain U.S. Federal Income Tax Consequences" for a discussion that may be applicable to certain U.S. Holders (as defined below).

Additionally, concerns persist regarding the overall stability of the euro and the suitability of the euro as a single currency for a variety of individual countries. These concerns could lead to the re-introduction of individual currencies or the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations, including the notes, would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the notes.

This offering memorandum includes financial information from recently acquired and to be acquired businesses that were not prepared by our management and which our management cannot independently verify. Furthermore, this information was not prepared in accordance with the rules and regulations of the SEC relating to the use of pro forma financial statements.

We include in this offering memorandum certain financial information for the twelve months ended September 30, 2016 for Pharmatek, which we acquired on September 22, 2016, and Accucaps, which we entered

into a definitive agreement to acquire on November 23, 2016. Such financial information was prepared by Pharmatek and Accucaps, respectively, pursuant to applicable accounting principles for such entities, which may differ from U.S. GAAP and our accounting principles. We did not control Pharmatek prior to September 22, 2016 and will not control Accucaps until consummation of the acquisition. Accordingly, although we believe such information to be accurate, such information cannot be independently verified by our management. In addition, there can be no assurance that the Accucaps Acquisition will be consummated.

In addition, our auditors have not audited, reviewed, compiled or performed any procedures with respect to such financial information and, accordingly, do not express an opinion or any other form of assurance with respect thereto. The amounts attributable to Pharmatek and Accucaps presented herein have not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information, are presented for illustrative purposes only, do not purport to be indicative of the contribution that Pharmatek or Accucaps would have made to our Adjusted EBITDA had such businesses been included in our operations for the twelve months ended September 30, 2016 and do not purport to project our future operating results.

Risks Relating to Our Business and Industry

We participate in a highly competitive market, and increased competition may adversely affect our business.

We operate in a market that is highly competitive. We compete on several fronts, both domestically and internationally, including competing with other companies that provide similar offerings to pharmaceutical, biotechnology and consumer and animal health companies based in North America, Latin America, Europe and the Asia-Pacific region. We also may compete with the internal operations of those pharmaceutical, biotechnology and consumer and animal health manufacturers that choose to source these offerings internally, where possible.

We face material competition in each of our markets. Competition is driven by proprietary technologies and know-how, capabilities, consistency of operational performance, quality, price, value and speed. Some competitors may have greater financial, research and development, operational and marketing resources than we do. Competition may also increase as additional companies enter our markets or use their existing resources to compete directly with ours. Expanded competition from companies in low-cost jurisdictions, such as India and China, may in the future adversely affect our results of operations or limit our growth. Greater financial, research and development, operational and marketing resources may allow our competitors to respond more quickly with new, alternative or emerging technologies. Changes in the nature or extent of our customer requirements may render our offerings obsolete or non-competitive and could adversely affect our results of operations and financial condition.

The demand for our offerings depends in part on our customers' research and development and the clinical and market success of their products. Our business, financial condition and results of operations may be harmed if our customers spend less on, or are less successful in, these activities.

Our customers are engaged in research, development, production and marketing of pharmaceutical, biotechnology and consumer and animal health products. The amount of customer spending on research, development, production and marketing, as well as the outcomes of such research, development, and marketing activities, have a large impact on our sales and profitability, particularly the amount our customers choose to spend on our offerings. Our customers determine the amounts that they will spend based upon, among other things, available resources and their need to develop new products, which, in turn, is dependent upon a number of factors, including their competitors' research, development and production initiatives, and the anticipated market uptake, clinical and reimbursement scenarios for specific products and therapeutic areas. In addition, consolidation in the industries in which our customers operate may have an impact on such spending as

customers integrate acquired operations, including research and development departments and their budgets. Our customers finance their research and development spending from private and public sources. A reduction in spending by our customers could have a material adverse effect on our business, financial condition and results of operations. If our customers are not successful in attaining or retaining product sales due to market conditions, reimbursement issues or other factors, our results of operations may be materially adversely affected.

We are subject to product and other liability risks that could adversely affect our results of operations, financial condition, liquidity and cash flows.

We are subject to potentially significant product liability and other liability risks that are inherent in the design, development, manufacture and marketing of our offerings. We may be named as a defendant in product liability lawsuits, which may allege that our offerings have resulted or could result in an unsafe condition or injury to consumers. Such lawsuits could be costly to defend and could result in reduced sales, significant liabilities and diversion of management's time, attention and resources. Even claims without merit could subject us to adverse publicity and require us to incur significant legal fees.

Furthermore, product liability claims and lawsuits, regardless of their ultimate outcome, could have a material adverse effect on our business operations, financial condition and reputation and on our ability to attract and retain customers. We have historically sought to manage this risk through the combination of product liability insurance and contractual indemnities and liability limitations in our agreements with customers and vendors. The availability of product liability insurance for companies in the pharmaceutical industry is generally more limited than insurance available to companies in other industries. Insurance carriers providing product liability insurance to those in the pharmaceutical and biotechnology industries generally limit the amount of available policy limits, require larger self-insured retentions and exclude coverage for certain products and claims. We maintain product liability insurance with annual aggregate limits in excess of $25 million. There can be no assurance that a successful product liability claim or other liability claim would be adequately covered by our applicable insurance policies or by any applicable contractual indemnity or liability limitations.

Failure to comply with existing and future regulatory requirements could adversely affect our results of operations and financial condition.

The healthcare industry is highly regulated. We are subject to various local, state, federal, foreign and transnational laws and regulations, which include the operating, quality and security standards of the FDA, the U.S. Drug Enforcement Administration (the "DEA"), various state boards of pharmacy, state health departments, the U.S. Department of Health and Human Services (the "DHHS"), similar bodies of the European Union (the "EU") and its member states and other comparable agencies around the world, and, in the future, any change to such laws and regulations could adversely affect us. Among other rules affecting us, we are subject to laws and regulations concerning cGMP and drug safety. Our subsidiaries may be required to register for permits and/or licenses with, and may be required to comply with, the laws and regulations of the FDA, the DEA, the DHHS, foreign agencies including the EMA, and other various state boards of pharmacy, state health departments and/or comparable state and foreign agencies as well as certain accrediting bodies depending upon the type of operations and locations of distribution and sale of the products manufactured or services provided by those subsidiaries.

The manufacture, distribution and marketing of our offerings are subject to extensive ongoing regulation by the FDA, the DEA, the EMA, and other equivalent local, state, federal, foreign and transnational regulatory authorities. Failure by us or by our customers to comply with the requirements of these regulatory authorities could result in warning letters, product recalls or seizures, monetary sanctions, injunctions to halt manufacture or distribution, restrictions on our operations, civil or criminal sanctions, or withdrawal of existing or denial of pending approvals, permits or registrations, including those relating to products or facilities. In addition, any such failure relating to the products or services we provide could expose us to contractual or product liability claims as well as contractual claims from our customers, including claims for reimbursement for lost or damaged active

pharmaceutical ingredients, which cost could be significant. Customers may also claim loss of profits due to lost or delayed sales, although our contracts generally place substantial limits on such claims. There can be no assurance that any such contractual limitation will be applicable or sufficient or fully enforced in any given situation.

In addition, any new offering or product classified as a pharmaceutical product must undergo lengthy and rigorous clinical testing and other extensive, costly and time-consuming procedures mandated by the FDA, the EMA and other equivalent local, state, federal and foreign regulatory authorities. We or our customers may elect to delay or cancel anticipated regulatory submissions for current or proposed new products for any number of reasons.

Although we believe that we comply in all material respects with applicable laws and regulations, there can be no assurance that a regulatory agency or tribunal would not reach a different conclusion concerning the compliance of our operations with applicable laws and regulations. In addition, there can be no assurance that we will be able to maintain or renew existing permits, licenses or other regulatory approvals or obtain, without significant delay, future permits, licenses or other approvals needed for the operation of our businesses. Any noncompliance by us with applicable laws and regulations or the failure to maintain, renew or obtain necessary permits and licenses could have an adverse effect on our results of operations and financial condition. Furthermore, loss of a permit, license or other approval in any one portion of our business may have indirect consequences in another portion of our business if regulators or customers adjust their reviews of such other portion as a result or customers cease business with such other portion due to fears that such loss is a sign of broader concerns about our ability to deliver products or services of sufficient quality.

Failure to provide quality offerings to our customers could have an adverse effect on our business and subject us to regulatory actions and costly litigation.

Our results depend on our ability to execute and improve when necessary our quality management strategy and systems, and effectively train and maintain our employee base with respect to quality management. Quality management plays an essential role in determining and meeting customer requirements, preventing defects and improving our offerings. While we have a network of quality systems throughout our business units and facilities that relate to the design, formulation, development, manufacturing, packaging, sterilization, handling, distribution and labeling of the products we supply, quality and safety issues may occur with respect to any of our offerings. A quality or safety issue could have an adverse effect on our business, financial condition and results of operations and may subject us to regulatory actions, including product recalls, product seizures, injunctions to halt manufacture or distribution, restrictions on our operations, or civil sanctions, including monetary sanctions and criminal actions. In addition, such an issue could subject us to costly litigation, including claims from our customers for reimbursement for the cost of lost or damaged active pharmaceutical ingredients or other related losses, the cost of which could be significant.

The services and offerings we provide are highly exacting and complex, and, if we encounter problems providing the services or support required, our business could suffer.

The offerings we provide are highly exacting and complex, particularly in our Softgel Technologies and Drug Delivery Solutions segments, due in part to strict regulatory requirements. From time to time, problems may arise in connection with facility operations or during preparation or provision of an offering, in both cases for a variety of reasons including, but not limited to, equipment malfunction, sterility variances or failures, failure to follow specific protocols and procedures, problems with raw materials, environmental factors and damage to, or loss of, manufacturing operations due to fire, flood or similar causes. Such problems could affect production of a particular batch or series of batches, require the destruction of or otherwise result in the loss of product or materials used in the production of product, or could halt facility production altogether. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, reimbursement to customers for lost active pharmaceutical ingredients or other related losses, time and expense spent investigating

the cause, lost production time, and, depending on the cause, similar losses with respect to other batches or products. Production problems in our drug and biologic manufacturing operations could be particularly significant because the cost of raw materials is often higher than in our other businesses. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. In addition, such risks may be greater at facilities that are new or going through significant expansion or renovation.

Our global operations are subject to economic, political and regulatory risks.

We conduct our operations in various regions of the world, including North America, South America, Europe and the Asia-Pacific region. Global and regional economic and regulatory developments affect businesses such as ours in many ways. Our operations are subject to the effects of global and regional competition, including potential competition from manufacturers in low-cost jurisdictions such as India and China. Local jurisdiction risks include regulatory risks arising from local laws. Our global operations are also affected by local economic environments, including inflation and recession. Political changes, some of which may be disruptive, and related hostilities can interfere with our supply chain and customers and some or all of our activities in a particular location. While some of these risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful. Also, fluctuations in foreign currency exchange rates can adversely affect our consolidated financial results.

The recent referendum in the U.K. and resulting decision of the U.K. government to consider exiting from the European Union could have future adverse effects on our revenues and costs, and therefore our profitability.

In June 2016, the United Kingdom (the "U.K.") held a referendum in which a majority of voters approved the U.K.'s exit from the EU, and the U.K. government has publicly announced that it intends to honor that vote and seek an exit. There is no immediate change in either the U.K. or the EU as a result of this referendum, and the U.K. government must now decide, through legislative action and through negotiations with the EU and other affected parties, what changes will result from the decision to exit. Four of our thirty-four facilities, employing hundreds of workers, are located in the U.K., and these facilities, as well as others in our network, source goods, manufacture goods and provide services from or intended for the U.K. Due to future changes in the U.K. resulting from the eventual exit, or in anticipation of such changes, our suppliers, customers or employees may change their interactions with us, including changes in imports to or exports from the U.K., changes in the requested utilization of our facilities, both within and without the U.K., and changes in our relationships with our workforce in the U.K. We cannot anticipate the nature of these changes, as they largely depend on factors outside our control, but the changes may result in adverse changes in our future revenues and costs, and therefore our future profitability.

If we do not enhance our existing or introduce new technology or service offerings in a timely manner, our offerings may become obsolete or uncompetitive over time, customers may not buy our offerings and our revenue and profitability may decline.

The healthcare industry is characterized by rapid technological change. Demand for our offerings may change in ways we may not anticipate because of evolving industry standards as well as a result of evolving customer needs that are increasingly sophisticated and varied and the introduction by others of new offerings and technologies that provide alternatives to our offerings. Several of our higher margin offerings are based on proprietary technologies. To the extent that our proprietary rights are based on patents, patents are inherently of limited longevity and therefore will ultimately expire, and such offerings may then become subject to competition. Without the timely introduction of enhanced or new offerings, our offerings may become obsolete or uncompetitive over time, in which case our revenue and operating results would suffer. For example, if we are unable to respond to changes in the nature or extent of the technological or other needs of our pharmaceutical customers through enhancing our offerings, our competition may develop offerings that are more competitive than ours and we could find it more difficult to renew or expand existing agreements or obtain new agreements.

Potential innovations intended to facilitate enhanced or new offerings generally will require a substantial investment before we can determine their commercial viability, and we may not have financial resources sufficient to fund all desired innovations.

The success of enhanced or new offerings will depend on several factors, including our ability to:

- properly anticipate and satisfy customer needs, including increasing demand for lower cost products;
- enhance, innovate, develop and manufacture new offerings in an economical and timely manner;
- differentiate our offerings from competitors' offerings;
- achieve positive clinical outcomes for our customers' new products;
- meet safety requirements and other regulatory requirements of governmental agencies;
- obtain valid and enforceable intellectual property rights; and
- avoid infringing the proprietary rights of third parties.

Even if we succeed in creating enhanced or new offerings from these innovations, they may still fail to result in commercially successful offerings or may not produce revenue in excess of the costs of development, and they may be rendered obsolete by changing customer preferences or the introduction by our competitors of offerings embodying new technologies or features. Finally, innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice, the need for regulatory clearance and uncertainty over market access or government or third-party reimbursement.

We and our customers depend on patents, copyrights, trademarks, trade secrets and other forms of intellectual property protections, but these protections may not be adequate.

We rely on a combination of know-how, trade secrets, patents, copyrights and trademarks and other intellectual property laws, nondisclosure and other contractual provisions and technical measures to protect a number of our offerings and intangible assets. These proprietary rights are important to our ongoing operations. There can be no assurance that these protections will prove meaningful against competitive offerings or otherwise be commercially valuable or that we will be successful in obtaining additional intellectual property or enforcing our intellectual property rights against unauthorized users. Our exclusive rights under certain of our offerings are protected by patents, some of which will expire in the near term. When patents covering an offering expire, loss of exclusivity may occur and this may force us to compete with third parties, thereby affecting our revenue and profitability. We do not currently expect any material loss of revenue to occur as a result of the expiration of any patent currently protecting our business.

Our proprietary rights may be invalidated, circumvented or challenged. We may in the future be subject to proceedings seeking to oppose or limit the scope of our patent applications or issued patents. In addition, in the future, we may need to take legal actions to enforce our intellectual property rights, to protect our trade secrets or to determine the validity or scope of the proprietary rights of others. Legal proceedings are inherently uncertain, and the outcome of any such legal action may be unfavorable to us.

Any legal action regardless of outcome might result in substantial costs and diversion of resources and management attention. Although we use reasonable efforts to protect our proprietary and confidential information, there can be no assurance that our confidentiality and non-disclosure agreements will not be breached, our trade secrets will not otherwise become known by competitors or that we will have adequate remedies in the event of unauthorized use or disclosure of proprietary information. Even if the validity and enforceability of our intellectual property is upheld, an adjudicator might construe our intellectual property not to cover the alleged infringement. In addition, intellectual property enforcement may be unavailable or practically ineffective in some foreign countries. There can be no assurance that our competitors will not independently

develop technologies that are substantially equivalent or superior to our technology or that third parties will not design around our intellectual property claims to produce competitive offerings. The use of our technology or similar technology by others could reduce or eliminate any competitive advantage we have developed, cause us to lose sales or otherwise harm our business.

We have applied in the United States and certain foreign countries for registration of a number of trademarks, service marks and patents, some of which have been registered or issued, and also claim common law rights in various trademarks and service marks. In the past, third parties have occasionally opposed our applications to register intellectual property and there can be no assurance that they will not do so in the future. It is possible that in some cases we may be unable to obtain the registrations for trademarks, service marks and patents for which we have applied and a failure to obtain trademark and patent registrations in the United States or other countries could limit our ability to protect our trademarks and proprietary technologies and impede our marketing efforts in those jurisdictions.

Our use of certain intellectual property rights is also subject to license agreements with third parties for certain patents, software and information technology systems and proprietary technologies. If these license agreements were terminated for any reason, it could result in the loss of our rights to this intellectual property, our operations may be materially adversely affected and we may be unable to commercialize certain offerings.

In addition, many of our branded pharmaceutical customers rely on patents to protect their products from generic competition. Because incentives exist in some countries, including the United States, for generic pharmaceutical companies to challenge these patents, pharmaceutical and biotechnology companies are under the ongoing threat of challenges to their patents. If our customers' patents were successfully challenged and as a result subjected to generic competition, the market for our customers' products could be significantly adversely affected, which could have an adverse effect on our results of operations and financial condition. We attempt to mitigate these risks by making our offerings available to generic as well as branded manufacturers and distributors, but there can be no assurance that we will be successful in marketing these offerings.

Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials.

We depend on various active pharmaceutical ingredients, components, compounds, raw materials, and energy supplied primarily by others for our offerings. This includes, but is not limited to, gelatin, starch, iota carrageenan, petroleum-based products and resin. Also, our customers frequently provide to us their active pharmaceutical or biologic ingredient for formulation or incorporation in the finished product. It is possible that any of our or our customers' supplier relationships could be interrupted due to changing regulatory requirements, import or export restrictions, natural disasters, international supply disruptions caused by pandemics, geopolitical issues and other events, or could be terminated in the future.

For example, gelatin is a critical component in most of the products produced in our Softgel Technologies segment. Gelatin is available from only a limited number of sources. In addition, much of the gelatin we use is bovine-derived. Past concerns of contamination from bovine spongiform encephalopathy ("BSE") have narrowed the number of possible sources of particular types of gelatin. If there were a future disruption in the supply of gelatin from any one or more key suppliers, we may not be able to obtain an adequate alternative supply from our other suppliers. If future restrictions were to emerge on the use of bovine-derived gelatin due to concerns of contamination from BSE or otherwise, any such restriction could hinder our ability to timely supply our customers with products and the use of alternative non-bovine-derived gelatin could be subject to lengthy formulation, testing and regulatory approval.

Any sustained interruption in our receipt of adequate supplies could have an adverse effect on us. In addition, while we have processes intended to reduce volatility in component and material pricing, we may not be

able to successfully manage price fluctuations and future price fluctuations or shortages may have an adverse effect on our results of operations.

Changes in market access or healthcare reimbursement for our customers' products in any of the geographic markets where they are sold could adversely affect our results of operations and financial condition by affecting demand for our offerings.

The healthcare industry has changed significantly over time, and we expect the industry to continue to evolve. Some of these changes, such as ongoing healthcare reform, adverse changes in governmental or private funding of healthcare products and services, legislation or regulations governing patient access to care and privacy, or the delivery, pricing or reimbursement approval of pharmaceuticals and healthcare services or mandated benefits, may cause healthcare industry participants to change the amount of our offerings they purchase or the price they are willing to pay for our offerings. Changes in the healthcare industry's pricing, selling, inventory, distribution or supply policies or practices could also significantly reduce our revenue and results of operations. In particular, volatility in individual product demand may result from changes in public or private payer reimbursement or coverage.

As a global enterprise, fluctuations in the exchange rate of the U.S. dollar, the functional currency in which we report our financial results, and other foreign currencies could have a material adverse effect on our financial performance and results of operations.

As a company with many international operations, certain revenues, costs, assets and liabilities, including a portion of our senior secured credit facilities and our intended offering of the notes, are denominated in currencies other than the U.S. dollar. As a result, changes in the exchange rates of these currencies or any other applicable currency to the U.S. dollar will affect our revenues, earnings and cash flows. There has been, and may continue to be, volatility in currency exchange rates as a result of the U.K.'s referendum concerning the U.K.'s exit from the EU. Such volatility and other changes in the exchange rates could result in unrealized and realized exchange losses despite any effort we may undertake to manage or mitigate our exposure to foreign currency fluctuations.

Tax legislation initiatives or regulatory initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.

We are a large multinational corporation with operations in the United States and international jurisdictions, including North America, South America, Europe and the Asia-Pacific region. As such, we are subject to the tax laws and regulations of the United States federal, state and local governments and of many international jurisdictions. From time to time, various legislative initiatives may be proposed that could adversely affect our tax positions. There can be no assurance that our effective tax rate or tax payments will not be adversely affected by these initiatives. In addition, United States federal, state and local, as well as international tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have net operating loss carryforwards available to reduce future taxable income. Utilization of our net operating loss carryforwards may be subject to a substantial limitation under Section 382 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and comparable provisions of state, local and foreign tax laws due to changes in ownership of our company that may occur in the future. Under Section 382 of the Internal Revenue Code and comparable provisions of state, local and foreign tax laws, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change by value in its equity ownership over a three-year period, the corporation's ability to carry forward its pre-change net operating losses to reduce its post-change income may be limited. We may experience ownership changes in the future as a result of future changes

in our stock ownership. As a result, our ability to use our pre-change net operating loss carryforwards to reduce U.S. federal and state taxable income we produce in the future years may be subject to limitations, which could result in increased future tax liability to us.

We may be required to establish an additional valuation allowance against our U.S. deferred tax assets in the future.

We have deferred tax assets for net operating loss carryforwards and other temporary differences. We currently do not maintain a valuation allowance for a portion of our U.S. net deferred tax assets. We may experience, in the future, a decline in U.S. federal taxable income, resulting from a decline in profitability of our U.S. operations, an increased level of debt in the U.S. or other factors. In assessing our ability to realize our U.S. deferred tax assets, we may conclude that it is more likely than not that some portion or all of our U.S. deferred tax assets will not be realized. As a result, we may be required to record an additional valuation allowance against our U.S. deferred tax assets, which could adversely affect our effective income tax rate and therefore our financial results.

We are dependent on key personnel.

We depend on our executive officers and other key personnel, including our technical personnel, to operate and grow our business and to develop new enhancements, offerings and technologies. The loss of any of these officers or other key personnel combined with a failure to attract and retain suitably skilled technical personnel could adversely affect our operations.

In addition to our executive officers, we rely on approximately 150 senior employees to lead and direct the Company. Our senior leadership team (the "SLT") is comprised of our executive officers and other vice presidents and directors who hold critical positions and possess specialized talents and capabilities that give us a competitive advantage in the market. The members of the SLT hold positions such as facility general manager, vice president/general manager of business unit commercial development, vice president of quality and regulatory activities and vice president-finance.

With respect to our technical talent, we have approximately 1,400 scientists and technicians whose areas of expertise and specialization cover subjects such as advanced delivery, drug and biologics formulation and manufacturing. Many of our sites and laboratories are located in competitive labor markets like those in which our Morrisville, North Carolina; Brussels, Belgium; Woodstock, Illinois; Madison, Wisconsin; and Schorndorf, Germany facilities are located. Global and regional competitors and, in some cases, customers and suppliers, compete for the same skills and talent as we do.

Risks generally associated with information and communications systems could adversely affect our results of operations.

We rely on information systems in our business to obtain, rapidly process, analyze and manage data to:

- facilitate the manufacture and distribution of thousands of inventory items in, to and from our facilities;
- receive, process and ship orders on a timely basis;
- manage the accurate billing and collections for roughly one thousand customers;
- manage the accurate accounting and payment for thousands of vendors;
- schedule and operate our global network of development, manufacturing and packaging facilities; and
- communicate among our 9,500 employees spread across thirty-four facilities over five continents.

Our results of operations could be adversely affected if these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the actions of third parties. We deploy

defenses against cyber-attack and work to secure the integrity of our data systems using techniques, hardware and software typical of companies of our size and scope, but there can be no assurance that such defenses and efforts will be sufficient to combat increasingly sophisticated intruders and others who regularly try to cause harm to or interfere with our normal use of our systems.

We engage from time to time in acquisitions and other transactions that may complement or expand our business or divest of non-strategic businesses or assets. We may not be able to complete such transactions, and such transactions, if executed, pose significant risks and could have a negative effect on our operations.

Our future success may depend in part on opportunities to buy or otherwise acquire rights to other businesses or technologies or enter into joint ventures or otherwise enter into strategic arrangements with business partners that could complement, enhance or expand our current business or offerings and services or that might otherwise offer us growth opportunities. We may face competition from other companies in pursuing acquisitions and similar transactions in the pharmaceutical and biotechnology industry. Our ability to complete such transactions may also be limited by applicable antitrust and trade regulation laws and regulations in the United States and foreign jurisdictions in which we or the operations or assets we seek to acquire carry on business. To the extent that we are successful in making acquisitions, we may have to expend substantial amounts of cash, incur debt or assume loss-making divisions as consideration. We may not be able to complete such transactions for reasons including, but not limited to, a failure to secure financing. Any transaction that we are able to identify and complete may involve a number of risks, including, but not limited to, the diversion of management's attention to integrate the acquired businesses or joint ventures, the possible adverse effects on our operating results during the integration process, the potential loss of customers or employees in connection with the acquisition, delays or reduction in realizing expected synergies, unexpected liabilities and our potential inability to achieve our intended objectives for the transaction. In addition, we may be unable to maintain uniform standards, controls, procedures and policies, and this may lead to operational inefficiencies.

To the extent that we are not successful in completing divestitures, as such may be determined by future strategic plans and business performance, we may have to expend substantial amounts of cash, incur debt and continue to absorb the costs of loss-making or under-performing divisions. Any divestiture, whether we are able to complete it or not, may involve a number of risks, including diversion of management's attention, a negative impact on our customer relationships, costs associated with maintaining the business of the targeted divestiture during the disposition process, and the costs of closing and disposing of the affected business or transferring the operations of the business to other facilities.

Our offerings or our customers' products may infringe on the intellectual property rights of third parties.

From time to time, third parties have asserted intellectual property infringement claims against us and our customers, and there can be no assurance that third parties will not assert infringement claims against either us or our customers in the future. While we believe that our offerings do not infringe in any material respect upon proprietary rights of other parties and/or that meritorious defenses would exist with respect to any assertion to the contrary, there can be no assurance that we could successfully avoid being found to infringe on the proprietary rights of others. Patent applications in the United States and some foreign countries are generally not publicly disclosed until the patent is issued or published, and we and our customers may not be aware of currently filed patent applications that relate to our or their products, offerings or processes. If patents later issue on these applications, we or they may be found liable for subsequent infringement. There has been substantial litigation in the pharmaceutical and biotechnology industries with respect to the manufacture, use and sale of products that are the subject of conflicting patent rights.

Any claim that our offerings or processes infringe third-party intellectual property rights (including claims arising through our contractual indemnification of our customers), regardless of the claim's merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. We may not

prevail against any such claim given the complex technical issues and inherent uncertainties in intellectual property matters. If any such claim results in an adverse outcome, we could, among other things, be required to:

- pay substantial damages (potentially including treble damages in the United States);
- cease the manufacture, use or sale of the infringing offerings or processes;
- discontinue the use of the infringing technology;
- expend significant resources to develop non-infringing technology;
- license technology from the third party claiming infringement, which license may not be available on commercially reasonable terms, or may not be available at all; and
- lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others.

In addition, our customers' products may be subject to claims of intellectual property infringement and such claims could materially affect our business if their products cease to be manufactured or they have to discontinue the use of the infringing technology.

Any of the foregoing could affect our ability to compete or have a material adverse effect on our business, financial condition and results of operations.

We are subject to environmental, health and safety laws and regulations, which could increase our costs and restrict our operations in the future.

Our operations are subject to a variety of environmental, health and safety laws and regulations, including those of the U.S. Environmental Protection Agency, the U.S. Occupational Safety & Health Administration and equivalent local, state, and foreign regulatory agencies in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety. Any failure by us to comply with environmental, health and safety requirements could result in the limitation or suspension of production or subject us to monetary fines or civil or criminal sanctions, or other future liabilities in excess of our reserves. We are also subject to laws and regulations governing the destruction and disposal of raw materials and non-compliant products, the handling of regulated material that are included in our offerings, and the disposal of our products or their components at the end of their useful lives. In addition, compliance with environmental, health and safety requirements could restrict our ability to expand our facilities or require us to acquire costly environmental or safety control equipment, incur other significant expenses or modify our manufacturing processes. Our manufacturing facilities may use, in varying degrees, hazardous substances in their processes. These substances include, among others, chlorinated solvents, and in the past chlorinated solvents were used at one or more of our facilities, including a number we no longer own or operate. As at our current facilities, contamination at such formerly owned or operated properties can result and has resulted in liability to us. In the event of the discovery of new or previously unknown contamination either at our facilities or at third-party locations, including facilities we formerly owned or operated, the issuance of additional requirements with respect to existing contamination, or the imposition of other cleanup obligations for which we are responsible, we may be required to take additional, unplanned remedial measures for which no reserves have been recorded. We are conducting monitoring and cleanup of contamination at certain facilities currently or formerly owned or operated by us. We have established accounting reserves for certain contamination liabilities but cannot assure that such liabilities will not exceed our reserves.

We are subject to labor and employment laws and regulations, which could increase our costs and restrict our operations in the future.

As of September 30, 2016, we employed approximately 9,500 employees worldwide, including approximately 4,100 employees in North America, 3,700 in Europe, 900 in South America and 800 in the Asia/

Pacific region. Certain employees at one of our North American facilities are represented by a labor organization, and national works councils and/or labor organizations are active at all of our European facilities and certain of our other facilities consistent with local labor environments/laws. Our management believes that our employee relations are satisfactory. However, further organizing activities, collective bargaining or changes in the regulatory framework for employment may increase our employment-related costs or may result in work stoppages or other labor disruptions. Moreover, as employers are subject to various employment-related claims, such as individual and class actions relating to alleged employment discrimination and wage-hour and labor standards issues, such actions, if brought against us and successful in whole or in part, may affect our ability to compete or have a material adverse effect on our business, financial condition and results of operations.

Certain of our pension plans are underfunded, and additional cash contributions we may make will reduce the cash available for our business or to discharge our financial obligations.

Certain of our current and former employees in the U.S., the U.K., Germany, France, Japan and Australia are participants in defined benefit pension plans that we sponsor. As of June 30, 2016, the underfunded amount of our pension plans on a worldwide basis was approximately $109.0 million, primarily related to our pension plans in the U.K. and Germany. In addition, we have an estimated obligation of approximately $39.3 million, as of June 30, 2016, related to our withdrawal from a multiemployer pension plan in which we formerly participated, resulting in total obligations related to our pension plans of $148.3 million as of June 30, 2016. In general, the amount of future contributions to the underfunded plans will depend upon asset returns, applicable actuarial assumptions, prevailing and expected interest rates and other factors, and, as a result, the amount we may be required to contribute in the future to fund the obligations associated with such plans may vary. Such cash contributions to the plans will reduce the cash available for our business, including the funds available to pursue strategic growth initiatives or the payment of interest expense on our indebtedness.

USE OF PROCEEDS

We intend to use the net proceeds from the notes offered hereby to (i) fund the Accucaps Acquisition, (ii) repay a portion of the outstanding borrowings under our senior secured credit facilities, plus any accrued and unpaid interest, (iii) pay certain fees and expenses in connection with the foregoing transactions and this offering of the notes and (iv) provide cash on our balance sheet for general corporate purposes.

The estimated sources and uses of the funds from this offering of the notes are shown in the following table. Actual amounts are subject to adjustment and may vary from estimated amounts depending on several factors, including changes in exchange rates and differences in the estimated total transaction costs. You should read the following together with the information presented under "Summary—Recent Developments" and "Capitalization" included in this offering memorandum.

Sources of Funds	(in millions)	Uses of Funds	(in millions)
Notes offered hereby (U.S. dollar equivalent)[1]	$400.0	Accucaps Acquisition purchase price[2]	$ 75.0
		Repayment of term loans[3]	200.0
		Repayment of revolving credit facility[4]	75.0
		Estimated transactions fees and expenses[5]	8.0
		Cash on balance sheet	42.0
Total sources	$400.0	Total uses	$400.0

(1) Represents the U.S. dollar equivalent of the principal amount of the notes offered hereby excluding any offering discount, using the exchange rate of €1.00 = $1.1208 as of September 30, 2016 to convert from euros to U.S. dollars.

(2) Represents the purchase price of approximately $75.0 million (U.S. dollar equivalent) required to finance the Accucaps Acquisition. See "Summary—Recent Developments—The Accucaps Acquisition."

(3) Consists of the U.S. dollar equivalent of the repayment of a portion of the $1,801.7 million (U.S. dollar equivalent) aggregate principal amount outstanding as of September 30, 2016 under the term loans of our senior secured credit facilities, using the exchange rate of €1.00 = $1.1208 as of September 30, 2016 to convert euros to U.S. dollars. The term loans under our senior secured credit facilities mature in May 2021. The U.S dollar-denominated term loan has an annual interest rate of 4.25% and the euro-denominated term loan has an annual interest rate of 4.25%. See "Description of Other Indebtedness."

(4) Represents all outstanding borrowings under the revolving credit facility of our senior secured credit facilities, which were used to fund the Pharmatek Acquisition. See "Summary—Recent Developments—The Pharmatek Acquisition." The revolving credit facility matures in May 2019 or earlier under certain circumstances described under "Description of Other Indebtedness—Senior Secured Credit Facilities" and has an annual interest rate of 3.775%. See "Description of Other Indebtedness."

(5) Consists of our estimate of fees and expenses associated with the transactions, including (a) fees and expenses in connection with the Accucaps Acquisition, (b) accrued and unpaid interest of approximately $1.5 million on our senior secured credit facilities and (c) initial purchaser commissions and discounts, underwriting and other financing fees, any original issue discount, and other transaction costs and professional fees.

Certain of the initial purchasers and their respective affiliates are agents or lenders to us and our subsidiaries under our senior secured credit facilities. As a result, certain of the initial purchasers and their respective affiliates may receive a portion of the net proceeds of this offering of the notes that are being used to repay borrowings under our senior secured credit facilities. See "Plan of Distribution."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2016 on:

- an actual basis; and
- an as adjusted basis, after giving effect to the offering of the notes and the application of the net proceeds therefrom as described under "Use of Proceeds."

You should read this table together with the information presented under "Summary—Summary Historical Financial Information and Other Data," "Use of Proceeds," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and related notes included in this offering memorandum.

	As of September 30, 2016	
	Actual	As Adjusted
	(in millions)	
Cash and cash equivalents	$ 132.1	$ 174.1
Debt (including current portion):		
Senior secured credit facilities:		
Term loans[1]	1,801.7	1,601.7
Revolving credit facility[2]	75.0	—
Notes offered hereby[3]	—	400.0
Capital leases	54.7	54.7
Other obligations[4]	5.9	5.9
Total debt	1,937.3	2,062.3
Total shareholders' equity	614.5	614.5
Total capitalization	$2,551.8	$2,676.8

(1) The term loans under our senior secured credit facilities consisted of (i) $1,451.2 million of U.S. dollar-denominated term loans and (ii) €312.7 million of euro-denominated term loans (equal to $350.5 million based on an exchange rate of €1 = $1.1208 as of September 30, 2016), all of which mature in May 2021. See "Description of Other Indebtedness."

(2) The revolving credit facility under our senior secured credit facilities provides for availability of $200.0 million and matures in May 2019 or earlier under certain circumstances described under "Description of Other Indebtedness." As of September 30, 2016, we had borrowed $75.0 million under this facility, which borrowings were used to fund the Pharmatek Acquisition, and there was $13.9 million in outstanding letters of credit. See "Description of Other Indebtedness."

(3) Represents the U.S. dollar equivalent of the aggregate principal amount of the notes.

(4) Other obligations consist primarily of loans for equipment, buildings and a capital lease for a building.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth our selected historical financial and operating data for, or as of the end of, each of the five years ended June 30, 2016 and the three months ended September 30, 2016 and 2015. The selected financial data as of June 30, 2016 and 2015, and for the fiscal years ended June 30, 2016, 2015 and 2014 has been derived from our audited consolidated financial statements included in this offering memorandum. The financial data as of June 30, 2014, 2013 and 2012 and for the fiscal years ended June 30, 2013 and 2012 have been derived from our audited consolidated financial statements not included in this offering memorandum. The selected financial data as of September 30, 2016 and 2015, and for the three months ended September 30, 2016 and 2015 has been derived from our unaudited consolidated financial statements included in this offering memorandum. This table should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this offering memorandum.

	Three Months Ended September 30,		Year Ended June 30,				
	2016	2015	2016	2015	2014	2013	2012
	(unaudited)						
(Dollars in millions, except as noted)							
Statement of Operations Data:							
Net revenue[1]	$442.2	$423.0	$1,848.1	$1,830.8	$1,827.7	$1,800.3	$1,694.8
Cost of sales	318.1	301.5	1,260.5	1,215.5	1,229.1	1,231.7	1,136.2
Gross margin[1]	124.1	121.5	587.6	615.3	598.6	568.6	558.6
Selling, general and administrative expense	98.2	82.3	358.1	337.3	334.8	340.6	348.1
Impairment charges and (gain)/loss on sale of assets	—	1.2	2.7	4.7	3.2	5.2	1.8
Restructuring and other	1.1	1.0	9.0	13.4	19.7	18.4	19.5
Property and casualty (gain)/losses, net[2]	—	—	—	—	—	—	(8.8)
Operating earnings/(loss)	24.8	37.0	217.8	259.9	240.9	204.4	198.0
Interest expense, net	22.1	22.7	88.5	105.0	163.1	203.2	183.2
Other (income)/expense, net	(2.1)	0.6	(15.6)	42.4	10.4	25.1	(3.8)
Earnings/(loss) from continuing operations before income taxes	4.8	13.7	144.9	112.5	67.4	(23.9)	18.6
Income tax expense/(benefit)	0.2	2.0	33.7	(97.7)	49.5	27.0	0.5
Earnings/(loss) from continuing operations	4.6	11.7	111.2	210.2	17.9	(50.9)	18.1
Earnings/(loss) from discontinued operations, net of tax	—	—	—	0.1	(2.7)	1.2	(41.3)
Net earnings/(loss)	4.6	11.7	111.2	210.3	15.2	(49.7)	(23.2)
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	—	(0.2)	(0.3)	(1.9)	(1.0)	(0.1)	1.2
Net earnings/(loss) attributable to Catalent	$ 4.6	$ 11.9	$ 111.5	$ 212.2	$ 16.2	$ (49.6)	$ (24.4)

(1) On November 13, 2015, the ANSM issued an order temporarily suspending operations at our softgel manufacturing facility in Beinheim, France, which was lifted on April 28, 2016. The temporary suspension of operations at our facility in Beinheim, France resulted in lower sales volumes of approximately $35.0 million and $6.0 million for fiscal 2016 and the first quarter of fiscal 2017, respectively, as compared to pre-suspension levels of production.

(2) In March 2011, a U.K. based packaging facility was damaged by fire. The 2012 amounts reported are net of insurance recovery.

(Dollars in millions)	Three Months Ended September 30,		Year Ended June 30,				
	2016	2015	2016	2015	2014	2013	2012
	(unaudited)						
Balance Sheet Data (at period end):							
Cash and cash equivalents	$ 132.1	$ 151.4	$ 131.6	$ 151.3	$ 74.4	$ 106.4	$ 139.0
Goodwill	1,045.4	1,038.1	996.5	1,061.5	1,097.1	1,023.4	1,029.9
Total assets[3]	3,128.1	3,049.5	3,091.1	3,138.3	3,073.4	2,931.3	3,009.4
Long term debt, including current portion and other short term borrowing[3]	1,937.3	1,877.0	1,860.5	1,880.8	2,693.8	2,673.4	2,660.8
Total liabilities[3]	2,513.6	2,446.5	2,455.2	2,498.5	3,440.7	3,341.6	3,360.1
Total shareholders' equity/(deficit)	$ 614.5	$ 597.2	$ 635.9	$ 634.0	$ (371.8)	$ (410.3)	$ (350.7)

(Dollars in millions)	Three Months Ended September 30,		Year Ended June 30,				
	2016	2015	2016	2015	2014	2013	2012
	(unaudited)						
Other Financial Data:							
Capital expenditures	$ 27.7	$ 33.2	$ 139.6	$ 141.0	$ 122.4	$ 122.5	$ 104.2
Net cash provided by/(used in) continuing operations:							
Operating activities	48.3	44.9	155.3	171.7	180.2	139.1	87.7
Investing activities	(114.6)	(33.2)	(137.7)	(271.8)	(175.2)	(122.1)	(538.2)
Financing activities	65.9	(10.3)	(30.8)	196.5	(42.1)	(49.3)	352.9
Net cash provided by/(used in) discontinued operations:	—	—	—	0.1	2.1	(1.4)	43.9
Effect of foreign currency on cash	$ 0.9	$ (1.3)	$ (6.5)	$ (19.6)	$ 3.0	$ 1.1	$ (12.4)

(3) In connection with the Company's adoption of ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, as of January 1, 2016, prior year debt balances have been retrospectively adjusted to include a direct deduction of unamortized debt issuance costs, resulting in a reclassification of $6.9 million, $7.1 million, $16.8 million, $18.2 million and $22.7 million of debt issuance costs as of September 30, 2015, June 30, 2015, 2014, 2013, and 2012, respectively, to long-term debt, including current portion and other short term borrowing for the respective periods. Prior to the adoption of ASU 2015-03, the unamortized debt issuance costs were included in other assets on the Company's consolidated balance sheets. The unamortized debt issuance costs associated with the Company's revolving credit facility continues to be included within other assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Historical Financial Information" and the consolidated financial statements and related notes that appear elsewhere in this offering memorandum. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this offering memorandum, particularly under the heading "Risk Factors."

Overview

We are the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. Our oral, injectable, and respiratory delivery technologies provide delivery solutions across the full diversity of the pharmaceutical industry, including small molecules, large molecule biologics and consumer and animal health products. Through our extensive capabilities and deep expertise in product development, we help our customers take products to market faster, including nearly half of new drug products approved by the FDA in the last decade. Our advanced delivery technology platforms, which include those in our Softgel Technologies and our Drug Delivery Solutions segments, our proven formulation, manufacturing and regulatory expertise and our broad and deep intellectual property enable our customers and their patients' needs to develop more products and better treatments for patients and consumers. Across both development and delivery, our commitment to reliably supply our customers' needs is the foundation for the value we provide. Annually, we produce more than 70 billion doses for nearly 7,000 customer products or approximately one in every twenty doses of such products taken each year by patients and consumers around the world. We believe that through our investments in growth-enabling capacity and capabilities, our ongoing focus on operational and quality excellence, the sales of existing customer products, the introduction of new customer products, our innovation activities and patents, and our entry into new markets, we will continue to benefit from attractive and differentiated margins, and realize the growth potential from these areas.

In the fourth quarter of fiscal 2016, we engaged in a business reorganization to better align our internal business unit structure with our "Follow the Molecule" strategy. Under the revised structure, we have created a Drug Delivery Solutions ("DDS") operating segment which encompasses all of our oral modified release technologies; prefilled syringes and other injectable formats; blow-fill seal unit dose development and manufacturing; biologic cell line development; analytical services; micronization technologies; and other conventional oral dose forms under a single DDS management team. Additionally, as part of the re-alignment, we have created a stand-alone Clinical Supply Services ("CSS") operating segment and management team with a sole focus on providing global clinical supply chain management services that aim to speed our customers' drugs to market. Further, as a result of the business unit re-alignment, our Softgel Technologies business now reports as a distinct operating segment. Our operating segments are the same as our reporting segments. All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with Accounting Standard Codification ("ASC") 280 Segment Reporting as discussed in Note 1 to the audited and unaudited consolidated financial statements. Our offerings and services are summarized below by reporting segment.

Advanced Delivery Technology Platforms

Softgel Technologies

Through our Softgel Technologies segment, we provide formulation, development and manufacturing services for soft capsules, or "softgels," which we first commercialized in the 1930s and have continually enhanced. We are the market leader in overall softgel manufacturing, and hold the leading market position in the

prescription arena. Our principal softgel technologies include traditional softgel capsules, in which the shell is made of animal-derived gelatin, and Vegicaps and OptiShell capsules, in which the shell is made from vegetable-derived materials. Softgel capsules are used in a broad range of customer products, including prescription drugs, over-the-counter medications, dietary supplements and unit-dose cosmetics. Softgel capsules encapsulate liquid, paste or oil-based active compounds in solution or suspension within an outer shell, filling and sealing the capsule simultaneously. We typically perform all encapsulation for a product within one of our softgel facilities, with active ingredients provided by customers or sourced directly by us. Softgels have historically been used to solve formulation challenges or technical issues for a specific drug, to help improve the clinical performance of compounds, to provide important market differentiation, particularly for over-the-counter compounds, and to provide safe handling of hormonal, potent and cytotoxic drugs. We also participate in the softgel vitamin, mineral and supplement business in selected regions around the world. With the 2001 introduction of our vegetable-derived softgel shell, Vegicaps capsules, consumer health manufacturers have been able to extend the softgel dose form to a broader range of active ingredients and serve patient/consumer populations that were previously inaccessible due to religious, dietary or cultural preferences. In recent years, we have extended this platform to pharmaceutical products via our OptiShell offering. Our Vegicaps and OptiShell capsules are protected by patents in most major global markets. Physician and patient studies we have conducted have demonstrated a preference for softgels versus traditional tablet and hard capsule dose forms in terms of ease of swallowing, real or perceived speed of delivery, ability to remove or eliminate unpleasant odor or taste and, for physicians, perceived improved patient adherence with dosing regimens. Representative customers of Softgel Technologies include Pfizer, Novartis, Bayer, GlaxoSmithKline, Teva, Johnson & Johnson and Allergan.

We have eleven Softgel Technologies facilities in nine countries, including one in North America, three in Europe, three in South America and four in the Asia-Pacific region. Our Softgel Technologies segment represents 41% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016.

Drug Delivery Solutions

Our Drug Delivery Solutions segment provides various complex advanced formulation delivery technologies, and related integrated solutions including: development and manufacturing of a broad range of oral dose forms including fast-dissolve tablets and both proprietary and conventional controlled release products, and delivery of pharmaceuticals, biologics and biosimilars administered via injection, inhalation and ophthalmic routes, using both traditional and advanced technologies. Representative customers of DDS include Pfizer, GlaxoSmithKline, Roche, Teva, Eli Lilly, Johnson & Johnson and Allergan.

We provide comprehensive pre-formulation, development, and both clinical and commercial scale manufacturing for most traditional and advanced oral solid dose formats, including uncoated and coated tablets, powder/pellet/bead-filled two piece hard capsules, lozenges, powders and other forms for immediate and modified release prescription, consumer and animal health products. We have substantial experience developing and scaling up products requiring accelerated development timelines, requiring specialized handling, complex technology transfers, or specialized manufacturing processes.

We launched our orally dissolving tablet business in 1986 with the introduction of Zydis tablets, a unique oral dosage form that is freeze-dried in its package, can be swallowed without water, and typically dissolves in the mouth in less than three seconds. Most often used for indications, drugs and patient groups that can benefit from rapid oral disintegration, the Zydis technology is utilized in a wide range of products and indications, including treatments for a variety of central nervous system-related conditions such as migraines, Parkinson's Disease, schizophrenia, and pain relief and consumer healthcare products targeting allergy relief. Zydis tablets continue to be used in new ways by our customers as we extend the application of the technology to new categories, such as for immunotherapies, vaccines and biologics delivery.

Our range of injectable manufacturing offerings includes filling drugs or biologics into pre-filled syringes and glass-free ADVASEPT vials, with flexibility to accommodate other formats within our existing network,

increasingly focused on complex pharmaceuticals and biologics. With our range of technologies we are able to meet a wide range of specifications, timelines and budgets. The complexity of the manufacturing process, the importance of experience and know-how, regulatory compliance, and high start-up capital requirements create significant barriers to entry and, as a result, limit the number of competitors in the market. For example, blow-fill-seal is an advanced aseptic processing technology, which uses a continuous process to form, fill with drug, and seal a plastic container in a sterile environment. Blow-fill-seal units are currently used for a variety of pharmaceuticals in liquid form, such as respiratory, ophthalmic and otic products. We are a leader in the outsourced blow-fill-seal market, and operate one of the largest capacity commercial manufacturing blow-fill-seal facilities in the world. Our sterile blow-fill-seal manufacturing has significant capacity and flexibility of manufacturing configurations. This business provides flexible and scalable solutions for unit-dose delivery of complex formulations such as suspensions and emulsions. Further, the business provides engineering and manufacturing solutions related to complex containers. Our regulatory expertise can lead to decreased time to commercialization, and our dedicated development production lines support feasibility, stability and clinical runs. We plan to continue to expand our product line in existing and new markets, and in higher margin specialty products with additional respiratory, ophthalmic, injectable and nasal applications.

Our fast-growing biologics offerings include our formulation development and cell-line manufacturing based on our advanced and patented GPEx technology, which is used to develop stable, high-yielding mammalian cell lines for both innovator and biosimilar biologic compounds. Our GPEx technology can provide rapid cell line development, high biologics production yields, flexibility and versatility. We believe our development stage SMARTag next-generation antibody-drug conjugate technology will provide more precision targeting for delivery of drugs to tumors or other locations, with improved safety versus existing technologies. Our biologics facility in Madison, Wisconsin has the capability and capacity to produce clinical-scale biologic supplies; combined with offerings from our other businesses and external partners, we provide the broadest range of technologies and services supporting the development and launch of new biologic entities, biosimilars or biobetters to bring a product from gene to market commercialization, faster.

We also offer analytical chemical and cell-based testing and scientific services, stability testing, respiratory products formulation and manufacturing, micronization and particle engineering services, regulatory consulting, and bioanalytical testing for biologic products. Our respiratory product capabilities include development and manufacturing services for inhaled products for delivery via metered dose inhalers, dry powder inhalers and intra-nasal sprays. We also provide formulation development and clinical and commercial manufacturing for conventional and specialty oral dose forms. We provide global regulatory and clinical support services for our customers' regulatory and clinical strategies during all stages of development. Demand for our offerings is driven by the need for scientific expertise and depth and breadth of services offered, as well as by the reliable supply thereof, including quality, execution and performance.

We have fourteen Drug Delivery Solutions manufacturing facilities, including eight in North America and five in Europe. Our Drug Delivery Solutions segment represents 43% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016.

Clinical Supply Services

Our Clinical Supply Services segment provides manufacturing, packaging, storage and inventory management for drugs and biologics in clinical trials. We offer customers flexible solutions for clinical supplies production, and provide distribution and inventory management support for both simple and complex clinical trials. This includes dose form manufacturing or over-encapsulation where needed; supplying placebos, comparator drug procurement and clinical packages and kits for physicians and patients; inventory management; investigator kit ordering and fulfillment; and return supply reconciliation and reporting. We support trials in all regions of the world through our facilities and distribution network. In fiscal 2016, we commenced an expansion of our Singapore facility by building new flexible cGMP space and we introduced clinical supply services at our 200,000 square foot facility in Japan, expanding our Asia Pacific capabilities. We completed a site consolidation

in pursuit of synergies in our Clinical Supply Services segment within our U.K. operations in fiscal 2016. Additionally, in fiscal 2013, we established our first clinical supply services facility in China as a joint venture and assumed full ownership in fiscal 2015. We are the leading provider of integrated development solutions and one of the leading providers of clinical trial supplies and respiratory products. Representative customers of Clinical Supply Services include Astellas, GlaxoSmithKline, Eli Lilly, Merck, Pfizer and Shire.

We have nine Clinical Supply Service facilities, including two in North America, four in Europe and three in the Asia Pacific region. Our Clinical Supply Services segment represents 16% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016.

Critical Accounting Policies and Estimates

The following disclosure supplements the descriptions of our accounting policies contained in Note 1 to the audited and unaudited consolidated financial statements included elsewhere in this offering memorandum in regard to significant areas of judgment. Management made certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities in the consolidated financial statements. These estimates also affect the reported amount of net earnings during the reporting periods. Actual results could differ from those estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on the consolidated financial statements than others.

Management has discussed the development and selection of these critical accounting policies and estimates with the audit committee of the board of directors. A discussion of some of our more significant accounting policies and estimates follows.

Revenues and Expenses

Net Revenue

We sell products and services directly to our pharmaceutical, biotechnology and consumer and animal health customers. The majority of our business is conducted through supply or development agreements. The majority of our revenue is charged on a price-per-unit basis and is recognized either upon shipment or delivery of the product or service. Revenue generated from development arrangements are generally priced by project and are recognized either upon completion of the required service or achievement of a specified project phase or milestone.

Our overall net revenue is generally affected by the following factors:

- Changes in the level or timing of research and development activities and sales activities by our customers;
- Fluctuations in overall economic activity within the geographic markets in which we operate;
- Change in the level of competition we face from our competitors;
- New intellectual property we develop and expiration of our patents;
- Changes in prices of our products and services, which are generally relatively stable due to our long-term contracts; and
- Fluctuations in exchange rates between foreign currencies, in which a substantial portion of our revenues and expenses are denominated, and the U.S. dollar.

Operating Expenses

Cost of sales consists of direct costs incurred to manufacture and package products and costs associated with supplying other revenue-generating services. Cost of sales includes labor costs for employees involved in the production process and the cost of raw materials and components used in the process or product. Cost of sales also includes labor costs of employees supporting the production process, such as production management, quality, engineering, and other support services. Other costs in this category include the external research and development costs on behalf of our customers, depreciation of fixed assets, utility costs, freight, operating lease expenses and other general manufacturing expenses.

Selling, general and administrative expenses consist of all expenditures incurred in connection with the sales and marketing of our products, as well as administrative expenses to support our businesses. The category includes salaries and related benefit costs of employees supporting our sales and marketing, finance, human resources, information technology and legal functions, research and development costs in pursuit of our own proactive development and costs related to executive management. Other costs in this category include depreciation of fixed assets, amortization of our intangible assets, professional fees, and marketing and other expenses to support selling and administrative areas.

Direct expenses incurred by a segment are included in that segment's results. Shared sales and marketing, information technology services and general administrative costs are allocated to each segment based upon the specific activity being performed for each segment or are charged on the basis of the segment's respective revenues or other applicable measurement. Certain corporate expenses are not allocated to the segments. We do not allocate the following costs to the segments:

- Impairment charges and (gain)/loss on sale of assets;
- Equity compensation;
- Restructuring expenses and other special items;
- Sponsor advisory fee and the related termination fee incurred in connection with our initial public offering;
- Noncontrolling interest; and
- Other income/(expense), net.

Our operating expenses are generally affected by the following factors:

- The utilization rate of our facilities: as our utilization rate increases, we achieve greater economies of scale as fixed manufacturing costs are spread over a larger number of units produced;
- Production volumes: as volumes change, the level of resources employed also fluctuate, including raw materials, component costs, employment costs and other related expenses, and our utilization rate may also be affected;
- The mix of different products or services that we sell;
- The cost of raw materials, components and general expense;
- Implementation of cost control measures and our ability to effect cost savings through our Operational Excellence, Lean Manufacturing and Lean Six Sigma programs; and
- Fluctuations in exchange rates between foreign currencies, in which a substantial portion of our revenues and expenses are denominated, and the U.S. dollar.

Allowance for Inventory Obsolescence

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand

and market conditions. If actual market conditions are less favorable than those projected, additional inventory write-downs may be required resulting in a charge to income in the period such determination was made.

Long-lived and Other Definite-Lived Intangible Assets

We allocate the cost of an acquired company to the tangible and identifiable intangible assets and liabilities acquired, with the remaining amount being recorded as goodwill. Certain intangible assets are amortized over their estimated useful life.

We assess the impairment of identifiable intangibles if events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Factors that we consider important that could trigger an impairment review include the following:

- Significant under-performance relative to historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy of the overall business;
- Significant negative industry or economic trends; and
- Recognition of goodwill impairment charges.

If we determine that the carrying value of intangibles and/or long-lived assets may not be recoverable based on the existence of one or more of the above indicators of impairment, we measure any impairment based on fair value, which we derive either by the estimated cash flows expected to result from the use of the asset and its eventual disposition or on assumptions we believe marketplace participants would utilize and comparable marketplace information in similar arm's length transactions. We then compare weighted values to the asset's carrying amount. Any impairment loss recognized would represent the excess of the asset's carrying value over its estimated fair value. Significant estimates and judgments are required when estimating such fair values. If it is determined that assets are impaired, an impairment charge would be recorded and the amount could be material. See Note 4 to the audited consolidated financial statements and Note 3 to the unaudited consolidated financial statements included elsewhere in this offering memorandum.

Goodwill

We account for purchased goodwill and intangible assets with indefinite lives in accordance with ASC 350 Goodwill, Intangible and Other Assets. Under ASC 350, goodwill and intangible assets with indefinite lives are tested for impairment at least annually utilizing both qualitative and quantitative assessments. Our annual goodwill impairment test was conducted as of April 1, 2016. We assess goodwill for possible impairment by comparing the carrying value of our reporting units to their fair values. We determine the fair value of our reporting units utilizing estimated future discounted cash flows and incorporate assumptions that we believe marketplace participants would utilize. In addition, we use comparative market information and other factors to corroborate the discounted cash flow results. No reporting units were at risk of failing step one in the goodwill impairment test under the provisions of ASC 350 as of April 1, 2016. See Note 3 to the audited consolidated financial statements and Note 2 to the unaudited consolidated financial statements included elsewhere in this offering memorandum.

Income Taxes

In accordance with ASC 740 Income Taxes, we account for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of our assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates in the respective jurisdictions in which we operate. Deferred taxes are not provided on the undistributed earnings of subsidiaries outside of the United States when it is expected that these earnings will be permanently reinvested. We have not made any provision for U.S. income taxes on the undistributed earnings of foreign subsidiaries as those earnings are considered permanently reinvested in the operations of those foreign subsidiaries.

We had valuation allowances of $69.9 million and $82.4 million as of June 30, 2016 and 2015, respectively, against our deferred tax assets. We considered all available evidence, both positive and negative, in assessing the need for a valuation allowance for deferred tax assets. We evaluated three possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Tax planning strategies; and
- Future taxable income exclusive of reversing temporary differences and carryforwards.

We considered the need to maintain a valuation allowance on deferred tax assets based on management's assessment of whether it is more likely than not that deferred tax assets would be realized based on future reversals of existing taxable temporary differences and the ability to generate sufficient taxable income within the carryforward period available under the applicable tax law. The deferred tax liabilities are expected to reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to a portion of the deferred tax assets.

During the year ended June 30, 2015, we released the majority of our U.S. federal valuation allowance of $136.7 million based on projected U.S. future earnings in excess of the $294.1 million required to realize its net U.S. federal deferred tax assets. Of the $294.1 million, $329.5 million relates to the federal net operating loss carryforward ("NOL"), which expires in the years 2028 to 2032. The remaining $35.4 million related to other net deferred tax liabilities.

The reversal of the valuation allowance was the result of a continuing trend of U.S. taxable income and the expectation that this trend will continue, rather than relying on tax planning strategies to support the realization of deferred tax assets. We had experienced three consecutive years of positive U.S. taxable earnings as of June 30, 2015 and expect to sustain this position in the future, due to the positive impact on U.S. earnings from reduced interest expense resulting from a reduction in our external debt, among other factors.

While the U.S. federal valuation allowance was reversed, the U.S. state valuation allowance on $375.7 million of apportioned state net operating losses was maintained. Due to uncertainty around earnings, apportionment, certain restrictions at the state level, and the history of tax losses, anticipated utilization rates were not sufficient to overcome the negative evidence and allow a release.

ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeal or litigation process, based on the technical merits. We recognized no material adjustment in the liability for unrecognized income tax benefits.

The calculation of our income tax liabilities involves dealing with uncertainties in the application of complex domestic and foreign income tax regulations. Unrecognized tax benefits are generated when there are differences between tax positions taken in a tax return and amounts recognized in the consolidated financial statements. Tax benefits are recognized in the consolidated financial statements when it is more likely than not that a tax position will be sustained upon examination. To the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our liabilities, our effective income tax rate in a given period could be materially affected. An unfavorable income tax settlement may require the use of cash and result in an increase in our effective income tax rate in the year it is resolved. A favorable income tax settlement would be recognized as a reduction in the effective income tax rate in the year of resolution. At June 30, 2016 and 2015 and September 30, 2016, we recorded unrecognized tax benefits and related interest and penalties of $67.1 million, $73.2 million and $66.1 million, respectively.

The anticipated future trends included in our assessment of the realizability of our deferred tax assets are the same assumptions and anticipated future trends that were incorporated into the estimated fair value of our

reporting units for purposes of testing goodwill for impairment. Such assumptions and anticipated future trends were also incorporated into other assessments of our tangible and intangible assets for impairment, as applicable. We are not currently relying on any tax-planning strategy to support the realization of deferred tax assets.

In the fourth quarter of fiscal 2016, we adopted ASU 2015-17 Balance Sheet Classification of Deferred Taxes, which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet and applied its provisions prospectively without retrospective adjustment.

Also, in the fourth quarter of fiscal 2016, we adopted ASU 2016-09 Improvements to Employee Share-Based Payment Accounting, which requires all excess tax benefits and deficiencies to be recognized in income tax expense or benefit in earnings and applied its provision on a modified retrospective basis. Accordingly, we recognized the previously unrecognized excess tax benefits, which resulted in a cumulative-effect tax benefit adjustment of $19.9 million recorded as part of accumulated deficit, with the tax effects recorded as deferred tax assets at the beginning of the 2016 fiscal year.

New Accounting Pronouncements

Refer to Note 1 to the audited and unaudited consolidated financial statements included elsewhere in this offering memorandum for a description of recent accounting pronouncements.

Factors Affecting our Performance

Fluctuations in Operating Results

Our financial reporting periods operate on a June 30 fiscal year end. Our revenue and net earnings are generally higher in our third and fourth quarters of each fiscal year. These fluctuations are primarily the result of the timing of our, and our customers', annual operational maintenance periods at locations in continental Europe and the United Kingdom, the seasonality associated with pharmaceutical and biotechnology budgetary spending decisions, clinical trial and research and development schedules and, to a lesser extent, the time of the year some of our customers' products are in higher demand.

Acquisition and Related Integration Efforts

Our growth and profitability are affected by the acquisitions we are able to complete and the speed at which we integrate those acquisitions into our existing operating platforms. Since January 1, 2012, we have completed ten acquisitions, the largest of which was the February 2012 purchase of the Aptuit CTS business. Since that acquisition, we consolidated three operations including one in December 2012, December 2013 and June 2016, respectively. In February 2012, we acquired the remaining 49% ownership interest in our German softgel joint venture. We commenced two joint ventures in China in fiscal 2013 and 2014, and completed the acquisition of the partner's interest in one venture in fiscal 2015 and the other venture in fiscal 2016. We purchased a softgel operation in Brazil in fiscal 2014 and have integrated it into our softgel business. Further, in October 2014, the Company acquired the remaining shares of Redwood and its SMARTag ADC technology platform. The acquired business is based in the U.S. and is included in the Drug Delivery Solutions segment. Additionally, in November 2014, the Company acquired 100% of the shares of Micron Technologies, a company specializing in particle size reduction (micronization), milling and analytical contract services. In September 2016, we completed the Pharmatek Acquisition.

Foreign Exchange Rates

Significant portions of our revenues and costs are affected by changes in foreign exchange rates. Our operating network is global and, as a result, our revenues and operating expenses are influenced by changes in

foreign exchange rates. In fiscal 2016, approximately 54% of our revenue was generated from our operations outside the United States. Much of the revenue generated outside the United States and many of the expenses associated with our operations outside the United States are denominated in currencies other than the U.S. dollar, particularly the British pound, the euro, the Brazilian real, the Argentine peso, the Japanese yen and the Australian dollar. Changes in those currencies relative to the U.S. dollar will affect our revenues and expenses.

Trends Affecting Our Business

Industry

We participate in nearly every sector of the $900 billion annual revenue global pharmaceutical industry, including but not limited to the prescription drug and biologic sectors as well as consumer health, which includes the over-the-counter and vitamins and nutritional supplement sectors, and animal health. Innovative pharmaceuticals continue to play a critical role in the global market, while generic drug share is increasing in both developed and developing markets. Sustained developed market demand and rapid growth in emerging economies is driving the consumer health product growth rate to more than double that for pharmaceuticals. Payors, both public and private, have sought to limit the economic impact of such demand through greater use of generic drugs, access and spending controls and health technology assessment techniques, favoring products that deliver truly differentiated outcomes.

New Molecule Development and R&D Sourcing

Continued strengthening in early-stage development pipelines for drugs and biologics, compounded by increasing clinical trial breadth and complexity, sustain our belief in the attractive growth prospects for development solutions. Large companies are in many cases reconfiguring their R&D resources, increasingly involving the appointment of strategic partners for important outsourced functions. Additionally, an increasing portion of compounds in development are from companies that do not have full R&D infrastructure, and thus are more likely to need strategic development solutions partners.

Demographics

Increased life expectancy in aging and increasingly obese populations in both developed and emerging markets, combined with health care reforms in many global markets that are expanding access to treatments to a greater proportion of their populations, particularly in the United States and China, will continue to drive increases in demand for and consumer health products. Increasing economic affluence in developing regions will further increase demand for healthcare treatments, and we are taking active steps to allow us to participate effectively in these growth regions and product categories.

Finally, we believe the market access and payor pressures our customers face, global supply chain complexity, and the increasing demand for improved treatments will continue to escalate the need for product differentiation, improved outcomes and treatment cost reduction, all of which can often be addressed using our advanced delivery technologies.

Non-GAAP Performance Metrics

Use of EBITDA from continuing operations

Management measures operating performance based on consolidated earnings from continuing operations before interest expense, expense/(benefit) for income taxes and depreciation and amortization, which is further adjusted for the income or loss attributable to noncontrolling interests (“EBITDA from continuing operations”). EBITDA from continuing operations is not defined under U.S. GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP and is subject to important limitations.

We believe that the presentation of EBITDA from continuing operations enhances an investor's understanding of our financial performance. We believe this measure is a useful financial metric to assess our operating performance from period to period and use this measure for business planning purposes. In addition, given the significant investments that we have made in the past in property, plant and equipment, depreciation and amortization expenses represent a meaningful portion of our cost structure. We believe that disclosing EBITDA from continuing operations will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures because it eliminates depreciation and amortization expense. We present EBITDA from continuing operations in order to provide supplemental information that we consider relevant for the readers of this offering memorandum, and such information is not meant to replace or supersede U.S. GAAP measures. Our definition of EBITDA from continuing operations may not be the same as similarly titled measures used by other companies.

In addition, we evaluate the performance of our segments based on segment earnings before noncontrolling interest, other (income)/expense, impairments, restructuring costs, interest expense, income tax expense/(benefit), and depreciation and amortization ("Segment EBITDA").

Use of Constant Currency

As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a constant currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. In this offering memorandum, we calculate constant currency by calculating current-year results using prior-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

Three Months Ended September 30, 2016 compared to Three Months Ended September 30, 2015

Results for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 were as follows:

(Dollars in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease) Change $	Constant Currency Increase/(Decrease) Change $
Net revenue	$442.2	$423.0	$(11.3)	$30.5	7%
Cost of sales	318.1	301.5	(5.6)	22.2	7%
Gross margin	124.1	121.5	(5.7)	8.3	7%
Selling, general and administrative expense	98.2	82.3	(1.5)	17.4	21%
Impairment charges and (gain)/loss on sale of assets	—	1.2	—	(1.2)	*
Restructuring and other	1.1	1.0	(0.1)	0.2	20%
Operating earnings	24.8	37.0	(4.1)	(8.1)	(22)%
Interest expense, net	22.1	22.7	(0.7)	0.1	*
Other (income)/expense, net	(2.1)	0.6	(0.1)	(2.6)	*
Earnings from continuing operations before income taxes	4.8	13.7	(3.3)	(5.6)	(41)%
Income tax expense/(benefit)	0.2	2.0	(0.8)	(1.0)	(50)%
Earnings from continuing operations	4.6	11.7	(2.5)	(4.6)	(39)%
Net earnings from discontinued operations, net of tax	—	—	—	—	*
Net earnings	4.6	11.7	(2.5)	(4.6)	(39)%
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	—	(0.2)	—	0.2	*
Net earnings attributable to Catalent	$ 4.6	$ 11.9	$ (2.5)	$ (4.8)	(40)%

* Percentage not meaningful

Net Revenue

Net revenue increased $30.5 million, or 7%, as compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. The increase in net revenue was driven by increased sales across all three reportable segments, led primarily by our Drug Delivery Solutions segment. The increase in net revenue was primarily due to increased sales volumes related to fee for service development work and analytical testing in the U.S. and increased sales volumes from our biologics offerings and from our European pre-filled syringe operations, partially offset by decreased sales volumes related to our integrated oral solids development and manufacturing capabilities and lower revenue from product participation related activities within our Drug Delivery Solutions segment.

Gross Margin

Gross margin increased $8.3 million, or 7%, as compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. The increase in gross margin was primarily driven by increased sales volumes and favorable product mix related to fee for service development work and analytical testing in the U.S. and increased sales volume and product mix from our biologics offerings, partially offset by decreased sales volumes, unfavorable product mix related to our integrated oral solids development and manufacturing capabilities, lower profit from product participation related activities within our Drug Delivery Solutions segment and higher material and labor costs within our Clinical Supply Services segment. On a constant currency basis, gross margin, as a percentage of revenue, decreased 10 basis points to 28.6% in the three months ended

September 30, 2016, as compared to 28.7% in the prior year primarily driven by an unfavorable shift in revenue mix within our Clinical Supply Services segment offset by a favorable shift in revenue mix within our Drug Delivery Solutions segment.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased $17.4 million, or 21%, as compared to the three months ended September 30, 2015, excluding the impact of foreign exchange, primarily due to incremental employee-related costs of approximately $11.0 million, of which $4.3 million is attributable to an increase in our non-cash equity-based compensation plans. Other increases to employee-related cost included inflationary increases, certain employee retention and recruiting costs and health and wellness costs. Equity-based compensation expense increased as a result of a change from a cash-based long-term incentive plan to an equity-based long-term incentive plan, an acceleration of expense related to retirement-eligible employees and incremental expense related to stock options that vested upon achieving certain return on invested capital targets. Selling, general and administrative expenses also increased approximately $3.0 million associated with acquisition-related transaction costs, most of which ultimately did not result in completed acquisitions, and approximately $1.0 million related to integration-related costs.

Restructuring and Other

Restructuring and other charges of $1.1 million for the three months ended September 30, 2016 increased $0.2 million compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. The three months ended September 30, 2016 included restructuring activities enacted to improve cost efficiency primarily related to employee severance expenses. Restructuring expense will vary period to period based on the level of recent acquisitions and site consolidation efforts to further streamline the business.

Interest Expense, net

Interest expense, net of $22.1 million for the three months ended September 30, 2016, decreased by $0.6 million, or 3%, compared to the three months ended September 30, 2015, primarily driven by an average lower level of outstanding debt resulting from our quarterly principal payments on our term loans as compared to the prior period.

Other (Income)/Expense, net

Other income was $2.1 million for the three months ended September 30, 2016 compared to $0.6 million of other expense for the three months ended September 30, 2015. Other income for the three months ended September 30, 2016 was primarily driven by non-cash net gains of $2.3 million related to foreign currency translation.

Provision/(Benefit) for Income Taxes

Our provision for income taxes for the three months ended September 30, 2016 was an expense of $0.2 million relative to earnings from continuing operations before income taxes of $4.8 million. Our provision for income taxes for the three months ended September 30, 2015 was $2.0 million relative to earnings from continuing operations before income taxes of $13.7 million. The income tax provision for the current period is not comparable to the same period of the prior year due to changes in pretax income over many jurisdictions and the impact of discrete items. Generally, fluctuations in the effective tax rate are primarily due to changes in our geographic pretax income resulting from our business mix and changes in the tax impact of permanent differences, restructuring, other special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Our effective tax rate at September 30, 2016 reflects benefits derived from operations outside the United States, which are generally taxed at lower rates than the U.S. statutory rate of 35% as well as the benefits of favorable tax rate changes.

Segment Review

Our results on a segment basis for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 were as follows:

(Dollars in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	FX impact	Constant Currency Increase/(Decrease) Change $	Constant Currency Increase/(Decrease) Change $
Softgel Technologies					
Net revenue	$186.4	$184.0	$ (1.8)	$ 4.2	2%
Segment EBITDA	30.5	34.6	(1.6)	(2.5)	(7)%
Drug Delivery Solutions					
Net revenue	191.3	173.6	(4.6)	22.3	13%
Segment EBITDA	42.0	37.5	(2.4)	6.9	18%
Clinical Supply Services					
Net revenue	75.0	77.6	(4.9)	2.3	3%
Segment EBITDA	10.5	14.0	(1.1)	(2.4)	(17)%
Inter-segment revenue elimination	(10.5)	(12.2)	—	1.7	(14)%
Unallocated Costs[1]	(20.3)	(14.0)	—	(6.3)	45%
Combined Total					
Net revenue	$442.2	$423.0	$(11.3)	$30.5	7%
EBITDA from continuing operations	$ 62.7	$ 72.1	$ (5.1)	$ (4.3)	(6)%

(1) Unallocated costs includes equity-based compensation, certain acquisition related costs, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

(Dollars in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Impairment charges and gain/(loss) on sale of assets	$ —	$ (1.2)
Equity compensation	(6.9)	(2.6)
Restructuring and other special items[2]	(5.9)	(2.0)
Noncontrolling interest	—	0.2
Other income/(expense), net[3]	2.1	(0.6)
Non-allocated corporate costs, net	(9.6)	(7.8)
Total unallocated costs	$(20.3)	$(14.0)

(2) Segment results do not include restructuring and certain acquisition-related costs.

(3) Amounts primarily relate to foreign currency translation gains and losses during all periods presented.

Provided below is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations:

(Dollars in millions)	Three Months Ended September 30, 2016	2015
Earnings from continuing operations	$ 4.6	$11.7
Depreciation and amortization	35.8	35.5
Interest expense, net	22.1	22.7
Income tax (benefit)/expense	0.2	2.0
Noncontrolling interest	—	0.2
EBITDA from continuing operations	$62.7	$72.1

Softgel Technologies Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Three Months Ended September 30, Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	2%	(7)%
Impact of acquisitions	—%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**2%**	**(7)%**
Foreign exchange fluctuation	(1)%	(5)%
Total % Change	1%	(12)%

Softgel Technologies' net revenue increased by $4.2 million, or 2%, compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. The primary driver was higher end market volume demand for consumer health products primarily in Asia Pacific and Latin America, partially offset by lower sales volume at our facility in Beinheim, France of approximately $6.0 million compared to our pre-suspension levels of production in the first quarter of fiscal 2016.

Softgel Technologies' Segment EBITDA decreased by $2.5 million, or 7%, as compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. The decrease was primarily driven by lower volume at our Beinheim facility of approximately $5.0 million compared to the pre-suspension levels of production in the first quarter of fiscal 2016, partially offset by increased consumer health volume within our Asia Pacific and Latin American operations.

Drug Delivery Solutions Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Three Months Ended September 30,	
	Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	13%	18%
Impact of acquisitions	—%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**13%**	**18%**
Foreign exchange fluctuation	(3)%	(6)%
Total % Change	10%	12%

Net revenue in our Drug Delivery Solutions segment increased by $22.3 million, or 13%, compared to the three months ended September 30, 2015, excluding the impact of foreign exchange. Net revenue increased approximately 8% from our analytical services platform, driven by increased sales volumes related to fee-for-service development work and analytical testing in the U.S. Net revenue also increased approximately 5% as a result of increased volume from our biologics offerings and increased volume from our European pre-filled syringe operations of approximately 3%. Offsetting revenue growth was decreased volumes from our oral delivery solutions platform of 5% due to decreased sales volumes related to our integrated oral solids development and manufacturing capabilities, lower project volumes in the U.S. and lower revenue from product participation related activities.

Drug Delivery Solutions' segment EBITDA increased by $6.9 million, or 18%, compared to the three months ended September 30, 2015, excluding the impact of foreign exchange, primarily due to increased volumes and favorable product mix within our analytical services platform and our biologics offering, partially offset by decreased volumes and unfavorable product mix related to our integrated oral solids development and manufacturing capabilities within our oral delivery solutions platform.

On September 22, 2016, we acquired Pharmatek Laboratories Inc., a contract drug development and clinical manufacturing company, based in the U.S. Pharmatek Laboratories adds discovery-to-clinic drug development capabilities, expands our capability for handling highly potent compounds, and adds spray drying to our technologies. The impact to our financial statements for the three months ended September 30, 2016 was not material.

Clinical Supply Services Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Three Months Ended September 30,	
	Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	3%	(17)%
Impact of acquisitions	—%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**3%**	**(17)%**
Foreign exchange fluctuation	(6)%	(8)%
Total % Change	(3)%	(25)%

Clinical Supply Services' net revenue increased by $2.3 million, or 3%, compared to the three months ended September 30, 2015, excluding the impact of foreign exchange, primarily due to increased volume related to our storage and distribution business.

Clinical Supply Services' segment EBITDA decreased by $2.4 million, or 17%, excluding the impact of foreign exchange, compared to the three months ended September 30, 2015, primarily due to an unfavorable service offering mix within our storage and distribution business and higher material and labor costs within our manufacturing and packaging business.

Fiscal Year Ended June 30, 2016 compared to the Fiscal Year Ended June 30, 2015

Results for the fiscal year ended June 30, 2016 compared to the fiscal year ended June 30, 2015 were as follows:

	Fiscal Year Ended June 30,		FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease)	
	2016	2015		Change $	Change $
(Dollars in millions)					
Net revenue	$1,848.1	$1,830.8	$(95.4)	$112.7	6%
Cost of sales	1,260.5	1,215.5	(69.1)	114.1	9%
Gross margin	587.6	615.3	(26.3)	(1.4)	*
Selling, general and administrative expense	358.1	337.3	(9.5)	30.3	9%
Impairment charges and (gain)/loss on sale of assets	2.7	4.7	0.2	(2.2)	(47)%
Restructuring and other	9.0	13.4	(0.6)	(3.8)	(28)%
Operating earnings	217.8	259.9	(16.4)	(25.7)	(10)%
Interest expense, net	88.5	105.0	(1.5)	(15.0)	(14)%
Other (income)/expense, net	(15.6)	42.4	(2.6)	(55.4)	*
Earnings from continuing operations before income taxes	144.9	112.5	(12.3)	44.7	40%
Income tax expense/(benefit)	33.7	(97.7)	(4.0)	135.4	*
Earnings from continuing operations	111.2	210.2	(8.3)	(90.7)	(43)%
Net earnings from discontinued operations, net of tax	—	0.1	—	(0.1)	*
Net earnings	111.2	210.3	(8.3)	(90.8)	(43)%
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(0.3)	(1.9)	—	1.6	(84)%
Net earnings attributable to Catalent	$ 111.5	$ 212.2	$ (8.3)	$ (92.4)	(44)%

* Percentage not meaningful

Net Revenue

Net revenue increased by $112.7 million, or 6%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange. The increase in net revenue was driven by increased sales across all three reportable segments, led primarily by our Softgel Technologies segment. The increase in net revenue was primarily driven by higher end market volume demand for consumer health products using our softgel offering, increased sales volume across our Drug Delivery Solutions segment platforms and increased comparator sourcing volume and increased sales volume related to storage and distribution revenue within our Clinical Supply Services segment. Revenue increases were partially offset by a decrease in volume as a result of the temporary suspension of operations at our softgel manufacturing facility in Beinheim, France, which occurred between November 2015 and April 2016.

Gross Margin

Gross margin decreased by $1.4 million, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange. The decrease in gross margin was primarily driven by lower volumes resulting in reduced end customer demand of certain higher margin offerings within our Drug Delivery Solutions segment and decreased revenue resulting from the temporary suspension of operations at our softgel manufacturing facility in Beinheim, France during the period within our Softgel Technologies segment, partially offset by higher sales volumes across all three segments and more effective absorption of fixed costs through higher capacity utilization within our Softgel Technologies segment. On a constant currency basis, gross margin, as a percentage of revenue, decreased 200 basis points to 31.6% in the twelve months ended June 30, 2016 as compared to the prior year primarily driven by an unfavorable shift in revenue mix in our Drug Delivery Solutions segment and in our Clinical Supply Services segment.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $30.3 million, or 9%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange, primarily due to incremental employee compensation costs of approximately $13 million, inclusive of certain severance payments, inflationary increases and an increase in our non-cash equity compensation plans as a result of a change from a cash-based long-term incentive plan to an equity-based long-term incentive plan. Selling, general and administrative expense also increased due to acquisition-related transaction costs of approximately $5 million, and increased costs of approximately $6 million related to the temporary suspension of operations at our softgel manufacturing facility in Beinheim, France from November 2015 to April 2016. Selling, general and administrative expense increased approximately $5 million because of entities we acquired during the prior year.

Restructuring and Other

Restructuring and other charges of $9.0 million for the twelve months ended June 30, 2016 decreased by $4.4 million, or 33%, compared to the twelve months ended June 30, 2015. The twelve months ended June 30, 2016 included restructuring activities enacted to improve cost efficiency, including employee severance expenses and costs related to a site consolidation in pursuit of synergies in our Clinical Supply Services segment within our U.K. operations. The prior period charges included restructuring initiatives enacted to improve cost efficiency at sites across our global network. Restructuring expense will vary period to period based on the level of acquisitions during the year and site consolidation efforts to further streamline the business.

Interest Expense, net

Interest expense, net, of $88.5 million for the twelve months ended June 30, 2016 decreased by $16.5 million, or 16%, compared to the twelve months ended June 30, 2015, primarily driven by lower levels of outstanding debt as compared to the prior year. We redeemed $350 million of Senior Notes due 2018 (the "Senior Notes") and $275 million of Senior Subordinated Notes due 2017 (the "Senior Subordinated Notes") on August 28, 2014 and September 4, 2014, respectively. In addition, we reduced an aggregate of $234.5 million of outstanding borrowings under an unsecured term loan during the first quarter of fiscal 2015, partially offset by incremental borrowings of $191 million during the second quarter of fiscal 2015 in support of completed acquisitions. The funds utilized to reduce our debt levels were generated by proceeds from our IPO, which was completed during the first quarter of fiscal 2015.

Other (Income)/Expense, net

Other income, net of $15.6 million for the twelve months ended June 30, 2016 was primarily driven by non-cash net gains from foreign exchange translation recorded during the period plus earnings from our available for sale investments related to our deferred compensation plans. Other expense, net of $42.4 million in the twelve

months ended June 30, 2015 was primarily driven by a sponsor advisory fee agreement termination fee of $29.8 million, which we agreed to pay in connection with our IPO. In addition, we incurred $21.8 million of expense in fiscal 2015 associated with the early redemption of our Senior Notes and pre-payment of an unsecured term loan, of which $9.8 million was a cash expense. Offsetting these other expense items were non-recurring non-cash purchase accounting gains, net, of $8.9 million related to acquisitions completed during the period and $2.4 million of non-cash net gains associated with foreign exchange.

Provision/(Benefit) for Income Taxes

Our provision for income taxes for the twelve months ended June 30, 2016 was $33.7 million relative to earnings before income taxes of $144.9 million. Our benefit for income taxes for the twelve months ended June 30, 2015 was $97.7 million relative to earnings before income taxes of $112.5 million. The income tax provision for the current period is not comparable to the same period of the prior year due to changes in pretax income over many jurisdictions and the impact of discrete items. Generally, fluctuations in the effective tax rate are primarily due to changes in our geographic pretax income resulting from our business mix and changes in the tax impact of permanent differences, restructuring, other special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Our effective tax rate at June 30, 2016 reflects the impact of benefits of VA release for utilized capital loses prior to expiration this year as well as VA release on IP transfer and a deduction related to a further U.K. rate reduction enacted during the current year.

Segment Review

All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with ASC 280 Segment Reporting as discussed in Note 1 to the audited consolidated financial statements included elsewhere in this offering memorandum. The Company's results on a segment basis for the fiscal year ended June 30, 2016 compared to the twelve months ended June 30, 2015 were as follows:

	Fiscal Year Ended June 30,		FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease)	
	2016	2015		Change $	Change $
(Dollars in millions)					
Softgel Technologies					
Net revenue	$ 775.0	$ 787.5	$(68.2)	$ 55.7	7%
Segment EBITDA	163.8	173.6	(15.9)	6.1	4%
Drug Delivery Solutions					
Net revenue	806.4	798.3	(20.4)	28.5	4%
Segment EBITDA	215.2	230.7	(5.2)	(10.3)	(4)%
Clinical Supply Services					
Net revenue	307.5	288.4	(9.4)	28.5	10%
Segment EBITDA	53.2	56.7	(2.4)	(1.1)	(2)%
Inter-segment revenue elimination	(40.8)	(43.4)	2.6	—	*
Unallocated Costs[1]	(57.9)	(100.8)	3.3	39.6	(39)%
Combined Total					
Net revenue	$1,848.1	$1,830.8	$(95.4)	$112.7	6%
EBITDA from continuing operations	$ 374.3	$ 360.2	$(20.2)	$ 34.3	10%

(1) Unallocated costs includes equity-based compensation, certain acquisition-related costs, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015
Impairment charges and gain/(loss) on sale of assets	$ (2.7)	$ (4.7)
Equity compensation	(10.8)	(9.0)
Restructuring and other special items[2]	(27.2)	(27.2)
Noncontrolling interest	0.3	1.9
Other income/(expense), net[3]	15.6	(42.4)
Non-allocated corporate costs, net	(33.1)	(19.4)
Total unallocated costs	$(57.9)	$(100.8)

(2) Segment results do not include restructuring and certain acquisition-related costs.

(3) Amounts for fiscal 2015 primarily relate to the expense associated with the termination of the sponsor advisory fee agreement of $29.8 million resulting from the IPO, expenses related to financing transactions of $21.8 million and non-recurring non-cash purchase accounting gains of approximately $8.9 million related to acquisitions completed.

Provided below is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015
Earnings from continuing operations	$111.2	$210.2
Depreciation and amortization	140.6	140.8
Interest expense, net	88.5	105.0
Income tax (benefit)/expense	33.7	(97.7)
Noncontrolling interest	0.3	1.9
EBITDA from continuing operations	$374.3	$360.2

Softgel Technologies Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Fiscal Year Ended June 30, Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	6%	4%
Impact of acquisitions	1%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**7%**	**4%**
Foreign exchange fluctuation	(8)%	(9)%
Total % Change	(1)%	(5)%

Softgel Technologies' net revenue increased $55.7 million, or 7%, excluding the impact of foreign exchange. The primary driver was higher end market volume demand for lower margin consumer health products

using our softgel offering primarily in Asia Pacific. Partially offsetting the segment's increased revenue was a decrease in volume of prescription products of approximately $35 million primarily in Europe due to the temporary suspension of operations at our facility in Beinheim, France, which occurred between November 2015 and April 2016. See below for further discussion.

Softgel Technologies' Segment EBITDA increased by $6.1 million, or 4%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange. The increase was primarily driven by increased sales volumes of our lower margin consumer health products and more effective absorption of fixed costs through higher capacity utilization, partially offset by the temporary suspension of operations at our facility in Beinheim, France resulting in a decrease of approximately $32 million. See below for further discussion.

On November 13, 2015, the ANSM issued an order temporarily suspending operations at our softgel manufacturing facility in Beinheim, France, which was lifted on April 28, 2016. The suspension order permitted the facility to apply for exemptions for certain types of operations. Due to the temporary suspension, we were unable to use certain raw materials, work in process and finished goods and took a charge of $1.0 million in fiscal 2016 in connection with such loss of use. We recorded remediation associated costs of $6.0 million in the same period. Further, certain customers of the facility have presented claims against us for losses they have allegedly suffered due to the temporary suspension or have reserved their right to do so subsequently. We are unable to estimate at this time either the total value of these claims or the likely cost to resolve them. Changes to the operations at the facility to address the issues leading to the suspension have increased and may in the future additionally increase the cost and therefore decrease the profitability of its operation.

Drug Delivery Solutions Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	3%	(5)%
Impact of acquisitions	1%	1%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**4%**	**(4)%**
Foreign exchange fluctuation	(3)%	(3)%
Total % Change	1%	(7)%

Net revenue in our Drug Delivery Solutions segment increased by $28.5 million, or 4%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange. Net revenue increased approximately 3% from our analytical services platform driven by increased sales volumes related to fee for service development work and analytical testing in the U.S. Net revenue also increased approximately 2% as a result of increased volume from our biologics offerings and increased volume of products utilizing our blow-fill-seal technology platform of approximately 1%. Offsetting revenue was decreased volumes from our oral delivery solutions platform of 3% due to reduced end customer volume demand for certain higher margin offerings primarily in our U.S. operations and lower revenue from product participation related activities. Finally, net revenue increased approximately 1% as a result of the Micron Technologies acquisition completed during the second quarter of fiscal 2015.

Drug Delivery Solutions' Segment EBITDA decreased by $10.3 million, or 4%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange, primarily due to lower volumes driven by reduced end customer demand of certain higher margin offerings and lower absorption of fixed manufacturing costs within our oral delivery solutions platform, partially offset by increased profit generated by our biologics offering and from products utilizing our blow-fill-seal technology platform.

Clinical Supply Services Segment

Factors Contributing to Year-Over-Year Change	2016 vs. 2015 Fiscal Year Ended June 30, Net Revenue	Segment EBITDA
Organic revenue / Segment EBITDA	10%	(2)%
Impact of acquisitions	—%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**10%**	**(2)%**
Foreign exchange fluctuation	(3)%	(4)%
Total % Change	7%	(6)%

Clinical Supply Services' net revenue increased by $28.5 million, or 10%, as compared to the twelve months ended June 30, 2015, excluding the impact of foreign exchange, primarily due to increased lower-margin comparator sourcing volume of $13 million, or 4%, and increased volume related to storage and distribution revenue.

Clinical Supply Services' Segment EBITDA decreased by $1.1 million, or 2%, excluding the impact of foreign exchange, as compared to the twelve months ended June 30, 2015, primarily due to a shift to increased lower-margin comparator sourcing volume within our revenue mix in addition to increased cost related to a business update to enhance operational efficiency.

Fiscal Year Ended June 30, 2015 compared to Fiscal Year Ended June 30, 2014

Results for the fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014 are as follows:

(Dollars in millions)	Fiscal Year Ended June 30, 2015	2014	FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease) Change $	Change $
Net revenue	$1,830.8	$1,827.7	$(117.9)	$ 121.0	7%
Cost of products sales	1,215.5	1,229.1	(82.2)	68.6	6%
Gross margin	615.3	598.6	(35.7)	52.4	9%
Selling, general and administrative expense	337.3	334.8	(11.0)	13.5	4%
Impairment charges and (gain)/loss on sale of assets	4.7	3.2	(0.1)	1.6	50%
Restructuring and other	13.4	19.7	(2.0)	(4.3)	(22)%
Operating earnings	259.9	240.9	(22.6)	41.6	17%
Interest expense, net	105.0	163.1	(1.2)	(56.9)	(35)%
Other (income)/expense, net	42.4	10.4	(5.2)	37.2	*
Earnings from continuing operations before income taxes	112.5	67.4	(16.2)	61.3	91%
Income tax expense/(benefit)	(97.7)	49.5	(4.3)	(142.9)	*
Earnings from continuing operations	210.2	17.9	(11.9)	204.2	*
Net earnings from discontinued operations, net of tax	0.1	(2.7)	—	2.8	*
Net earnings	210.3	15.2	(11.9)	207.0	*
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(1.9)	(1.0)	0.1	(1.0)	*
Net earnings attributable to Catalent	$ 212.2	$ 16.2	$ (12.0)	$ 208.0	*

* Percentage not meaningful

Net Revenue

Net revenue increased by $121.0 million, or 7%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange. The increase in net revenue was driven primarily by increased volume within our integrated oral solids development and manufacturing capabilities, higher revenue from product participation related activities and increased volume from our biologics offerings within our Drug Delivery Solutions segment.

Gross Margin

Gross margin increased by $52.4 million, or 9%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange. On a constant currency basis, gross margin, as a percentage of revenue, increased 60 basis points to 33.4% in the twelve months ended June 30, 2015 as compared to 32.8% in the prior year. The increase in gross margin was primarily due to increased sales across three reportable segments and a favorable shift in revenue mix within our Drug Delivery Solutions segment. The increase in gross margin was partially offset by an unfavorable product mix from our softgel offering within our Softgel Technologies segment.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $13.5 million, or 4%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily due to $12 million of incremental expense related to entities we acquired during the year. The $12 million was primarily comprised of non-cash depreciation and amortization expense of $7 million, integration costs of $4 million, and employee compensation costs of $1 million. In addition, selling, general and administrative expense increased $4.5 million related to our non-cash equity compensation plans as a result of a change from a cash-based long-term incentive plan to an equity-based long-term incentive plan. These costs were partially offset by a $12.9 million reduction in expense due to the elimination of the recurring sponsor advisory fee agreement as a result of our IPO during the first quarter of fiscal 2015.

Restructuring and Other

Restructuring and other charges of $13.4 million for the twelve months ended June 30, 2015 decreased by $6.3 million, or 32%, compared to the twelve months ended June 30, 2014. The twelve months ended June 30, 2015 included restructuring initiatives enacted to improve cost efficiency primarily related to employee severance expenses. The prior period charges included restructuring initiatives across several of our operations enacted to improve cost efficiency, including site consolidation in pursuit of synergies related to the Aptuit CTS acquisition and employee-related severance expenses during the twelve months ended June 30, 2014.

Interest Expense, net

Interest expense, net, of $105.0 million for the twelve months ended June 30, 2015 decreased by $58.1 million, or 36%, compared to the twelve months ended June 30, 2014, primarily driven by lower levels of outstanding debt as compared to the prior year. The Company redeemed $350 million of Senior Notes and $275 million of Senior Subordinated Notes on August 28, 2014 and September 4, 2014, respectively. In addition, we reduced an aggregate of $234.5 million of outstanding borrowings under an unsecured term loan during the first quarter of fiscal 2015. The funds utilized to reduce our debt levels were generated by proceeds from our IPO, which was completed during the first quarter of fiscal 2015. The decrease in interest expense, net was partially offset by incremental borrowings of $191 million during the second quarter of fiscal 2015 in support of acquisitions.

Other (Income)/Expense, net

Other expense, net of $42.4 million for the twelve months ended June 30, 2015 increased from $10.4 million in the twelve months ended June 30, 2014. The increase was primarily driven by a sponsor advisory fee agreement termination fee of $29.8 million, which we agreed to pay in connection with our IPO. In addition, we incurred $21.8 million of expense associated with the early redemption of our Senior Notes and pre-payment of an unsecured term loan in fiscal 2015, of which $9.8 million was a cash expense. Offsetting these other expense items were non-recurring non-cash purchase accounting gains, net, of approximately $8.9 million related to acquisitions completed during the period and $2.4 million of non-cash net gains associated with foreign exchange. Other expense, net for the twelve months ended June 30, 2014, was primarily driven by expenses of approximately $11 million related to the May 2014 refinancing of our senior secured credit facilities and the write off of unamortized deferred financing fees. Also included were non-cash unrealized gains related to foreign currency translation, partially offset by realized losses related to foreign currency translation.

Provision/(Benefit) for Income Taxes

Our benefit for income taxes for the twelve months ended June 30, 2015 was $97.7 million relative to earnings before income taxes of $112.5 million. Our provision for income taxes for the twelve months ended June 30, 2014 was $49.5 million relative to earnings before income taxes of $67.4 million. The income tax benefit for the current period is not comparable to the same period of the prior year due to changes in pretax income over many jurisdictions and the impact of discrete items. Generally, fluctuations in the effective tax rate are primarily due to changes in our geographic pretax income resulting from our business mix and changes in the tax impact of permanent differences, restructuring, other special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Our effective tax rate at June 30, 2015 reflects the release of the U.S. federal valuation allowance and an increase in a tax reserve related to an adjustment to inter-company interest income in Germany, partially offset by a corresponding deduction in the United Kingdom.

Segment Review

All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with ASC 280 Segment Reporting as discussed in Note 1 to the audited consolidated financial statements included elsewhere in this offering memorandum. The Company's results on a segment basis for the fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014 are as follows:

	Fiscal Year Ended June 30,		FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease)	
	2015	2014		Change $	Change $
(Dollars in millions)					
Softgel Technologies					
Net revenue	$ 787.5	$ 857.5	$ (83.6)	$ 13.6	2%
Segment EBITDA	173.6	214.8	(22.6)	(18.6)	(9)%
Drug Delivery Solutions					
Net revenue	798.3	719.2	(33.1)	112.2	16%
Segment EBITDA	230.7	182.2	(7.9)	56.4	31%
Clinical Supply Services					
Net revenue	288.4	291.7	(6.4)	3.1	1%
Segment EBITDA	56.7	59.5	(2.0)	(0.8)	(1)%
Inter-segment revenue elimination	(43.4)	(40.7)	5.2	(7.9)	19
Unallocated Costs[(1)]	(100.8)	(82.1)	7.6	(26.3)	32%
Combined Total					
Net revenue	$1,830.8	$1,827.7	$(117.9)	$121.0	7%
EBITDA from continuing operations	$ 360.2	$ 374.4	$ (24.9)	$ 10.7	3%

* Percentage not meaningful

(1) Unallocated costs includes equity-based compensation, certain acquisition-related costs, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

	Fiscal Year Ended June 30,	
	2015	2014
(Dollars in millions)		
Impairment charges and gain/(loss) on sale of assets	$ (4.7)	$ (3.2)
Equity compensation	(9.0)	(4.5)
Restructuring and other special items[2]	(27.2)	(29.4)
Sponsor advisory fee	—	(12.9)
Noncontrolling interest	1.9	1.0
Other income/(expense), net[3]	(42.4)	(10.4)
Non-allocated corporate costs, net	(19.4)	(22.7)
Total unallocated costs	$(100.8)	$(82.1)

(2) Segment results do not include restructuring and certain acquisition-related costs

(3) Amounts for fiscal 2015 primarily relate to the expense associated with the termination of the sponsor advisory fee agreement of $29.8 million resulting from the IPO, expenses related to financing transactions of $21.8 million, non-recurring non-cash purchase accounting gains of approximately $8.9 million related to acquisitions completed.

Provided below is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations:

	Fiscal Year Ended June 30,	
	2015	2014
(Dollars in millions)		
Earnings from continuing operations	$210.2	$ 17.9
Depreciation and amortization	140.8	142.9
Interest expense, net	105.0	163.1
Income tax (benefit)/expense	(97.7)	49.5
Noncontrolling interest	1.9	1.0
EBITDA from continuing operations	$360.2	$374.4

Softgel Technologies Segment

	2015 vs. 2014	
Factors Contributing to Year-Over-Year Change	Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic Growth / Segment EBITDA	1%	(9)%
Impact of acquisitions	1%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**2%**	**(9)%**
Foreign exchange fluctuation	(10)%	(10)%
Total % Change	(8)%	(19)%

Net Revenue in our Softgel Technologies segment increased by $13.6 million or 2%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily driven by higher end

market volume demand for lower margin consumer health products primarily in Latin America and Asia Pacific, partially offset by decreased consumer health product volume in Europe. Profit participation related activities decreased by approximately $6.0 million.

Softgel Technologies' Segment EBITDA decreased by $18.6 million, or 9%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily due to a shift to lower-margin consumer health product within our offering mix.

Drug Delivery Solutions Segment

Factors Contributing to Year-Over-Year Change	2015 vs. 2014 Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic Growth / Segment EBITDA	14%	30%
Impact of acquisitions	2%	1%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**16%**	**31%**
Foreign exchange fluctuation	(5)%	(4)%
Total % Change	11%	27%

Drug Delivery Solutions' net revenue increased $112.2 million or 16%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily driven by increased revenue from our oral delivery solutions platform of approximately 11% due to higher revenue from product participation related activities and increased volume within our integrated oral solids development and manufacturing capabilities. Net revenue also increased approximately 1% as a result of increased volume from our biologics offerings and increased volume of products utilizing our blow-fill-seal technology platform of approximately 2%. Finally, net revenue increased approximately 2% as a result of the Micron Technologies acquisition completed during the second quarter of fiscal 2015.

Drug Delivery Solutions' Segment EBITDA increased by $56.4 million, or 31%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily driven by increased profit from our product related activities coupled with increased volume related to our integrated oral solids development and manufacturing capabilities within our oral delivery technologies business.

Clinical Supply Services Segment

Factors Contributing to Year-Over-Year Change	2015 vs. 2014 Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic Growth / Segment EBITDA	1%	(1)%
Impact of acquisitions	—%	—%
Impact of divestitures / business restructuring	—%	—%
Constant currency change	**1%**	**(1)%**
Foreign exchange fluctuation	(2)%	(4)%
Total % Change	(1)%	(5)%

Clinical Supply Services' net revenue increased by $3.1 million, or 1%, as compared to the twelve months ended June 30, 2014, excluding the impact of foreign exchange, primarily due to increased lower-margin comparator sourcing volume of $7.0 million, or 2%, partially offset by decreased manufacturing and packaging sales volume.

Clinical Supply Services' Segment EBITDA decreased by $0.8 million, or 1%, excluding the impact of foreign exchange, as compared to the twelve months ended June 30, 2014 primarily due to a shift to increased lower-margin comparator sourcing volume.

Liquidity and Capital Resources

Overview

Our principal source of liquidity has been cash flows generated from operations. The principal uses of cash are to fund planned operating and capital expenditures, interest payments on debt and any mandatory or discretionary principal payments on debt issuances. As of September 30, 2016, our financing needs were supported by $125 million of available funds under our $200 million revolving credit facility, which was reduced by $13.9 million of outstanding letters of credit. The revolving credit facility matures in May 2019.

On October 29, 2015, our Board of Directors authorized a share repurchase program to use up to $100.0 million to repurchase shares of our outstanding common stock. Under the program, we are authorized to repurchase shares through open market purchases, privately negotiated transactions or otherwise as permitted by applicable federal securities laws. There has been no purchase pursuant to this program as of September 30, 2016.

We continue to believe that our cash from operations and available borrowings under the revolving credit facility will be adequate to meet our future liquidity needs for at least the next twelve months. We have no significant debt maturity until the senior secured term loans mature in May 2021.

Cash Flows

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

The following table summarizes the Consolidated Statement of Cash Flows from continuing operations for the three months ended September 30, 2016 compared with the three months ended September 30, 2015:

	Three Months Ended September 30,		
(in millions)	**2016**	**2015**	**$ Change**
Net cash provided by/(used in):			
Operating activities from continuing operations	$ 48.3	$ 44.9	$ 3.4
Investing activities from continuing operations	$(114.6)	$(33.2)	$(81.4)
Financing activities from continuing operations	$ 65.9	$(10.3)	$ 76.2

Operating Activities

For the three months ended September 30, 2016, cash provided by operating activities was $48.3 million compared to $44.9 million for the comparable prior year period driven by favorable working capital changes in the three months ended September 30, 2016 partially offset by a decrease in operating earnings from continuing operations compared to the three months ended September 30, 2015.

Investing Activities

For the three months ended September 30, 2016, cash used in investing activities was $114.6 million compared to $33.2 million for the three months ended September 30, 2015, primarily driven by $86.9 million of cash paid for the acquisition of Pharmatek Laboratories, Inc. net of cash acquired, in the three months ended

September 30, 2016. There was no completed acquisition in the first quarter of fiscal 2015. Acquisitions of property, plant and equipment totaled $27.7 million for the three months ended September 30, 2016 compared to $33.2 million in the three months ended September 30, 2015.

Financing Activities

For the three months ended September 30, 2016, cash provided by financing activities was $65.9 million compared to cash used in financing activities of $10.3 million for the three months ended September 30, 2015, primarily driven by proceeds of $75.0 million from borrowing under our revolving credit facility in the 2016 period, which was used to fund the acquisition that closed in September 2016.

Fiscal Year Ended June 30, 2016 Compared to the Fiscal Year Ended June 30, 2015

The following table summarizes the Consolidated Statement of Cash Flows from continuing operations for the fiscal year ended June 30, 2016 compared with the fiscal year ended June 30, 2015:

	Fiscal Year Ended June 30,		
(in millions)	**2016**	**2015**	**$ Change**
Net cash provided by/(used in):			
Operating activities from continuing operations	$ 155.3	$ 171.7	$ (16.4)
Investing activities from continuing operations	$(137.7)	$(271.8)	$ 134.1
Financing activities from continuing operations	$ (30.8)	$ 196.5	$(227.3)

Operating Activities

For the fiscal year ended June 30, 2016, cash provided by operating activities from continuing operations was $155.3 million compared to $171.7 million for the comparable prior-year period. The decrease of $16.4 million was primarily driven by net cash outflows associated with working capital changes in the current period compared to the previous period.

Investing Activities

For the fiscal year ended June 30, 2016, cash used in investing activities from continuing operations was $137.7 million, which is primarily related to acquisitions of property, plant and equipment of $139.6 million. Cash used in investing activities from continuing operations for the comparable prior-year period was $271.8 million, which consisted of acquisition of property, plant and equipment and intangible asset additions of $141.0 million and $130.8 million for business acquisition activities. In the prior-year period, we acquired the remaining interest in Redwood and purchased the stock of Micron Technologies.

Financing Activities

For the fiscal year ended June 30, 2016, cash used in financing activities was $30.8 million compared to cash provided by financing activities of $196.5 million in the same period a year ago. The current year activity includes $18.6 million of long-term debt payments as well as $8.7 million paid for minimum tax withholding obligations associated with equity award settlements. Additionally, we closed on the purchase of the redeemable non-controlling interest in the softgel manufacturing facility in Haining, China from the non-controlling interest shareholders, at a purchase price of $5.8 million in the second quarter. In the prior year, the net proceeds raised in connection with our IPO of $948.8 million were primarily used to fund debt payments of $863.8 million. In addition, the prior year period activities included $150.4 million of net proceeds from borrowing on our secured term loan facilities pursuant to Amendment No. 1 to our Credit Agreement (as defined below).

Fiscal Year Ended June 30, 2015 Compared to the Fiscal Year Ended June 30, 2014

The following table summarizes the Consolidated Statement of Cash Flows from continuing operations for the fiscal year ended June 30, 2015 compared with the fiscal year ended June 30, 2014:

(in millions)	Fiscal Year Ended June 30, 2015	2014	$ Change
Net cash provided by/(used in):			
Operating activities from continuing operations	$ 171.7	$ 180.2	$ (8.5)
Investing activities from continuing operations	$(271.8)	$(175.2)	$ (96.6)
Financing activities from continuing operations	$ 196.5	$ (42.1)	$238.6

Operating Activities

For the fiscal year ended June 30, 2015, cash provided by operating activities from continuing operations was $171.7 million compared to $180.2 million for the fiscal year 2014 period. Cash provided by operating activities decreased compared to the same period in fiscal year 2014 by $8.5 million driven by net cash outflows associated with working capital changes compared to the previous period. These cash outflows were offset by higher earnings from continuing operations in the fiscal year ended June 30, 2015 as compared to the year ended June 30, 2014, which benefited from lower interest expense in the fiscal year 2015 as a result of paying down high-interest debt with proceeds from the IPO.

Investing Activities

For the fiscal year ended June 30, 2015, cash used in investing activities from continuing operations was $271.8 million, which primarily related to acquisitions of property, plant and equipment of $138.2 million, intangible asset additions of $2.8 million, and business acquisitions of $130.8 million. We acquired the remaining interest in Redwood and purchased the stock of Micron Technologies. Cash used in investing activities from continuing operations for the fiscal year 2014 period was $175.2 million, which was primarily related to the acquisition of property, plant and equipment of $122.4 million and $53.7 million for business acquisition activities, including the purchases of a softgel manufacturing business in Brazil and a 67% controlling interest in a softgel manufacturing facility located in Haining, China.

Financing Activities

For the fiscal year ended June 30, 2015, cash provided by financing activities was $196.5 million compared to cash used in financing activities of $42.1 million in the same period a year ago. The net proceeds raised in connection with our IPO of $948.8 million were primarily used to fund debt payments of $863.8 million in fiscal year 2015. The activities as of June 30, 2015, also included $12.6 million of call premiums paid in connection with the early termination of certain debt instruments in the period. Additionally, on December 1, 2014, we entered into Amendment No. 1 to our Credit Agreement to provide additional senior secured financing of incremental U.S. dollar and euro-denominated term loan facilities of $100 million and €72.8 million ($91 million), respectively. The proceeds of the borrowing were primarily used to pay the remaining $40.5 million outstanding on the unsecured term loans, fund acquisitions completed in the second quarter of $111.6 million and for general corporate purposes. Although we completed two secondary offerings of our common stock during fiscal 2015, we did not sell shares of our common stock in these offerings and did not receive any of the proceeds.

Debt and Financing Arrangements

Senior Secured Credit Facilities

On May 20, 2014, we entered into the Amended and Restated Credit Agreement (as amended, the "Credit Agreement") to provide senior secured financing consisting of a seven-year $1,400.0 million term loan (the

"Dollar Term Loan"), a seven-year €250.0 million term loan (together with the Dollar Term Loan, the "Term Loan Facilities") and a five-year $200 million revolving credit facility (the "Revolving Credit Facility"), the proceeds of which were used to prepay in full all outstanding all term loans under our previous senior secured facility. The Revolving Credit Facility replaced a prior revolving credit facility and includes borrowing capacity available for letters of credit and for short-term borrowings, referred to as the swing line borrowings. Borrowings under the Term Loan Facilities and the Revolving Credit Facility bear interest, at our option, based on (a) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto) plus a margin of 3.25% if the total leverage ratio is less than 4:50 to 1:00, and 3.50% if such ratio is equal to or greater than 4:50 to 1:00 or (b) a base rate determined by reference to the higher of (1) the rate of interest published by The Wall Street Journal as its "prime lending rate" and (2) the federal funds rate plus 1/2 of 1% plus a margin of 2.25% if such ratio is less than 4:50 to 1:00, and 2.50% if such ratio is equal to or greater than 4:50 to 1:00. Based on the current total leverage ratio, the applicable margin is 3.25% for loans based on a LIBOR rate and 2.25% for loans based on the base rate. The LIBOR rate for the Term Loan Facilities is subject to a floor of 1.00% and the base rate for the Term Loan Facilities is subject to a floor of 2.00%.

On December 1, 2014, we entered into Amendment No. 1 to the Credit Agreement to provide additional senior secured financing of incremental U.S. dollar- and euro-denominated term loan facilities of $100 million and €72.8 million ($91 million), respectively. The incremental term loans have substantially similar terms as the Term Loan Facilities under the original version of the Credit Agreement. The proceeds of the borrowing were used during fiscal 2015 primarily to pay the remaining $40.5 million outstanding on unsecured term loans under the senior unsecured term loan facility entered into on April 29, 2013, fund acquisitions completed in the second quarter of $111.6 million and general corporate purposes.

As of September 30, 2016, there were $75.0 million in outstanding borrowings and $13.9 million in outstanding letters of credit, which reduced the borrowing capacity under the Revolving Credit Facility.

Concurrently with the closing of the notes offering, we intend to amend the credit agreement governing our senior secured credit facilities to reduce the applicable margin on the term loans. There can be no assurance that we will be able to obtain any such reduction to the applicable margin. See "Summary—Recent Developments—Repricing of Term Loans." For a more detailed description of the senior secured credit facilities, see "Description of Other Indebtedness."

Redemption of Notes and Unsecured Term Loan Prepayment

On July 29, 2014, we provided notice of our election to redeem the entire $350.0 million aggregate principal amount outstanding the Senior Notes and redeemed them on August 28, 2014 at a redemption price of 101.5% of their principal amount plus accrued and unpaid interest. The redemption was funded with proceeds from the IPO.

On August 5, 2014, we provided notice of our election to redeem the entire €225.0 million aggregate principal amount outstanding of 9.75% senior subordinated notes due 2017 and redeemed them on September 4, 2014 at a redemption price of 101.625% of their principal amount plus accrued and unpaid interest. The redemption was funded with proceeds from the IPO.

On August 6, 2014, we repaid $114.5 million of the then outstanding borrowings under unsecured term loans with proceeds from the IPO. On September 12, 2014, we repaid $120.0 million of the outstanding borrowings under the unsecured term loans with proceeds from the additional shares purchased by the representatives of the underwriters in connection with the IPO. On December 1, 2014, we repaid the remaining $40.5 million then outstanding on the unsecured term loans with proceeds from the incremental Term Loan Facilities.

Guarantees and Security

All obligations under the Credit Agreement, and the guarantees of those obligations, are secured by substantially all of the following assets of the Company and each guarantor, subject to certain exceptions:

- a pledge of 100% of the capital stock of the borrower and 100% of the equity interests directly held by the borrower and each guarantor in any wholly owned material subsidiary of the borrower or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary); and
- a security interest in, and mortgages on, substantially all tangible and intangible assets of the borrower and of each guarantor, subject to certain limited exceptions.

Debt Covenants

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our (and our restricted subsidiaries') ability to incur additional indebtedness or issue certain preferred shares; create liens on assets; engage in mergers and consolidations; sell assets; pay dividends and distributions or repurchase capital stock; repay subordinated indebtedness; engage in certain transactions with affiliates; make investments, loans or advances; make certain acquisitions; enter into sale and leaseback transactions; amend material agreements governing our subordinated indebtedness and change our lines of business.

The Credit Agreement also contains change of control provisions and certain customary affirmative covenants and events of default. The revolving credit facility requires compliance with a net leverage covenant when there is a 30% or more draw outstanding at a period end. As of September 30, 2016, we were in compliance with all material covenants related to our long-term debt obligations.

Subject to certain exceptions, our Credit Agreement permits us and our restricted subsidiaries to incur certain additional indebtedness, including secured indebtedness. None of our non-U.S. subsidiaries is a guarantor of the loans.

As market conditions warrant, we and our affiliates may from time to time seek to purchase our outstanding debt in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitation contained in the Credit Agreement, any purchase made by us may be funded by the use of cash on our balance sheet or the incurrence of new secured or unsecured debt. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchase may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series. In addition, any such purchases made at prices below the "adjusted issue price" (as defined for U.S. federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which amounts may be material, and in related adverse tax consequences to us.

Senior Notes

For a detailed description of the notes offered hereby, see "Description of the Notes."

Liquidity in Foreign Subsidiaries

As of June 30, 2016 and 2015 and September 30, 2016, the amounts of cash and cash equivalents held by foreign subsidiaries were $129.1 million, $116.3 million and $124.6 million, respectively, out of the total consolidated cash and cash equivalents of $131.6 million, $151.3 million and $132.1 million, respectively. These balances are dispersed across many international locations around the world. It is our intention to indefinitely reinvest undistributed earnings of our foreign legal entities. In the event we needed to repatriate funds from outside United States, such repatriation will be subject to tax consequences including foreign withholding taxes

or U.S. income taxes. As of September 30, 2016, there is an additional $7.8 million of highly liquid investments purchased with original maturities greater than three months but less than one year, held by a foreign subsidiary, which are classified as other current assets. Based on our domestic cash flows from operations and our other sources of liquidity, we believe we have sufficient access to funds for our expected future domestic liquidity needs. Our intent is to continue to reinvest undistributed earnings of our foreign local entities and we do not currently plan to repatriate them to fund our operations in the United States. In the event we need to repatriate funds from outside of the United States, such repatriation would likely be subject to restrictions by local laws and/or tax consequences including foreign withholding taxes or U.S. income taxes. It is not feasible to estimate the amount of U.S. tax that might be payable on the remittance of such earnings.

Historical and Adjusted EBITDA

Under the Credit Agreement, the ability of Catalent Pharma Solutions, Inc. to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "Consolidated EBITDA" in the Credit Agreement). Adjusted EBITDA is a covenant compliance measure in our Credit Agreement, particularly those covenants governing debt incurrence and restricted payments. Adjusted EBITDA is not defined under U.S. GAAP and is subject to important limitations. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The measure under U.S. GAAP most directly comparable to EBITDA from continuing operations and Adjusted EBITDA is earnings/(loss) from continuing operations. In calculating Adjusted EBITDA, we add back certain non-cash, non-recurring and other items that are included in the definitions of EBITDA from continuing operations and consolidated net income, as required in the Credit Agreement. Adjusted EBITDA, among other things:

- does not include non-cash stock-based employee compensation expense and certain other non-cash charges;
- does not include cash and non-cash restructuring, severance and relocation costs incurred to realize future cost savings and enhance our operations;
- adds back noncontrolling interest expense, which represents minority investors' ownership of certain of our consolidated subsidiaries and is, therefore, not available to us; and
- includes estimated cost savings that have not yet been fully reflected in our results.

A reconciliation between earnings/(loss) from continuing operations and Adjusted EBITDA, which also shows the adjustments from EBITDA from continuing operations, follows:

(Dollars in millions)	Three Months Ended September 30,		Year Ended June 30,	
	2016	2015	2016	2015
Earnings from continuing operations	$ 4.6	$11.7	$111.2	$210.2
Interest expense, net	22.1	22.7	88.5	105.0
Income tax expense/(benefit)[1]	0.2	2.0	33.7	(97.7)
Depreciation and amortization	35.8	35.5	140.6	140.8
Noncontrolling interest	—	0.2	0.3	1.9
EBITDA from continuing operations	62.7	72.1	374.3	360.2
Equity compensation	6.9	2.6	10.8	9.0
Impairment charges and (gain)/loss on sale of assets	—	1.2	2.7	4.7
Financing related expenses and other[2]	—	—	—	21.8
U.S. GAAP Restructuring	1.1	1.0	9.0	13.4
Acquisition, integration and other special items	4.8	1.0	18.2	13.8
Foreign exchange loss/(gain) (included in other, net)[3]	(0.5)	(0.5)	(10.5)	(2.7)
Other adjustments[4]	—	0.2	(3.3)	22.9
Subtotal	75.0	77.6	401.2	443.1
Estimated cost savings	—	—	—	—
Adjusted EBITDA	$75.0	$77.6	$401.2	$443.1
FX impact (unfavorable)	$ (5.0)		$ (20.8)	
Adjusted EBITDA—Constant Currency	$80.0		$422.0	

(1) Represents the amount of income tax-related expense/(benefit) recorded within our net earnings/(loss) that may not result in cash payment or receipt.

(2) Financing-related expenses for the three months ended September 30, 2014 include $20.6 million of early debt termination expenses incurred in connection with the repayment of debt with the net proceeds of the IPO. See footnote 4 below for an additional $29.8 million of IPO-related costs, totaling $50.4 million.

(3) Foreign exchange gain of $10.5 million for the twelve months ended June 30, 2016 included $16.3 million of unrealized foreign currency exchange rate gains primarily driven by gains of $9.0 million related to inter-company loans denominated in a currency different from the functional currency of either the borrower or the lender and foreign currency exchange gains of $3.8 million driven by the ineffective portion of the net investment hedge related to the euro-denominated debt. The foreign exchange adjustment was also affected by the exclusion of realized foreign currency exchange rate losses from the non-cash and cash settlement of inter-company loans of $5.8 million. Inter-company loans are between our entities and do not reflect the ongoing results of the Company's trade operations.

Foreign exchange gain of $2.7 million for the twelve months ended June 30, 2015 included $16.4 million of unrealized foreign currency exchange rate gains primarily driven by losses of $31.4 million related to inter-company loans denominated in a currency different from the functional currency of either the borrower or the lender, partially offset by foreign currency exchange gains of $47.8 million driven by the ineffective portion of the net investment hedge related to the euro-denominated debt. The foreign exchange adjustment was also affected by the exclusion of realized foreign currency exchange rate losses from the non-cash and cash settlement of inter-company loans of $13.7 million. Inter-company loans are between our entities and do not reflect the ongoing results of the company's trade operations.

(4) Other Adjustments for the twelve months ended June 30, 2015 includes $29.8 million for a sponsor advisory agreement termination fee paid in connection with the IPO. See footnote 2 above for an additional $20.6 million of IPO-related costs, totaling $50.4 million.

Interest Rate Risk Management

A portion of the debt used to finance our operations is exposed to interest-rate fluctuations. We may use various hedging strategies and derivative financial instruments to create an appropriate mix of fixed-and floating-rate assets and liabilities. Historically, we have used interest-rate swaps to manage the economic effect of variable rate interest obligations associated with our floating rate term loans so that the interest payable on the term loans effectively becomes fixed at a certain rate, thereby reducing the impact of future interest-rate changes on our future interest expense. As of September 30, 2016, we did not have any interest-rate swap agreements in place that would have the economic effect of modifying the variable interest obligations associated with our floating-rate term loans.

Currency Risk Management

We are exposed to fluctuations in the EUR-USD exchange rate on our investments in foreign operations in Europe. While we do not actively hedge against changes in foreign currency, we have mitigated the exposure of our investments in our European operations by denominating a portion of our debt in euros. At June 30, 2016 and September 30, 2016, we had $345.2 million and $350.5 million, respectively, of euro-denominated debt outstanding that qualifies as a hedge of a net investment in foreign operations. Refer to Note 8 to our audited consolidated financial statements and Note 6 to our unaudited consolidated financial statements included elsewhere in this offering memorandum for further discussion of net investment hedge activity in the period.

Periodically, we may utilize forward currency exchange contracts to manage our exposure to the variability of cash flows primarily related to the foreign exchange rate changes of future foreign currency transaction costs. In addition, we may utilize foreign currency forward contracts to protect the value of existing foreign currency assets and liabilities. Currently, we do not utilize foreign currency exchange contracts. We expect to continue to evaluate hedging opportunities for foreign currency in the future.

Contractual Obligations

The following table summarizes our significant contractual obligations as of June 30, 2016:

(Dollars in millions)	Total	Fiscal 2017	Fiscal 2018-Fiscal 2019	Fiscal 2020-Fiscal 2021	Thereafter
Long-term debt obligations[1]	$1,828.7	$ 25.9	$ 39.5	$1,763.3	$ —
Interest on long-term obligations[2]	431.8	83.8	163.9	151.8	32.3
Capital lease obligations[3]	51.4	2.0	4.6	5.5	39.3
Operating lease obligations[4]	34.1	9.2	12.5	8.0	4.4
Purchase obligations[5]	51.4	44.8	4.1	2.5	—
Other long-term liabilities[6]	61.3	4.6	7.1	7.2	42.4
Total	$2,458.7	$170.3	$231.7	$1,938.3	$118.4

(1) Represents gross maturities of our long-term debt obligations excluding capital lease obligations as of June 30, 2016.

(2) Represents estimated interest payments relating to our long-term obligations including capital lease obligations. Estimated future interest payments on our variable-rate debt obligations were calculated using the interest and exchange rates as of June 30, 2016.

(3) Represents maturities of our capital lease obligations included within long-term debt as of June 30, 2016.

(4) Represents minimum rental payments for operating leases having initial or remaining non-cancelable lease terms.

(5) Purchase obligations includes agreements to purchase goods or services that are enforceable, specify all significant terms, including the following: fixed or minimum quantities to be purchased; fixed, minimum or

variable price provisions; and approximate timing of the transaction. Purchase obligations disclosed above may include estimates of the time period in which cash outflows will occur. Purchase orders entered into in the normal course of business and authorizations to purchase that involve no firm commitment from either party are excluded from the above table. In addition, contracts that can be unilaterally canceled with no termination fee or with proper notice are excluded from our total purchase obligations except for the amount of the termination fee or the minimum amount of goods that must be purchased during the requisite notice period.

(6) Primarily relates to certain long-term employee-related liabilities for operations under programs that we have discontinued.

The table excludes our retirement and other post-retirement benefits ("OPEB") obligations. The timing and amount of payments for these obligations may be affected by a number of factors, including the funded status of the plans. In fiscal 2017, we are not required to make contributions to our plans to satisfy regulatory funding standards. Beyond fiscal 2017, the actual amounts required to be contributed are dependent upon, among other things, interest rates, underlying asset returns and the impact of legislative or regulatory actions related to pension funding obligations. Payments due under our OPEB plans are not required to be funded in advance, but are paid as medical costs are incurred by covered retiree populations, and are principally dependent upon the future cost of retiree medical benefits under our plans. Refer to Note 10 to the audited consolidated financial statements and Note 8 of the unaudited consolidated financial statements included elsewhere in this offering memorandum for further discussion.

The table also excludes approximately $11.0 million of funded deferred compensation payments owed as of June 30, 2016 to certain employees participating in our deferred compensation plan. The timing and amount of payments for these obligations are dependent on employee directed distributions, withdrawals and employment status. As part of the deferred compensation plan, we have a corresponding $11.1 million of deferred compensation investments as of June 30, 2016, which will be used to fund future obligations to the participating employees.

The table also does not give effect to the notes offered hereby and the application of the net proceeds therefrom as described in "Use of Proceeds."

Off-Balance Sheet Arrangements

Other than operating leases and letters of credit under the senior secured credit facilities, we do not have any material off-balance sheet arrangements as of June 30, 2016 and September 30, 2016. See Note 6 to the audited consolidated financial statements and Note 4 of the unaudited consolidated financial statements included elsewhere in this offering memorandum for further detail.

BUSINESS

Overview

We are the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. Our oral, injectable, and respiratory delivery technologies address the full diversity of the pharmaceutical industry, including small molecules, large molecule biologics and consumer and animal health products. Through our extensive capabilities and deep expertise in product development, we help our customers take products to market faster, including nearly half of new drug products approved by the FDA in the last decade. Our advanced delivery technology platforms, including those in our Softgel Technologies and Drug Delivery Solutions segments, our proven formulation, manufacturing and regulatory expertise, and our broad and deep intellectual property enable our customers to develop more products and better treatments for patients and consumers. Across both development and delivery, our commitment to reliably supply our customers' and their patients' needs is the foundation for the value we provide. Annually, we produce more than 70 billion doses for nearly 7,000 customer products, or approximately 1 in every 20 doses of such products taken each year by patients and consumers around the world. We believe that through our investments in growth-enabling capacity and capabilities, our ongoing focus on operational and quality excellence, the sales of existing customer products, the introduction of new customer products, our innovation activities and patents, and our entry into new markets, we will continue to benefit from attractive and differentiated margins, and realize the growth potential from these areas.

We continue to make investments to expand our sales and marketing activities, leading to growth in the number of active development programs for our customers in both of our two main strategic areas. This has further enhanced our extensive, long-duration relationships and long-term contracts with a broad and diverse range of industry-leading customers. In the fiscal year ended June 30, 2016, we did business with 87 of the top 100 branded drug marketers, 22 of the top 25 generics marketers, 24 of the top 25 biologics marketers, and 21 of the top 25 consumer health marketers globally. Selected key customers include Pfizer, Johnson & Johnson, GlaxoSmithKline, Novartis, Roche and Teva. We have many long-standing relationships with our customers, particularly in advanced delivery technologies, where we tend to follow a prescription molecule through all phases of its lifecycle, from the development and launch of the original brand prescription, to generics or over-the-counter switch. A prescription pharmaceutical product relationship with an innovator will often last many years, in several cases nearly two decades or more, extending from pre-clinical development through the end of the product's life cycle. We serve customers who require innovative product development, superior quality, advanced manufacturing and skilled technical services to support their development and marketed product needs. Our broad and diverse range of technologies closely integrates with our customers' molecules to yield final dose forms, and this generally results in the inclusion of Catalent in our customers' prescription product regulatory filings. Both of these factors translate to long-duration supply relationships at an individual product level.

We believe our customers value us because our depth of development solutions and advanced delivery technologies, intellectual property, consistent and reliable supply, geographic reach, and substantial expertise enable us to create a broad range of business and product solutions that can be customized to fit their individual needs. Today we employ approximately 1,400 scientists and technicians and hold approximately 1,100 patents and patent applications in advanced delivery, drug and biologics formulation and manufacturing. The aim of our offerings is to allow our customers to bring more products to market faster, and develop and market differentiated new products that improve patient outcomes. We believe our leading market position, significant global scale, and diversity of customers, offerings, regulatory categories, products, and geographies reduce our exposure to potential strategic and product shifts within the industry.

We provide a number of proprietary, differentiated technologies, products and service offerings to our customers across our advanced delivery technologies and development solutions platforms. The core technologies within our advanced delivery technologies platform include softgel capsules, our Zydis oral dissolving tablets, blow-fill-seal unit dose liquids and a range of other oral, injectable and respiratory

technologies. The technologies and service offerings within our development solutions platform span the drug development process, ranging from our OptiForm Solutions Suite for bioavailability enhancement of early-stage molecules, and GPEx and SMARTag platforms for development of biologics and antibody-drug conjugates (ADCs), to formulation, analytical services, early stage clinical development, and clinical trials supply, including our unique FastChain demand-led clinical supply solution. Our offerings serve a critical need in the development and manufacturing of difficult-to-formulate products across a number of product types.

We have advanced our technologies and grown our service offerings over more than 80 years through internal development, strategic alliances, in-licensing and acquisitions. We initially introduced our softgel capsule technology in the 1930s and have continued to expand our range of new, technologically enhanced offerings. Since fiscal 2013, we have launched OptiShell, OptiMelt, Zydis Nano and Zydis Bio and OptiPact. In fiscal 2016, we launched OptiForm Solutions Suite and our FastChain demand-led clinical supply solution. Also in 2016, our customers received regulatory approval for first-to-market products using the OptiShell and ADVASEPT technologies. To extend the reach of our technologies and services, we have also formed several active partnerships, including partnerships with BASF (Germany), CEVEC (Germany), and CTC Bio (South Korea), and have active relationships with research universities around the world. We have also augmented our portfolio through ten acquisitions since fiscal 2012, including significantly expanding our scale through the acquisition of the Aptuit CTS business in February 2012, adding an ADC business through the completion of our acquisition of the Redwood business in October 2014, extending our particle engineering capabilities via our November 2014 acquisition of Micron Technologies, a leader in the category, and adding extensive early-phase drug development capabilities and spray-dry dispersion expertise through our September 2016 acquisition of Pharmatek, a leading drug development and clinical manufacturing specialist. We believe our own internal innovation, supplemented by current and future external partnerships and acquisitions, will continue to strengthen and extend our leadership positions in the delivery and development of drugs, biologics and consumer and animal health products.

History

Catalent was formed in April 2007, when affiliates of Blackstone acquired the core of the PTS segment of Cardinal. Cardinal had created PTS through a series of acquisitions beginning with R.P. Scherer Corporation in 1998, with the intent of creating the world's leading outsourcing provider of specialized, market-leading solutions to the global pharmaceutical and biotechnology industry. Catalent is a holding company that indirectly owns Catalent Pharma Solutions, Inc., which owns, directly or indirectly, all of the operating subsidiaries of Catalent. Since Catalent's 2007 acquisition, Catalent has regularly reviewed its portfolio of offerings and operations in the context of its strategic growth plan, and, as a result, Catalent has sold five businesses and consolidated operations at five facilities, integrating them into the remaining facility network. Catalent has also actively acquired new businesses and facilities, completing ten transactions since fiscal 2012. In July 2014, Catalent completed its IPO, and its common stock is now listed on the NYSE under the symbol "CTLT." It is no longer an affiliate of Blackstone.

Industry

We participate in nearly every sector of the $900 billion annual revenue global pharmaceutical industry, including the prescription drug and biologic sectors, as well as consumer health, which includes the over-the-counter and vitamins and nutritional supplement sectors. Global demand for both pharmaceutical and consumer healthcare products continues to increase, driven by: expanded access to care arising from reforms in two large markets, the United States and China; increased life expectancy in aging and increasingly obese populations in both developed markets and emerging markets; and a rising number of affluent consumers in emerging markets.

While benefiting from this strong demand, innovator companies have faced many challenges, including significant patent expirations and challenges, pricing pressures, increasingly complex discovery and development activities, and higher regulatory expectations. In response, many larger pharmaceutical companies have been

restructuring their in-house approaches to research and development, manufacturing and sales and marketing, including realigning therapeutic class focus, scaling back on idle capacity resulting from generic conversions, and accessing specialized capabilities and capacity through outsourcing arrangements. The total share of industry spend that is outsourced is estimated around 35% today, with the share of large company spend that is outsourced growing, and medium-to-smaller companies already outsourcing a significant portion of their activities due to their limited resources and more virtual business models.

Advanced Delivery Technologies Market. More than half of today's prescription revenues come from dose forms that require more than simple, immediate release tablets and oral solutions—drugs and biologics frequently require specialized manufacturing and/or molecular profile modification to achieve expected clinical results. Today, there are more than 4,000 new drugs in active development, and an increasing share of these molecules will require advanced delivery technologies, with estimates ranging from 60% to 90% of all new molecules entering development. Consumer health products also benefit from advanced delivery technologies, to enable innovative new products, or to create new formats for existing products and extend a brand franchise. We believe, based on the reports of external industry analysts, that the size of the advanced delivery technologies market will grow approximately 6 to 10% annually driven by these factors.

Development Solutions Market. The global pharmaceutical industry invests approximately $160 billion annually in R&D, of which an estimated 40% is outsourced (approximately 25% in large companies, with more than 50% in mid-sized and specialty companies). Approximately 50% of R&D spend is for compounds in Phase II and later stages of development; separately approximately half of R&D spend is on the combination of CMC work. These areas are the most common areas of outsourcing, with large global and regional clinical research organizations participating in clinical research spend (approximately 35% of R&D spend), and providers of development sciences, clinical trial supplies and logistics such as Catalent, participating in the CMC spend (approximately 15% of R&D spend). Global development and clinical activities are increasingly complex, with evolving global standards, and more complex multi-arm trials in multiple patient populations across both developed and emerging markets. Within the approximately $22.0 billion market segment for pharmaceutical CMC, only 25% of such spending is outsourced as compared to the clinical research market segment where 60% of such spending is outsourced. We believe that levels of outsourcing will increase in the CMC segment, driving long-term growth in the outsourced CMC industry.

Our Competitive Strengths

Leading Provider of Advanced Delivery Technologies and Development Solutions

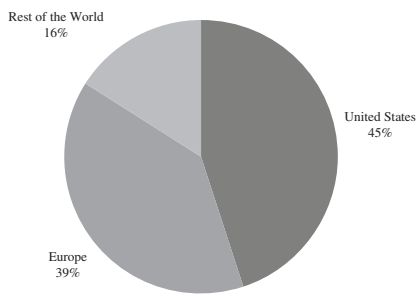
We are the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. In the last decade, we have earned revenue with respect to nearly half of the drugs based on NMEs approved by the FDA, and over the past three years with respect to nearly 80% of the top 200 largest-selling compounds globally. With approximately 1,400 scientists and technicians worldwide and approximately 1,100 patents and patent applications, our expertise is in providing differentiated technologies and solutions that help our customers bring more products and better treatments to market faster. For example, in the high-value area of NMEs, approximately 90% of NME softgel approvals by the FDA over the last 25 years have been developed and supplied by us. We hold market leadership positions in all of our core businesses. We are the leading provider of softgels, fast dissolve oral solid and blow-fill-seal solutions for complex products. We are also one of the leading players in clinical trials supply and respiratory delivery, including metered dose and dry powder inhalers and intra-nasal forms.

Diversified Operating Platform

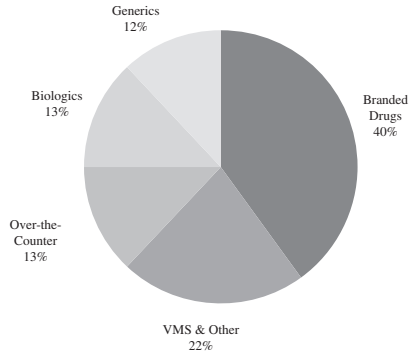
We are diversified by virtue of our geographic scope, our large customer base, the extensive range of products we produce, our broad service offerings, and our ability to provide solutions at nearly every stage of a product's lifecycle. We produce nearly 7,000 distinct items across multiple categories, including brand and

generic prescription drugs and biologics, over-the-counter, consumer health and veterinary products, medical devices and diagnostics. In fiscal 2016, our top 20 products represented approximately 25% of total revenue, with no single customer accounting for greater than 10% of revenue and with no individual product greater than 3%. We serve more than 1,000 customers in approximately 80 countries. In fiscal 2016, we generated 45% of our revenues in the United States, 39% in Europe and 16% in the rest of the world. This diversity, combined with long product lifecycles and close customer relationships, has contributed to the stability of our business. It has also allowed us to reduce our exposure to potential strategic, customer and product shifts as well as to payor-driven pricing pressures experienced by our branded drug and biologic customers.

Revenue by Geography
Year Ended June 30, 2016



Revenue by Product Type
Year Ended June 30, 2016



Long-standing, Extensive Relationships with Blue Chip Customers

We have long-standing, extensive relationships with leading pharmaceutical and biotechnology customers. In fiscal 2016, we did business with 87 of the top 100 branded drug marketers, 22 of the top 25 generics marketers, 24 of the top 25 biologics marketers, and 21 of the top 25 consumer health marketers globally, as well as with more than 1,000 other customers, including emerging and specialty companies, which are often more reliant on outside partners as a result of their more virtual business models. Regardless of size, our customers seek innovative product development, superior quality, advanced manufacturing and skilled technical services to support their development and marketed product needs.

We believe our customers value us because our depth of development solutions and advanced delivery technologies, consistent and reliable supply, geographic reach and substantial expertise enable us to create a broad range of tailored solutions, many of which are unavailable from other individual providers.

Our customer relationships typically last over long periods of time, particularly in advanced delivery technologies, where we tend to follow a prescription molecule through all phases of its lifecycle, from the development and launch of the original brand prescription, to generics or over-the-counter switch. A prescription pharmaceutical product relationship with an innovator will often last many years, in several cases nearly two decades or more, extending from pre-clinical development through the end of the product's life cycle.

Deep, Broad and Growing Technology Foundation

Our breadth of proprietary and patented technologies and long track record of innovation substantially differentiate us from other industry participants. Our leading softgel platforms, including Liqui-Gels, OptiShell and Vegicaps capsules, and our oral modified release technologies, including the Zydis family, OptiPact and OptiMelt technologies, provide formulation expertise to solve complex delivery challenges for our customers. We offer advanced technologies for delivery of small molecules and biologics via respiratory, ophthalmic and injectable routes, including the blow-fill-seal unit dose technology, ADVASEPT glass-free vials, and prefilled syringes. We also provide advanced biologics formulation options, including our GPEx cell-line and SMARTag antibody-drug conjugate technologies. We have reinforced our leadership position in advanced delivery

technologies over the last four years, as we have launched more than a dozen new technology platforms and applications, including in fiscal 2016 the launch of our Optiform Solutions Suite, a dose form-agnostic bioavailability enhancement platform for early-stage molecules. Our culture of creativity and innovation is grounded in our advanced delivery technologies, our scientists and engineers, and our patents and proprietary manufacturing processes throughout our global network. Our global product development team drives a focused application of resources to our highest priority opportunities for both new customer product introductions and platform technology development. As of September 30, 2016, we had approximately 625 product development programs in active development across our businesses.

Long-Duration Relationships Provide Sustainability

Our broad and diverse range of technologies closely integrates with our customers' molecules to yield final dose forms, and this generally results in the inclusion of Catalent in our customers' prescription product regulatory filings. Both of these factors translate to long-duration supply relationships at an individual product level, to which we apply our expertise in contracting to produce long-duration commercial supply agreements. These agreements typically have initial terms of three to ten years with regular renewals of one to three years. See "—Contractual Arrangements" for more detail. Nearly two-thirds of our fiscal 2016 advanced delivery technology platform revenues (comprised of our Softgel Technologies and Drug Delivery Solutions reporting segments) were covered by such long-term contractual arrangements. We believe this base provides us with a sustainable competitive advantage.

Significant Recent Growth Investments

We have made significant investments over time to establish a global manufacturing network, and today employ 5.2 million square feet of manufacturing and laboratory space across five continents. We have invested approximately $630 million in the last five fiscal years in gross capital expenditures. Growth-related investments in facilities, capacity and capabilities across our businesses have positioned us for future growth in areas aligned with anticipated future demand. Through our focus on operational, quality and regulatory excellence, we drive ongoing and continuous improvements in safety, productivity and reliable supply to customer expectations, which we believe further differentiate us. Our manufacturing network and capabilities allow us the flexibility to reliably supply the changing needs of our customers while consistently meeting their quality, delivery and regulatory compliance expectations.

High Standards of Regulatory Compliance and Operational and Quality Excellence

We operate our plants in accordance with cGMP, following our own high standards that are consistent with those of many of our large global pharmaceutical and biotechnology customers. We have more than 1,100 employees around the globe focused on quality and regulatory compliance. More than half of our facilities are registered with the FDA, with the remaining facilities registered with other applicable regulatory agencies, such as the EMA. In some cases, facilities are registered with multiple regulatory agencies. In fiscal 2016, we were subject to 49 regulatory audits and, over the last five fiscal years, we successfully completed more than 250 regulatory audits. We also undergo more than 400 customer and internal audits annually. We believe our quality and regulatory track record to be a competitive differentiator for Catalent.

Strong and Experienced Management Team

Our executive leadership team collectively has more than 200 years of combined and diverse experience within the pharmaceutical and healthcare industries. With an average of more than 20 years of functional experience, this team possesses deep knowledge and a wide network of industry relationships.

Our Strategy

We are pursuing the following key growth initiatives:

"Follow the Molecule" by Providing Solutions to our Customers across all Phases of the Product Lifecycle

We intend to use our advanced delivery technologies and development solutions across the entire lifecycle of our customers' products to drive future growth. Our development solutions span the drug development process, starting with our platforms for development of small molecules, biologics and antibody-drug conjugates, to formulation and analytical services, through early stage clinical development and manufacturing of clinical trials supply, to regulatory consulting. Once a molecule is ready for late-stage trials and subsequent commercialization, we provide our customers with a range of advanced delivery technologies and manufacturing expertise that allow them to deliver their molecules to the end-users in appropriate dosage forms. The relationship between a molecule and our advanced delivery technologies typically starts with developing and manufacturing the innovator product, then extends throughout the molecule's commercial life, including through potential generic launches or over-the-counter conversion. For prescription products, we are typically the sole and/or exclusive provider, and are reflected in customers' new drug applications.

Our breadth of solutions gives us multiple entry points into the lifecycle of our customers' molecules. Our initial commercial opportunity arises during the discovery and development of a molecule, when our development and particle engineering solutions can be applied. Once a product reaches late-stage development, we can provide our customers with drug delivery solutions for the commercialization of their products. We have two additional entry points during the commercial phase: upon loss-of-exclusivity and upon conversion to over-the-counter status. At these points, we partner with the makers and marketers of both generic and over-the-counter products to provide them with advanced delivery technologies that can be applied to their products through these stages of the product lifecycle. Our revenues from our advanced delivery technologies are primarily driven by volumes and, as a result, the loss of exclusivity may not have a significant negative impact if we continue to work with both branded and generic partners.

An example of this can be found in a leading over-the-counter respiratory brand, which today uses both our Zydis fast dissolve and our Liqui-Gels softgel technologies. We originally began development of the prescription format of this product for our multinational pharmaceutical company partner in 1992 to address specific patient sub-segment needs. After four years of development, we then commercially supplied the prescription Zydis product for six years, and we have continued to provide the Zydis form since the switch to over-the-counter status in the United States and other markets in the early 2000s. More recently, we proactively brought a softgel product concept for the brand to the customer, which the customer elected to develop and launch as well. By following this molecule, we have built a strong, 24-year long relationship across multiple formats and markets.

Continue to Grow Through New Product Launches and Projects

We intend to grow by supplementing our existing diverse base of commercialized advanced delivery technology products with new development programs. As of September 30, 2016, our product development teams were working on approximately 625 new customer programs. Our base of active development programs has expanded in recent years from growing market demand, as well as from our investments since 2010 to expand our global sales and marketing function; once developed and approved in the future, we expect these programs to add to long-duration commercial revenues under long-term contracts and grow our existing product base. In the year ended June 30, 2016, we introduced 184 new products, which is up 12% versus new product introductions in the year ended June 30, 2015 and up more than 200% since the year ended June 30, 2012, when we introduced 59 new products. In the year ended June 30, 2016, we recognized approximately $330 million of revenue related to the development of products on behalf of customers, included in our Softgel Technologies and Drug Delivery Solutions reporting segments, up 19% from the prior year. In addition, substantially all of the revenues associated with the Clinical Supply Services segment relate to our support of customer products in development.

We expect that our expanded offerings and capacity, such as our OptiForm Solutions Suite bioavailability enhancement offering, expanded bioanalytical testing and commercial-scale metered dose inhaler production, ongoing service offering and geographic network expansion in our clinical supply services business, our expanded presence in Brazil, and our continued growth in China, will further expand our active advanced delivery technologies development programs, and position us for ongoing future growth. Our development solutions business is driven by thousands of projects annually, ranging from individual short-duration analytical projects to multi-year clinical supply programs.

Accelerate Growth with Existing Customers through Increased Penetration and Broadening of Services

While we have a broad presence across the pharmaceutical and biotechnology industries, we believe there are significant opportunities for additional revenue growth in our existing customer base, by providing advanced delivery solutions for new pipeline or commercial molecules, and by expanding the range and depth of our development solutions used by those customers. Within our top 50 customers, nearly 75% use less than half of our individual offerings. In order to ensure we provide the most value to our customers, we have increased our field sales and marketing force by approximately 20% since fiscal 2009. We have continued to follow a targeted account strategy, designating certain accounts as global accounts, based on current materiality, partnering approach and growth potential. We also designate other accounts as growth accounts, based primarily on partnering approach and potential to become global accounts in the future. In both cases, we assign incremental business development product development resources to identify and pursue new opportunities to partner. Global accounts represented nearly 29% of our revenues in fiscal 2016, while growth accounts represented approximately 8% of revenues in that same period.

Enter Into and Expand Into Attractive Technologies and Geographies

We have made a number of internal investments in new geographies and markets, including the construction and ongoing expansion of a state-of-the-art biomanufacturing facility in Wisconsin to serve the growing global biologics development market, a recently completed significant expansion of oral solid controlled release production capacity in Kentucky, the scaling-up of commercial manufacturing capacity for metered-dose inhalers and continuing development and scale-up of the SMARTag™ antibody-drug conjugate technology to address the growing need for improved targeted delivery of therapeutic compounds directly to tumor sites.

In addition, we intend to increase our presence in emerging/high-growth geographies and other markets where we are currently only narrowly represented, including China, Brazil, Japan, and the animal health market.

Capitalize on Our Substantial Technology Platform

We have a broad and diverse technology platform that is supported by approximately 1,100 patents and patent applications in more than 100 families across advanced delivery technologies, drug and biologics formulation and manufacturing. This platform is supported by substantial know-how and trade secrets that provide us with additional competitive advantages. For example, we have significant softgel fill and formulation databases and substantial softgel regulatory approval expertise, and as a result, approximately 90% of NME softgel approvals by the FDA over the last 25 years have been developed and supplied by us.

In addition to resolving product challenges for our customers' molecules, for more than two decades we have applied our technology platforms and development expertise to proactively develop proof-of-concept products, whether improved versions of existing drugs, new generic formulations or innovative consumer health products. In the consumer health area, we file product dossiers with regulators in relevant jurisdictions for self-created products, which help contribute sustainable growth to our consumer health business. We expect to continue to seek proactive development and other non-traditional relationships to increase demand for and value realized from our technology platforms. These activities have provided us with opportunities to capture an increased share of end-market value through out-licensing, profit-sharing and other arrangements.

Leverage Existing Infrastructure and Operational Discipline to Drive Profitable Growth

Through our existing infrastructure, including our global network of operating locations and programs, we promote operational discipline and drive margin expansion. With our Lean Manufacturing and Lean Six Sigma programs, a global procurement function and conversion cost productivity metrics in place, we have created a culture of functional excellence and cost accountability. We intend to continue to apply this discipline to further leverage our operational network for profitable growth. Since fiscal 2009, we have expanded gross margin by over 400 basis points and Adjusted EBITDA margin by over 200 basis points.

Pursue Strategic Acquisitions and Licensing to Build upon our Existing Platform

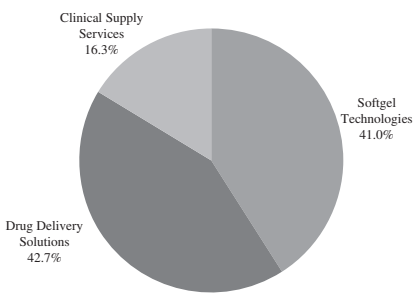
We operate in highly fragmented markets in both our advanced delivery technologies and development solutions businesses. Within those markets, the five top players represent nearly 35% and 10% of the total market share, respectively, by revenue. Our broad platform, global infrastructure and diversified customer base provide us with a strong foundation from which to consolidate within these markets and to generate operating leverage through such acquisitions. Since fiscal 2012, we have executed ten transactions, investing more than $750 million, and have demonstrated an ability to efficiently and effectively integrate these acquisitions.

While we are rigorously focused on driving Catalent's organic growth, we intend to continue to opportunistically source and execute bolt-on strategic acquisitions within our existing business areas, as well as to undertake transactions that provide us with expansion opportunities within new geographic markets or adjacent market segments. We have a dedicated corporate development team in place to identify these opportunities and have a rigorous and financially disciplined process for evaluating, executing and integrating such acquisitions.

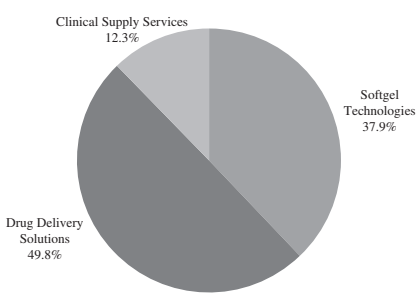
Our Reportable Segments

In fiscal 2016, the Company engaged in a business reorganization which was finalized in the fourth quarter to better align its internal business unit structure with its "Follow the Molecule" strategy. Under the revised structure, we have created a DDS operating segment which encompasses all of our oral modified release technologies; pre-filled syringes and other injectable formats; blow-fill seal unit dose development and manufacturing; biologic cell line development; analytical services; micronization technologies; and other conventional oral dose forms under a single DDS management team. Additionally, as part of the re-alignment, we have created a stand-alone CSS operating segment and management team with a sole focus on providing global clinical supply chain management services that aim to speed our customers' drugs to market. Further, as a result of the business unit re-alignment, our Softgel Technologies business now reports as a distinct operating segment. Our operating segments are the same as our reporting segments. All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with ASC 280 Segment Reporting as discussed in Note 1 to the audited and unaudited consolidated financial statements included elsewhere in this offering memorandum. Our offerings and services are summarized below by reporting segment.

Revenue by Segment[(1)]
Year Ended June 30, 2016



EBITDA by Segment
Year Ended June 30, 2016



Segment	Offerings and Services	Fiscal 2016 Revenue[1] (in millions)	Fiscal 2016 EBITDA (in millions)	Fiscal 2016 EBITDA (% margin)
Softgel Technologies	Formulation, development and manufacturing of prescription and consumer health soft capsules, or "softgels" including traditional softgel capsules (in which the shell is made from animal-derived materials) and Vegicaps and OptiShell capsules (in which the shell is made from vegetable-derived materials).	$775.0	$163.8	21.1%
Drug Delivery Solutions	Formulation, development and manufacturing of prescription and consumer and animal health products using our proprietary OptiMelt, OptiPact, OptiForm and Zydis technologies, other proprietary and conventional drug delivery technologies such as prefilled syringes; blow-fill seal unit dose manufacturing including our ADVASEPT technology; biologic development including our GPEx and SMARTag technologies; and analytical and bioanalytical development and testing services.	$806.4	$215.2	26.7%
Clinical Supply Services	Manufacturing, packaging, labeling, storage, distribution and inventory management of drugs and biologics for customer required patient kits for global clinical trials; FastChain demand-led clinical supply service; clinical e-solutions and informatics; and global comparator sourcing services.	$307.5	$ 53.2	17.3%

(1) Segment Revenue includes inter-segment revenue of $40.8 million.

This table should be read in conjunction with Note 17 to the audited consolidated financial statements and Note 11 to the unaudited consolidated financial statements included elsewhere in this offering memorandum.

Softgel Technologies

Through our Softgel Technologies segment, we provide formulation, development and manufacturing services for soft capsules, or "softgels," which we first commercialized in the 1930s and have continually enhanced. We are the market leader in overall softgel manufacturing, and hold the leading market position in the prescription arena. Our principal softgel technologies include traditional softgel capsules, in which the shell is made of animal-derived gelatin, and Vegicaps and OptiShell capsules, in which the shell is made from vegetable-derived materials. Softgel capsules are used in a broad range of customer products, including prescription drugs, over-the-counter medications, dietary supplements and unit-dose cosmetics. Softgel capsules encapsulate liquid, paste or oil-based active compounds in solution or suspension within an outer shell, filling and sealing the capsule simultaneously. We typically perform all encapsulation for a product within one of our softgel facilities, with active ingredients provided by customers or sourced directly by us. Softgels have historically been used to solve formulation challenges or technical issues for a specific drug, to help improve the clinical performance of compounds, to provide important market differentiation, particularly for over-the-counter compounds, and to provide safe handling of hormonal, potent and cytotoxic drugs. We also participate in the softgel vitamin, mineral and supplement business in selected regions around the world. With the 2001 introduction of our vegetable-derived softgel shell, Vegicaps capsules, consumer health manufacturers have been able to extend the softgel dose form to a broader range of active ingredients and serve patient/consumer populations that were previously inaccessible due to religious, dietary or cultural preferences. In recent years, we have extended this platform to pharmaceutical products via our OptiShell offering. Our Vegicaps and OptiShell capsules are protected by patents in most major global markets. Physician and patient studies we have conducted have

demonstrated a preference for softgels versus traditional tablet and hard capsule dose forms in terms of ease of swallowing, real or perceived speed of delivery, ability to remove or eliminate unpleasant odor or taste and, for physicians, perceived improved patient adherence with dosing regimens. Representative customers of Softgel Technologies include Pfizer, Novartis, Bayer, GlaxoSmithKline, Teva, Johnson & Johnson and Allergan.

Our Softgel Technologies segment represents 41%, 42% and 46% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016, 2015 and 2014, respectively.

Drug Delivery Solutions

Our Drug Delivery Solutions segment provides various complex advanced formulation delivery technologies, and related integrated solutions including: development and manufacturing of a broad range of oral dose forms including fast-dissolve tablets and both proprietary and conventional controlled release products, and delivery of pharmaceuticals, biologics and biosimilars administered via injection, inhalation and ophthalmic routes, using both traditional and advanced technologies. Representative customers of DDS include Pfizer, GlaxoSmithKline, Roche, Teva, Eli Lilly, Johnson & Johnson and Allergan.

We provide comprehensive pre-formulation, development, and both clinical and commercial scale manufacturing for most traditional and advanced oral solid dose formats, including uncoated and coated tablets, powder/pellet/bead-filled two piece hard capsules, lozenges, powders and other forms for immediate and modified release prescription, consumer and animal health products. We have substantial experience developing and scaling up products requiring accelerated development timelines, requiring specialized handling, complex technology transfers, or specialized manufacturing processes.

We launched our orally dissolving tablet business in 1986 with the introduction of Zydis tablets, a unique oral dosage form that is freeze-dried in its package, can be swallowed without water, and typically dissolves in the mouth in less than three seconds. Most often used for indications, drugs and patient groups that can benefit from rapid oral disintegration, the Zydis technology is utilized in a wide range of products and indications, including treatments for a variety of central nervous system-related conditions such as migraines, Parkinson's Disease, schizophrenia, and pain relief and consumer healthcare products targeting allergy relief. Zydis tablets continue to be used in new ways by our customers as we extend the application of the technology to new categories, such as for immunotherapies, vaccines and biologics delivery.

Our range of injectable manufacturing offerings includes filling drugs or biologics into pre-filled syringes and glass-free ADVASEPT vials, with flexibility to accommodate other formats within our existing network, increasingly focused on complex pharmaceuticals and biologics. With our range of technologies we are able to meet a wide range of specifications, timelines and budgets. The complexity of the manufacturing process, the importance of experience and know-how, regulatory compliance, and high start-up capital requirements create significant barriers to entry and, as a result, limit the number of competitors in the market. For example, blow-fill-seal is an advanced aseptic processing technology, which uses a continuous process to form, fill with drug, and seal a plastic container in a sterile environment. Blow-fill-seal units are currently used for a variety of pharmaceuticals in liquid form, such as respiratory, ophthalmic and otic products. We are a leader in the outsourced blow-fill-seal market, and operate one of the largest capacity commercial manufacturing blow-fill-seal facilities in the world. Our sterile blow-fill-seal manufacturing has significant capacity and flexibility of manufacturing configurations. This business provides flexible and scalable solutions for unit-dose delivery of complex formulations such as suspensions and emulsions. Further, the business provides engineering and manufacturing solutions related to complex containers. Our regulatory expertise can lead to decreased time to commercialization, and our dedicated development production lines support feasibility, stability and clinical runs. We plan to continue to expand our product line in existing and new markets, and in higher margin specialty products with additional respiratory, ophthalmic, injectable and nasal applications.

Our fast-growing biologics offerings include our formulation development and cell-line manufacturing based on our advanced and patented GPEx technology, which is used to develop stable, high-yielding

mammalian cell lines for both innovator and biosimilar biologic compounds. Our GPEx technology can provide rapid cell-line development, high biologics production yields, flexibility and versatility. We believe our development-stage SMARTag next-generation antibody-drug conjugate technology will provide more precision targeting for delivery of drugs to tumors or other locations, with improved safety versus existing technologies. Our biologics facility in Madison, Wisconsin has the capability and capacity to produce clinical-scale biologic supplies; combined with offerings from our other businesses and external partners, we provide the broadest range of technologies and services supporting the development and launch of new biologic entities, biosimilars or biobetters to bring a product from gene to market commercialization, faster.

We also offer analytical chemical and cell-based testing and scientific services, stability testing, respiratory products formulation and manufacturing, micronization and particle engineering services, regulatory consulting, and bioanalytical testing for biologic products. Our respiratory product capabilities include development and manufacturing services for inhaled products for delivery via metered dose inhalers, dry powder inhalers and intra-nasal sprays. We also provide formulation development and clinical and commercial manufacturing for conventional and specialty oral dose forms. We provide global regulatory and clinical support services for our customers' regulatory and clinical strategies during all stages of development. Demand for our offerings is driven by the need for scientific expertise and depth and breadth of services offered, as well as by the reliable supply thereof, including quality, execution and performance.

Our Drug Delivery Solutions segment represents 43%, 43% and 38% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016, 2015 and 2014, respectively.

Clinical Supply Services

Our Clinical Supply Services segment provides manufacturing, packaging, storage and inventory management for drugs and biologics in clinical trials. We offer customers flexible solutions for clinical supplies production, and provide distribution and inventory management support for both simple and complex clinical trials. This includes dose form manufacturing or over-encapsulation where needed; supplying placebos, comparator drug procurement and clinical packages and kits for physicians and patients; inventory management; investigator kit ordering and fulfillment; and return supply reconciliation and reporting. We support trials in all regions of the world through our facilities and distribution network. In fiscal 2016, we commenced an expansion of our Singapore facility by building new flexible cGMP space and we introduced clinical supply services at our 200,000 square foot facility in Japan, expanding our Asia Pacific capabilities. Additionally, in fiscal 2013, we established our first clinical supply services facility in China as a joint venture and assumed full ownership in fiscal 2015. We are the leading provider of integrated development solutions and one of the leading providers of clinical trial supplies and respiratory products. Representative customers of Clinical Supply Services include Astellas, GlaxoSmithKline, Eli Lilly, Merck, Pfizer and Shire.

Our Clinical Supply Services segment represents 16%, 15% and 16% of the segments' aggregate revenue before inter-segment eliminations for fiscal 2016, 2015 and 2014, respectively.

Development and Product Supply Chain Solutions

In addition to our proprietary offerings, we are also differentiated in the market by our ability to bring together our development solutions and advanced delivery technologies to offer innovative development and product supply solutions which can be combined or tailored in many ways to enable our customers to take their drugs, biologics and consumer and animal health products from laboratory to market. Once a product is on the market, we can provide comprehensive integrated product supply, from the sourcing of the bulk active ingredient to comprehensive manufacturing and packaging to the testing required for release to distribution. Customer solutions we develop are flexible, scalable and creative, so that they meet the unique needs of both large and emerging companies, and for products of all sizes. We believe that our development and product supply solutions will continue to contribute to our future growth.

Sales and Marketing

Our target customers include large pharmaceutical and biotechnology companies, mid-size, emerging and specialty pharmaceutical and biotechnology companies, and consumer health companies, along with companies in other selected healthcare market segments such as animal health and medical devices and companies in adjacent industries, such as cosmetics. We have long-standing, extensive relationships with leading pharmaceutical and biotechnology customers. In fiscal 2016, we did business with 87 of the top 100 branded drug marketers, 22 of the top 25 generics marketers, 24 of the top 25 biologics marketers, and 21 of the top 25 consumer health marketers globally, as well as with more than 1,000 other customers. Faced with access, pricing and reimbursement pressures as well as other market challenges, large pharmaceutical and biotechnology companies have increasingly sought partners to enhance the clinical competitiveness of their drugs and biologics and improve the productivity of their research and development activities, while reducing their fixed cost base. Many mid-size, emerging and specialty pharmaceutical and biotechnology companies, while facing the same pricing and market pressures, have chosen not to build a full infrastructure, but rather to partner with other companies through licensing agreements or outsourcing to access the critical skills, technologies and services required to bring their products to market. Consumer health companies require rapidly developed, innovative dose forms and formulations to keep up in the fast-paced over-the-counter medication and vitamins markets. These market segments are all critically important to our growth, but require distinct solutions, marketing and sales approaches, and market strategy.

We follow a hybrid demand generation organization model, with global and growth account teams offering the full breadth of Catalent's solutions to selected accounts, and technical specialist teams providing the in-depth technical knowledge and practical experience essential for each individual offering. All business development and field sales representatives ultimately report to a single sales head, and significant ongoing investments are made to enhance their skills and capabilities. Our sales organization currently consists of more than 150 full-time, experienced sales professionals, supported by inside sales and sales operations. We also have built a dedicated strategic marketing team, providing strategic market and product planning and management for our offerings. As part of our marketing efforts, we participate in major trade shows relevant to the offerings globally and ensure adequate visibility to our offerings and solutions through a comprehensive print and on-line advertising and publicity program. We believe that Catalent is a strong brand with high overall awareness in our established markets and target customers, and that our brand identity has become a competitive advantage for us.

Global Accounts

We manage selected accounts globally due to their substantial current business and growth potential by establishing strategic plans, goals and targets. We recorded approximately 29% of our total revenue in fiscal 2016 from these global accounts. Each global account is assigned a dedicated business development professional with substantial industry experience. These account leaders, along with the leadership of the sales and marketing function and other members of the executive leadership team, are responsible for managing and extending the overall account relationship. Growing sales, profitability, and increasing account penetration are key goals and are directly linked to compensation. Account leaders also work closely with the rest of the sales organization to ensure alignment around critical priorities for the accounts.

Emerging, Specialty and Virtual Accounts

Emerging, specialty and virtual pharmaceutical and biotechnology companies are expected to be critical drivers of industry growth globally. Historically, many of these companies have chosen not to build a full infrastructure, but rather partner with other companies to produce their products. We expect them to continue to do so in the future, providing a critical source for future integrated solutions demand. We expect to continue to increase our penetration of geographic clusters of emerging companies in North America, Europe, South America and Asia. We regularly use active pipeline and product screening and customer targeting to identify the optimal candidates for partnering based on product profiles, funding status, and relationships, to ensure that our technical sales specialists and field sales representatives develop custom solutions designed to address the specific needs of customers in the market.

Contractual Arrangements

We generally enter into a broad range of contractual arrangements with our customers, including agreements with respect to feasibility, development, supply, licenses, and quality. The terms of these contracts vary significantly depending on the offering and customer requirements. Some of our agreements may include a variety of revenue arrangements such as fee-for-service, royalties, profit-sharing and fixed fees. We employ a range of capacity access approaches, from standard to completely dedicated capacity models, based on consumer and product needs. We generally secure pricing and contract mechanisms in our supply agreements that allow for periodic resetting of pricing terms and, in some cases, these agreements provide for our ability to renegotiate pricing in the event of certain price increases for the raw materials utilized in the products we make. Our typical supply agreements include indemnification from our customers for product liability and intellectual property matters and caps on our contractual liabilities, subject in each case to negotiated exclusions. In addition, our manufacturing supply agreement terms range from three to 10 years with regular renewals of one to three years, although some of our agreements are terminable upon much shorter notice periods, such as 30 or 90 days. For our development solutions offerings, we may enter into master service agreements, which provide for standardized terms and conditions and make it easier and faster for customers with multiple development needs to access our offerings.

Backlog

While we generally have long-term supply agreements that provide for a revenue stream over a period of years, our backlog represents, as of a point in time, future service revenues from work not yet completed. For our Softgel and DDS segments, backlog represents firm orders for manufacturing services and includes minimum volumes, where applicable. For our Clinical Supply Services segment, backlog represents estimated future service revenues from work not yet completed under signed contracts. Using these methods of reporting backlog, as of September 30, 2016, our backlog was approximately $964.7 million, as compared to approximately $827.5 million as of June 30, 2016, including approximately $308.6 million and $292.1 million, respectively, related to our Clinical Supply Services segment. We expect to recognize approximately 76% of revenue from the backlog in existence as of September 30, 2016 by June 30, 2017.

To the extent projects are delayed, the timing of our revenue could be affected. If a customer cancels an order, we may be reimbursed for the costs we have incurred. For orders that are placed inside a contractual firm period, we generally have a contractual right to payment in the event of cancellation. Fluctuations in our reported backlog levels also result from the timing and order pattern of our customers who often seek to manage their level of inventory on hand. Because of customer ordering patterns, our backlog reported for certain periods may fluctuate and may not be indicative of future results.

Manufacturing Capabilities

We operate manufacturing facilities, development centers and sales offices throughout the world. We have 34 facilities (three locations each operate as two facilities for different reporting segments) on five continents with 5.2 million square feet of manufacturing, lab and related space. Our manufacturing capabilities include the full suite of competencies relevant to support each site's activities, including regulatory, quality assurance and in-house validation.

We operate our plants in accordance with cGMP. More than half of our facilities are registered with the FDA, with the remaining facilities being registered with other applicable regulatory agencies, such as the EMA. In some cases, our facilities are registered with multiple regulatory agencies.

We have invested approximately $403.0 million of cash outflows in our manufacturing facilities during the three fiscal years ended June 30, 2016 through improvements and expansions in our facilities, including approximately $139.6 million on capital expenditures in fiscal 2016. We believe that our facilities and equipment are in good condition, are well maintained and are able to operate at or above present levels for the foreseeable future, in all material respects.

Our manufacturing operations are focused on employee health and safety, regulatory compliance, operational excellence, continuous improvement, and process standardization across the organization. In fiscal 2016, we achieved approximately 97% on-time shipment delivery versus customer request date across our network as a result of this focus. Our manufacturing operations are structured around an enterprise management philosophy and methodology that utilizes principles and tools common to a number of quality management programs, including Lean Six Sigma and Lean Manufacturing.

Raw Materials

We use a broad and diverse range of raw materials in the design, development and manufacture of our products. This includes, but is not limited to, key materials such as gelatin, starch, and iota carrageenan for our Softgel Technologies segment; packaging films for our Clinical Supply Services segment, and resin for our blow-fill-seal business in our Drug Delivery Solutions segment. The raw materials that we use are sourced externally on a global basis. Globally, our supplier relationships could be interrupted due to natural disasters and international supply disruptions, including those caused by pandemics, geopolitical and other issues. For example, the supply of gelatin is obtained from a limited number of sources. In addition, much of the gelatin we use is bovine-derived. Past concerns of contamination from BSE have narrowed the number of possible sources of particular types of gelatin. If there were a future disruption in the supply of gelatin from any one or more key suppliers, there can be no assurance that we could obtain an alternative supply from our other suppliers. If future restrictions were to emerge on the use of bovine-derived gelatin from certain geographic sources due to concerns of contamination from BSE, any such restriction could hinder our ability to timely supply our customers with products and the use of alternative non-bovine-derived gelatin for specific customer products could be subject to lengthy formulation, testing and regulatory approval.

We work very closely with our suppliers to assure continuity of supply while maintaining excellence in material quality and reliability, and we have an active and effective supplier audit program. We continually evaluate alternate sources of supply, although we do not frequently pursue regulatory qualification of alternative sources for key raw materials due to the strength of our existing supplier relationships, the reliability of our current supplier base and the time and expense associated with the regulatory process. Although a change in suppliers could require significant effort or investment by us in circumstances where the items supplied are integral to the performance of our products or incorporate specialized material such as gelatin, we do not believe that the loss of any existing supply arrangement would have a material adverse effect on our business. See "Risk Factors—Risks Relating to Our Business and Industry—Our future results of operations are subject to fluctuations in the costs, availability, and suitability of the components of the products we manufacture, including active pharmaceutical ingredients, excipients, purchased components, and raw materials."

Competition

We compete on several fronts both domestically and internationally, including with other companies that offer advanced delivery technologies, outsourced dose form manufacturing, or development services to pharmaceutical, biotechnology and consumer health companies based in North America, South America, Europe and the Asia-Pacific region. We also may compete with the internal operations of those pharmaceutical, biotechnology and consumer health manufacturers that choose to source these services internally, where possible.

Competition is driven by proprietary technologies and know-how (where relevant), consistency of operational performance, quality, price, value and speed. While we do have competitors that compete with us in our individual offerings, we do not believe we have competition from any directly comparable companies.

Research and Development Costs

Our research activities are primarily directed toward the development of new offerings and manufacturing process improvements. Costs incurred in connection with the development of new offerings and manufacturing process improvements are recorded within selling, general, and administrative expenses. Such research and

development costs included in selling, general, and administrative expenses amounted to $7.6 million, $12.2 million and $17.5 million for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014, respectively. Costs incurred in connection with research and development services we provide to customers and services performed in support of the commercial manufacturing process for customers are recorded within cost of sales. Such research and development costs included in cost of sales amounted to $47.4 million, $41.3 million and $34.0 million for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014, respectively.

Employees

As of September 30, 2016, we had approximately 9,500 employees in 34 facilities on five continents 11 facilities are in the United States, with certain employees at one facility being represented by a labor organization with their terms and conditions of employment being subject to a collective bargaining agreement. National works councils and/or labor organizations are active at all 12 of our European facilities consistent with labor environments/laws in European countries. Similar relationships with labor organizations or national works councils exist in our plants in Argentina, Brazil, and Australia. Our management believes that our employee relations are satisfactory.

	North America	Europe	South America	Asia Pacific	Total
Approximate Number of Employees	4,100	3,700	900	800	9,500

Intellectual Property

We rely on a combination of know-how, trade secrets, patents, copyrights and trademarks and other intellectual property laws, nondisclosure and other contractual provisions and technical measures to protect a number of our offerings, services and intangible assets. These proprietary rights are important to our ongoing operations. Certain of our operations and products are under intellectual property licenses from third parties, and in certain instances we license our technology to third parties. We also have a long track record of innovation across our lines of business, and, to further encourage active innovation, we have developed incentive compensation systems linked to patent filings and other recognition and reward programs for scientists and non-scientists alike.

We have applied in the United States and certain foreign countries for registration of a number of trademarks, service marks and patents, some of which have been registered and issued, and also hold common law rights in various trademarks and service marks. We hold approximately 1,100 patents and patent applications worldwide in advanced drug delivery and biologics formulations and technologies, and manufacturing and other areas.

We hold patents and license rights relating to certain aspects of our formulations, nutritional and pharmaceutical dosage forms, mammalian cell engineering, and sterile manufacturing services. We also hold patents relating to certain processes and products. We have a number of pending patent applications in the United States and certain foreign countries, and intend to pursue additional patents as appropriate. We have enforced and will continue to enforce our intellectual property rights in the United States and worldwide.

We do not consider any particular patent, trademark, license, franchise or concession to be material to our overall business.

Regulatory Matters

The manufacture, distribution and marketing of healthcare products are subject to extensive ongoing regulation by the FDA, other U.S. governmental authorities and foreign regulatory authorities. Certain of our subsidiaries are required to register for permits and/or licenses with, and must comply with the operating, cGMP, quality and security standards of, applicable domestic and foreign healthcare regulators, including the FDA, the DEA, the DHHS, the equivalent agencies of the EU member states and various state boards of pharmacy, state

health departments and comparable foreign agencies, as well as various accrediting bodies, each depending upon the type of operations and the locations of distribution and sale of the products manufactured or services provided by those subsidiaries.

In addition, certain of our subsidiaries are subject to other healthcare laws, including the United States Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, the Controlled Substances Act and comparable state and foreign laws and regulations in certain of their activities.

We are also subject to various federal, state, local, foreign and transnational laws, regulations and recommendations, both in the United States and abroad, relating to safe working conditions, laboratory and distribution practices and the use, transportation and disposal of hazardous or potentially hazardous substances. In addition, U.S. and international import and export laws and regulations require us to abide by certain standards relating to the cross-border transit of finished goods, raw materials and supplies and the handling of information. We are also subject to various other laws and regulations concerning the conduct of our foreign operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act and other anti-bribery laws and laws pertaining to the accuracy of our internal books and records.

The costs associated with complying with the various applicable federal, state, local, foreign and transnational regulations could be significant and the failure to comply with such legal requirements could have an adverse effect on our results of operations and financial condition. See "Risk Factors—Risks Relating to Our Business and Industry—Failure to comply with existing and future regulatory requirements could adversely affect our results of operations and financial condition," for additional discussion of the costs associated with complying with the various regulations.

In fiscal 2016, we were subject to 49 regulatory audits and, over the last five fiscal years, we successfully completed more than 250 regulatory audits, with more than 50% resulting in no reported observations.

Quality Assurance

We are committed to ensuring and maintaining the highest standard of regulatory compliance while providing high quality products to our customers. To meet these commitments, we have developed and implemented a Catalent-wide quality management system throughout the organization. We have more than 1,100 employees around the globe focusing on quality and regulatory compliance. Our senior management team is actively involved in setting quality policies, standards and internal position papers as well as managing internal and external quality performance. Our quality assurance department provides quality leadership and supervises our quality systems programs. An internal audit program monitors compliance with applicable regulations, standards and internal policies. In addition, our facilities are subject to periodic inspection by the FDA, the DEA and other equivalent local, state and foreign regulatory authorities and customers. All FDA, DEA and other regulatory inspectional observations have been resolved or are on track to be completed at the prescribed timeframe provided in commitments to the applicable agency. We believe that our operations are in compliance in all material respects with the regulations under which our facilities are governed.

Environmental Matters

Our operations are subject to a variety of environmental, health and safety laws and regulations, including those of the U.S. Environmental Protection Agency and equivalent state, local and foreign regulatory agencies in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety. Our manufacturing facilities use, in varying degrees, hazardous substances in their processes. These substances include, among others, chlorinated solvents, and in the past chlorinated solvents were used at one or more of our facilities, including a number we no longer own or operate. As at our current facilities, contamination at such formerly owned or operated properties can result and has resulted in liability to us, for which we have recorded appropriate reserves as needed. We believe that our operations are in compliance in all material respects with the environment, health and safety regulations applicable to our facilities.

Properties

Our principal executive offices are located at 14 Schoolhouse Road, Somerset, New Jersey. We also operate manufacturing operations, development centers, and sales offices throughout the world. We have 34 facilities (three locations each operate as two facilities for different reporting segments) with manufacturing capabilities located on five continents with approximately 5.2 million square feet of manufacturing, lab and related space. Our manufacturing capabilities encompass a full suite of competencies including regulatory, quality assurance and in-house validation at all of the production sites. The following table sets forth our manufacturing and laboratory facilities by area and region as of September 30, 2016:

Facility Sites	Country	Region	Segment	Total Square Footage	Leased/ Owned
Eberbach	Germany	Europe	Softgel	370,580	Leased
St. Petersburg, FL	USA	North America	Softgel	328,073	Owned
Buenos Aires	Argentina	South America	Softgel	265,000	Owned
Haining	China	Asia Pacific	Softgel	219,930	Owned
Braeside	Australia	Asia Pacific	Softgel	163,100	Owned
Sorocaba	Brazil	South America	Softgel	124,685	Owned
Kakegawa(1)	Japan	Asia Pacific	Softgel	104,500	Owned
Aprilia	Italy	Europe	Softgel	92,010	Owned
Beinheim	France	Europe	Softgel	78,100	Owned
Dee Why	Australia	Asia Pacific	Softgel	59,836	Leased
Indaiatuba	Brazil	South America	Softgel	53,800	Owned
Woodstock, IL	USA	North America	Drug Delivery Solutions	421,665	Owned
Kansas City, MO(1)	USA	North America	Drug Delivery Solutions	329,394	Owned
Brussels	Belgium	Europe	Drug Delivery Solutions	265,287	Owned
Somerset, NJ	USA	North America	Drug Delivery Solutions / Corporate HQ	265,000	Owned
Swindon	United Kingdom	Europe	Drug Delivery Solutions	253,314	Owned
Morrisville, NC	USA	North America	Drug Delivery Solutions	186,406	Leased
Winchester, KY	USA	North America	Drug Delivery Solutions	180,000	Owned
Limoges	France	Europe	Drug Delivery Solutions	179,000	Owned
Schorndorf(1)	Germany	Europe	Drug Delivery Solutions	166,027	Owned
Madison, WI	USA	North America	Drug Delivery Solutions	102,723	Leased
Malvern, PA	USA	North America	Drug Delivery Solutions	84,000	Leased
San Diego, CA	USA	North America	Drug Delivery Solutions	66,244	Leased
Dartford	United Kingdom	Europe	Drug Delivery Solutions	20,250	Leased
Emeryville, CA	USA	North America	Drug Delivery Solutions	6,418	Leased
Philadelphia, PA	USA	North America	Clinical Supply Services	206,878	Leased/ Owned
Bathgate	United Kingdom	Europe	Clinical Supply Services	191,000	Owned
Deeside(2)	United Kingdom	Europe	Clinical Supply Services	127,533	Leased
Kansas City, MO(1)	USA	North America	Clinical Supply Services	80,606	Owned
Bolton	United Kingdom	Europe	Clinical Supply Services	60,830	Owned
Schorndorf(1)	Germany	Europe	Clinical Supply Services	54,693	Owned
Shanghai	China	Asia Pacific	Clinical Supply Services	31,000	Leased
Singapore	Singapore	Asia Pacific	Clinical Supply Services	13,379	Leased
Kakegawa(1)	Japan	Asia Pacific	Clinical Supply Services	2,800	Owned
Total				5,154,061	

(1) Represents sites where multiple segments operate.

(2) As of June 30, 2016, the Company has ceased commercial activities at its Deeside location.

Legal Proceedings

On November 13, 2015, the ANSM issued an order temporarily suspending operations at the Company's softgel manufacturing facility in Beinheim, France. On March 4, 2016, the Company received exemptions from the ANSM that permitted a partial restart of operations, and, on April 28, 2016, the ANSM lifted the suspension. Changes to the operations at the facility to address the issues leading to the suspension have increased and may in the future additionally increase the cost and therefore decrease the profitability of its operation and may also require the Company to incur additional costs.

Certain of the customers of the facility have presented claims against the Company for losses they have allegedly suffered due to the temporary suspension or have reserved their right to do so subsequently. The Company is unable to estimate at this time either the total value of claims that are reasonably possible to be asserted with respect to this matter or the likely cost to resolve them. To date, none of the asserted claims takes into account limitations of liability in the contracts governing these claims or any other defense that the Company may assert. In addition, the Company may have insurance for losses it suffers as a result of such claims, subject to various deductibles and other limitations, but there can be no assurance as to the amount or timing of any insurance recovery against any sustained losses.

From time to time, we may be involved in legal proceedings arising in the ordinary course of business, including, without limitation, inquiries and claims concerning environmental contamination as well as litigation and allegations in connection with acquisitions, product liability, manufacturing or packaging defects, claims for reimbursement for the cost of lost or damaged active pharmaceutical ingredients or delayed production of customer product and employment-related claims, the cost of any of which could be significant. We intend to vigorously defend ourselves against any such litigation and do not currently believe that the outcome of any such litigation will have a material adverse effect on our financial condition or results of operations. In addition, the healthcare industry is highly regulated and government agencies continue to scrutinize certain practices affecting government programs and otherwise.

From time to time, we receive subpoenas or requests for information from private parties and various governmental agencies, including from state attorneys general and the U.S. Department of Justice relating to the business practices of customers or suppliers. We generally respond to such subpoenas and requests in a timely and thorough manner, which responses sometimes require considerable time and effort and can result in considerable costs being incurred by us. We expect to incur costs in the future in connection with future requests.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of the directors and the executive officers of Catalent, Inc. as of November 7, 2016.

Name	Age	Position
John R. Chiminski	52	Chairman, President and Chief Executive Officer and Director
Matthew Walsh	50	Executive Vice President and Chief Financial Officer
Christine Dolan	48	Senior Vice President, Product Development
William Downie	49	Senior Vice President, Global Sales & Marketing
Steven Fasman	54	Senior Vice President, General Counsel and Corporate Secretary
Aristippos Gennadios	51	President, Softgel Technologies
Sharon Johnson	52	Senior Vice President, Quality & Regulatory Affairs
Wetteny Joseph	44	President, Clinical Supply Services
Barry Littlejohns	50	President, Drug Delivery Services
Alessandro Maselli	44	Senior Vice President, Global Operations
Lance Miyamoto	61	Senior Vice President, Human Resources
Melvin D. Booth	71	Director
J. Martin Carroll	67	Director
Rolf Classon	71	Director
Gregory T. Lucier	52	Director
Donald E. Morel, Jr.	59	Director
James Quella	66	Director
Jack Stahl	63	Lead Director

John R. Chiminski has led Catalent as President and Chief Executive Officer since March 2009 and has served on the Board of Directors since February 2009. Mr. Chiminski was named Chairman by the Board of Directors as of October 25, 2016. Mr. Chiminski brings to Catalent a diversified business background that includes lean manufacturing, supply chain, research and development, customer service, and global business management, with a focus on customers and growth. He joined Catalent after more than 20 years of experience at GE Healthcare in engineering, operations, and senior leadership roles. From 2007 to 2009, Mr. Chiminski was President and Chief Executive Officer of GE Medical Diagnostics, a global business with sales of $1.9 billion. From 2005 to 2007, he served as Vice President and General Manager of GE Healthcare's Global Magnetic Resonance Business, and from 2001 to 2005, as Vice President and General Manager of Global Healthcare Services. Earlier at GE Healthcare, he held a series of cross-functional leadership positions in both manufacturing and engineering, including a GE Medical Systems assignment in France. He served as a director of DJO Global, Inc. from March 2012 until October 2015. Mr. Chiminski holds a B.S. from Michigan State University and an M.S. from Purdue University, both in electrical engineering, as well as a Master in Management degree from the Kellogg School of Management at Northwestern University. Mr. Chiminski's specific qualifications, experience, skills and expertise include: substantial expertise in advising and managing companies in various segments of the healthcare industry; significant experience overseeing the day-to-day business operations of a healthcare company; extensive experience as a business leader in our industry; and experience serving on corporate boards.

Matthew Walsh has served as Catalent's Executive Vice President and Chief Financial Officer since December 2012. Previously, Mr. Walsh served as Catalent's Senior Vice President and Chief Financial Officer since April 2008. Prior to joining Catalent, from 2006-2008, Mr. Walsh served as President and Chief Financial Officer of Escala Group, Inc., a global collectibles network and precious metals trader. From 1996 through 2006, Mr. Walsh held positions of increasing responsibility in corporate development, accounting and finance at diversified industrial manufacturer GenTek, Inc., culminating in his appointment as Vice President and Chief Financial Officer. Prior to GenTek, he served in corporate development and other roles in banking and the chemicals industry. He currently is on the Board of Directors of and serves as Chairman of the Audit Committee for Multicolor Corporation. Mr. Walsh holds a B.S. in chemical engineering and an M.B.A. from Cornell University and is a CFA® charter holder.

Christine Dolan has served as Senior Vice President, Product Development since September 2016. Ms. Dolan joined us in 2009 and has served terms as a facility General Manager, Vice President/General Manager of our development and analytical services business, and Vice President, Operations, Softgel. Prior to joining Catalent, Ms. Dolan worked as a microbiologist for Smith & Nephew Solopak and held a succession of leadership roles at Amersham Health (later a unit of GE Healthcare), including Global Quality Operations Director. Ms. Dolan holds a bachelor's degree in biology from Lenoir-Rhyne College.

William Downie has served as Senior Vice President, Global Sales & Marketing since June 2010. Mr. Downie joined Catalent as Group President, Medication Delivery Solutions, and Senior Vice President, Global Sales & Marketing in October 2009. Prior to joining Catalent, Mr. Downie served as Vice President and Global Leader of Molecular Imaging at GE Healthcare. Before that, he held several executive positions in other GE Healthcare units, including Vice President and General Manager, Medical Diagnostics-Europe, Middle East and Africa, and Vice President of Sales for Medical Diagnostics-Europe. Prior to GE Healthcare, Mr. Downie was with Innovex UK Limited (part of Quintiles, Inc.), where he held several positions in operations and sales/marketing. Earlier in his career, he held leadership positions with Sanofi-Synthelabo UK; Sanofi-Winthrop Limited; and Merck & Co., Inc. Mr. Downie holds a B.S. degree in biochemistry from the University of Edinburgh.

Steven Fasman was named Senior Vice President, General Counsel and Corporate Secretary in October 2014, when he joined Catalent. Prior to joining Catalent, Mr. Fasman served as Executive Vice President-Law of MacAndrews & Forbes Holdings Inc., a privately held diversified holding company. Before that, Mr. Fasman held various positions at MacAndrews & Forbes since 1992 of increasing responsibility. From 2008 through March 2014, Mr. Fasman also served as General Counsel and Chief Compliance Officer of M & F Worldwide Corp., a holding company with interests in financial products, customer calling centers, staffing operations, educational software and flavoring products. From 2008 to 2011, Mr. Fasman also served as a director of SIGA Technologies, Inc., a biodefense company. Mr. Fasman holds a law degree from Yale University and an A.B. degree in mathematics from Princeton University.

Aristippos Gennadios has served as Catalent's President, Softgel Technologies since September 2013. Previously, Dr. Gennadios served as Vice President and General Manager of Softgel Technologies. Dr. Gennadios has worked in the pharmaceutical industry since 1996 in roles including R&D, field sales, business development, operations and leadership. He joined Catalent's predecessor company, Cardinal Health, in 2002 and has held several key leadership posts within the softgel technologies business including Global Vice President of Business Development for Softgel Technologies, General Manager of the Oral Development Center in Somerset, NJ, and Vice President and General Manager for Rx Softgel and Consumer Health products. Dr. Gennadios holds a bachelor's degree in chemical engineering from the National Technical University of Athens, Greece and his master's degree in biological engineering from Clemson University. Dr. Gennadios holds a doctorate in engineering from the University of Nebraska and an M.B.A. from Wake Forest University.

Sharon Johnson has served as Catalent's Senior Vice President, Quality & Regulatory Affairs since September 2016 and was our Senior Vice President, Quality, Product Development & Regulatory Affairs from

March 2015 to September 2016 and was Senior Vice President, Global Quality & Regulatory Affairs from August 2009 until March 2015. Prior to that, Ms. Johnson was Vice President of Quality for GE Healthcare, Medical Diagnostics in Buckinghamshire, England. Prior to GE, she was Quality Director for Baxter Healthcare's Europe operations for four years. Before that, she was with Rhone Poulenc Rorer as Quality Manager for Sterile Products and Microbiology in Essex, England. Earlier in her career, Ms. Johnson held Quality and Microbiology positions with Berk Pharmaceuticals in East Sussex, England and Medicines Testing Laboratory in Edinburgh, Scotland. Ms. Johnson holds a Post Graduate Diploma in Industrial Pharmaceutical Studies with Distinction from Brighton University and holds a B.S. Honours Degree in Biological Sciences/ Microbiology from North East Surrey College of Technology.

Wetteny Joseph is Catalent's President, Clinical Supply Services since October 2015. He joined Catalent in 2008 as Vice President and Corporate Controller and led the finance function for the Company's modified release technologies business beginning in 2012. He served as Vice President-Finance for Catalent's former Development and Clinical Services segment from 2013 to October 2015. Prior to joining Catalent, Mr. Joseph held a variety of senior financial positions at HD Supply and Hughes Supply. He began his career at PricewaterhouseCoopers. Mr. Joseph holds M.S. and B.S. degrees in accounting from Florida Atlantic University.

Barry Littlejohns was named President, Drug Delivery Solutions (then called Advanced Delivery Technologies) in July 2013. Previously, Mr. Littlejohns led Catalent's Medication Delivery Solutions business from July 2011 to July 2013. Mr. Littlejohns has an extensive background in leading international life science businesses in both US and European organizations. He rejoined Catalent in 2013 after two years as Senior Vice President of Operations and Business Development at Danish biotechnology company Genmab A/S, where his responsibilities included strategic licensing and manufacturing oversight. Prior to Genmab, he served in a broad range of leadership roles at Catalent. These include Vice President of Global Business Operations, Vice President of Commercial Affairs for Medication Delivery Solutions, Vice President and General Manager of Injectables, and various financial, operational and leadership roles. He joined Catalent's predecessor RP Scherer Corporation in 1989. Mr. Littlejohns holds a degree in business and finance from Swindon, UK.

Alessandro Maselli has served as Catalent's Senior Vice President of Global Operations since September 2016. Mr. Maselli joined Catalent in 2010 as Director of Operations at the Company's pharmaceutical, nutritional and cosmetics plant in Aprilia Italy. In 2013, Mr. Maselli was appointed General Manager of Zydis® operations in Swindon, U.K, and in 2015 he became Vice President of Operations, Europe, for the Drug Delivery Solutions business unit. Prior to Catalent, Mr. Maselli held operational and business leadership roles at Alstom and SGS. From 1998 to 2006, he held roles of increasing responsibility from process engineer to operations director at ABB. Mr. Maselli began his career as automation systems engineer in the food industry. A native of Italy, Mr. Maselli earned a bachelor's and master's in electronic engineering from the University of Rome.

Lance Miyamoto was named Senior Vice President of Human Resources of Catalent in March 2011. Mr. Miyamoto has more than 25 years of experience in delivering HR systems including compensation and career structures that drive business results and growth. In addition to general HR expertise and organization development, he has experience leading in a global environment and has managed global company turnarounds, mergers and acquisitions. Prior to joining Catalent, he ran his own consulting business, and, prior to that, Mr. Miyamoto held a number of HR leadership roles in other companies, including Executive Vice President of Comverse Technology Inc. He also served as Executive Vice President of HR for AOL LLC, a division of Time Warner Inc., from 2004 to 2007. From 2001 to 2004, Mr. Miyamoto was Executive Vice President of HR for Lexis-Nexis. He was also a senior executive with Dun and Bradstreet with responsibility for performance development. Mr. Miyamoto is a graduate of Harvard University, and holds an M.B.A. from the Wharton School of the University of Pennsylvania, where he was a COGME (Council for Graduate Management Education) Fellow.

Melvin D. Booth has been a director since August 2014 and was a member of the board of directors of Catalent Pharma Solutions, Inc. from July 2010 until September 2014. Most recently, Mr. Booth served as

President and Chief Operating Officer of Medimmune, Inc. from 1998 through his retirement in 2003, and as a member of its board of directors from 1998 through 2005. Prior to that, Mr. Booth was President, Chief Operating Officer and Director of Human Genome Sciences, Inc. from 1995 to 1998. Mr. Booth also served in a variety of senior leadership positions for Syntex Inc., including leading both Syntex Laboratories, Inc. and Syntex Pharmaceuticals Pacific. Mr. Booth also served as Lead Director for Millipore Corporation until its acquisition by Merck KGaA and Chairman of the Board for eResearch Technology, Inc. until its sale in May 2016. Mr. Booth currently serves as Chairman of the Board for Mallinckrodt plc and as a strategic advisor in life sciences for Genstar Capital. Mr. Booth holds an undergraduate degree and an honorary Ph.D. in Science from the Northwest Missouri State University. Mr. Booth's specific qualifications, experience, skills and expertise include: leadership experience with other public companies; substantial experience serving as a director and audit committee member; substantial expertise in advising and managing multi-national companies with multiple business units; and substantial experience with pharmaceutical and other healthcare companies.

J. Martin Carroll has been a director since July 2015. He served as President and Chief Executive Officer of Boehringer Ingelheim Corporation and of Boehringer Pharmaceuticals, Inc. from 2003 until 2011 and as a director of Boehringer Ingelheim Corporation from 2003 until December 2012. Mr. Carroll joined the Boehringer Ingelheim organization in 2002 as President of Boehringer Pharmaceuticals, Inc. Mr. Carroll worked at Merck & Company, Inc. from 1976 to 2001. From 1972 to 1976, Mr. Carroll served in the United States Air Force, where he attained the rank of Captain. Mr. Carroll has been a director of Mallinckrodt plc since June 2013 and serves as Chair of its Compliance Committee and has also served as director of TherapeuticsMD, Inc. since March 2015. He has been a director of Inotek Pharmaceuticals Corporation since March 2016 and became Chairman of the Board in June 2016. Mr. Carroll served as a director of Durata Therapeutics, Inc. from August 2014 until November 2014 when it was acquired by Actavis plc and as a director of Vivus, Inc. from May 2013 until September 2014. Mr. Carroll received a B.A. in accounting and economics from the College of the Holy Cross and an M.B.A. from Babson College. Mr. Carroll's specific qualifications, experience, skills and expertise include: substantial experience with sales and marketing issues; substantial experience serving as a director; substantial expertise in advising and managing multi-national companies with multiple business units; and substantial experience with pharmaceutical and other healthcare companies.

Rolf Classon has been a director since August 2014. From October 2002 until his retirement in July 2004, Mr. Classon was Chairman of the Executive Committee of Bayer HealthCare AG, a subsidiary of Bayer AG. He served as President of Bayer Diagnostics from 1995 and 2002 and as Executive Vice President of Bayer Diagnostics from 1991 to 1995. Prior to 1991, Mr. Classon held various management positions with Pharmacia Corporation. From April 2005 to January 2015, Mr. Classon served as Chairman of the Board of Directors of Auxilium Pharmaceuticals, Inc. and as Vice Chairman from March 2005 to April 2005. Mr. Classon also currently serves as Chairman of the Board of Directors of Hill-Rom Corporation, where he also served as interim chief executive officer from May 2005 until March 2006. Mr. Classon currently serves as Chairman of the Board of Directors of Tecan Group Ltd. and Sequanna Medical AG, and as a member of the Board of Directors of Fresenius Medical Care. Mr. Classon previously served as a director of Millipore Corporation from December 2005 until July 2010, Prometheus Laboratories Inc. from September 2004 until 2010, and Enzon Pharmaceuticals Inc. from January 1997 until 2011. Mr. Classon received his Chemical Engineering Certificate from the Gothenburg University School of Engineering and a Business Degree from Gothenburg University. Mr. Classon's specific qualifications, experience, skills and expertise include: leadership experience with other public companies; substantial experience serving as a director; substantial expertise in advising and managing multi-national companies with multiple business units; and substantial experience with pharmaceutical and other healthcare companies.

Gregory T. Lucier has been a director since April 2015. Mr. Lucier is the Chairman and Chief Executive Officer and a director of Nuvasive, Inc., a medical device company focused on developing minimally disruptive surgical products and procedures for the spine. Prior to joining Nuvasive, Inc. in March 2015, Mr. Lucier was Chairman and Chief Executive Officer of Life Technologies Corporation (formerly Invitrogen Corporation), a global biotechnology company, from April 2004 until it was acquired by Thermo Fisher Scientific Inc. in

February 2014 and served as its Chief Executive Officer from May 2003 to April 2004. Prior to that, Mr. Lucier was a corporate officer at General Electric Company, where he served in a variety of leadership roles. Mr. Lucier served as a director of Life Technologies Corporation from May 2003 to February 2014 and of Carefusion Corporation from August 2009 until its sale to Becton Dickinson and Company in March 2015. Mr. Lucier received an M.B.A. from Harvard Business School and a B.S. in industrial engineering from Pennsylvania State University. Mr. Lucier's specific qualifications, experience, skills and expertise include: leadership experience with other public companies; substantial experience serving as a director; substantial expertise in advising and managing multi-national companies with multiple business units; and substantial experience with pharmaceutical and other healthcare companies.

Donald E. Morel, Jr., Ph.D. has been a director since November 2015. Dr. Morel retired in June 2015 as Chairman of West Pharmaceutical Services, Inc. ("West"), a leading manufacturer of packaging components and delivery systems for injectable drugs and healthcare products, a position he had held since March 2003. He also served as West's Chief Executive Officer from April 2002 until April 2015 and as its President from April 2002 until June 2005. Currently, Dr. Morel serves as Chairman of the Board of Directors of the American Oncologic Hospital of the Fox Chase Cancer Center. He also serves as a Chairman of the Board of Trustees of the Franklin Institute and is a Trustee of Lafayette College. Additionally, Dr. Morel has been a director of Integra Life Sciences Holdings Corporation since August 2013. Prior to that, he served as a director of Kensey Nash Corporation from 2010 until 2012. Dr. Morel obtained a Master of Science degree and a Ph.D. in Materials Science from Cornell University and a Bachelor of Science degree in Engineering from Lafayette College. Dr. Morel's specific qualifications, experience, skills and expertise include: substantial experience and leadership in managing a life sciences business performing contract development and manufacturing services; and substantial experience serving on the boards of directors of public companies.

James Quella has been a director since December 2009. Mr. Quella was a Senior Managing Director and Senior Operating Partner in the Corporate Private Equity group of Blackstone through June 2013. Mr. Quella was responsible for monitoring the strategy and operational performance of Blackstone's portfolio companies and providing direct assistance in the oversight of large investments. He was also a member of the firm's Private Equity Investment Committee. Currently, Mr. Quella serves as a Senior Advisor to the Private Equity Group of Blackstone and continues to be involved in a few key portfolio companies as a board member and executive advisor, as well as participating in selected portfolio review processes and due diligence. Prior to joining Blackstone in 2004, Mr. Quella was a Managing Director and Senior Operating Partner with DLJ Merchant Banking Partners-CSFB Private Equity. Prior to that, Mr. Quella worked at Mercer Management Consulting and Strategic Planning Associates, its predecessor firm, where he served as a senior consultant to CEOs and senior management teams, and was Co-Vice Chairman with shared responsibility for overall management of the firm. Mr. Quella received a B.A. in International Studies from the University of Chicago/University of Wisconsin-Madison and an M.B.A. with dean's honors from the University of Chicago. He is also the co-author of *Profit Patterns: 30 Ways to Anticipate and Profit from the Strategic Forces Reshaping Your Business*. Mr. Quella has been a member of various private equity company boards and currently serves as a director of DJO Global, CF Corporation, Freescale Semiconductor, Inc. and Michaels Stores, Inc. Mr. Quella's specific qualifications, experience, skills and expertise include: substantial experience in owning and managing businesses; substantial experience in mergers and acquisitions; familiar with corporate finance and strategic business planning activities, particularly as they relate to highly leveraged companies like Catalent; and experience serving on corporate boards and as a compensation committee member.

Jack Stahl has been a member of Catalent's Board of Directors since August 2014. Mr. Stahl was named Lead Director by the Board of Directors in accordance with our Corporate Governance Guidelines on October 25, 2016. Mr. Stahl was the President and Chief Executive Officer of Revlon, Inc. from 2002 until his retirement in 2006. Prior to joining Revlon, Mr. Stahl served as President and Chief Operating Officer of The Coca-Cola Company from 2000 to 2001. He also served in various management positions at Coca-Cola from 1979 prior to becoming President and Chief Operating Officer. Mr. Stahl currently serves on the boards of Delhaize Group, Advantage Sales & Marketing LLC, the Chairman of the Board of Managers of New Avon LLC and the U.S.

Board of Advisors of CVC Capital. Additionally, Mr. Stahl formerly served on the boards of Coty Inc., Schering-Plough Corporation, Dr Pepper Snapple Group and Saks, Inc. Mr. Stahl holds a bachelor's degree in economics from Emory University and a master's degree from the Wharton School of Business at the University of Pennsylvania. Mr. Stahl's specific qualifications, experience, skills and expertise include: leadership experience with other public companies; substantial experience serving as a director; substantial expertise in advising and managing multi-national companies with multiple business units; and accounting experience and experience preparing and analyzing complex corporate financial statements.

Catalent's executive officers are appointed by, and serve at the discretion of, its board of directors. Catalent's directors serve until their successor is duly elected and qualified, or until their resignation or removal. There are no family relationships among any of Catalent's directors and executive officers.

On October 25, 2016, Catalent's Board of Directors elected Uwe Röhrhoff as a Director, effective as of the next regularly scheduled meeting of the Board (currently set for February 3, 2017). Uwe Röhrhoff has been the Chief Executive Officer of Gerresheimer AG since 2010. Mr. Röhrhoff has been with Gerresheimer AG, a German manufacturer of primary packaging products for medication and drug delivery devices made of special-purpose glass and plastics, since 1991. He initially headed the Finance and Controllership functions of Gerresheimer AG's Molded Glass Division ("Molded Glass") before assuming the role of Vice President, Controller of Kimble USA, Inc., an American subsidiary of Gerresheimer AG, from 1996 to 1998. In 1998, Mr. Röhrhoff was appointed head of Molded Glass on an international level as well as Chief Executive Officer and Chief Financial Officer of Tettauer Glashüttenwerke AG, another subsidiary of Gerresheimer AG. From 2001 until 2007, Mr. Röhrhoff served as CEO and CFO (until 2003) of Kimble USA. In 2003, Mr. Röhrhoff was appointed to the Management Board of the Gerresheimer Group and continues to hold that position. During Gerresheimer AG's restructuring from 2007 through 2013, Mr. Röhrhoff was responsible for Molded Glass and Gerresheimer AG's Life Science Research Division. In 2013, he became responsible for Gerresheimer AG's Primary Packaging Glass Division. Mr. Röhrhoff started his career in the finance department of Scheidt & Bachmann GmbH. Mr. Röhrhoff has a business studies degree from the University of Cologne.

Catalent's Corporate Governance

Committees of the Board of Directors

Catalent's board of directors has an audit committee, a compensation committee, a nominating and corporate governance committee and a quality and regulatory compliance committee, each of which has the composition and responsibilities described below. Catalent's board of directors may also establish from time to time any other committees that it deems necessary or desirable.

Audit Committee

Catalent's audit committee consists of Messrs. Stahl, Classon and Booth, with Mr. Stahl serving as chair. Messrs. Stahl, Classon and Booth qualify as independent directors under the New York Stock Exchange governance standards and the independence requirements of Rule 10A-3 of the Exchange Act. All of Catalent's audit committee members are qualified as audit committee financial experts within the meaning of Item 407(d)(5) of Regulation S-K under the Exchange Act, and Catalent's board of directors has determined that they each have the accounting and related financial management expertise within the meaning of the listing standards of the NYSE. The SEC has determined that the audit committee financial expert designation does not impose on a person with that designation any duty, obligation or liability that is greater than the duties, obligations or liabilities imposed on such person as a member of the audit committee of the board of directors in the absence of such designation.

The functions of the Audit Committee are as follows:

- oversees the adequacy and integrity of our financial statements and Catalent's financial reporting and disclosure practices;

- oversees the soundness of Catalent's system of internal controls to assure compliance with financial and accounting requirements;
- retains and reviews the qualifications, performance, and independence of Catalent's independent auditor;
- reviews and discusses with management and the independent auditor prior to public dissemination Catalent's annual audited financial statements, quarterly unaudited financial statements, earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;
- oversees Catalent's guidelines and policies relating to risk assessment and risk management, and management's plan for risk monitoring and control;
- oversees Catalent's internal audit function;
- reviews and approves or ratifies all transactions between Catalent and any "Related Person" (as defined in the federal securities laws and regulations) that are required to be disclosed pursuant to Item 404(a) of Regulation S-K promulgated under the Exchange Act;
- oversees compliance with Catalent's Standards of Business Conduct, which is its code of conduct applicable to all employees and directors; and
- prepares for and issues the Audit Committee Report contained in Catalent's annual proxy statement.

Compensation Committee

Catalent's compensation committee consists of Messrs. Quella, Carroll, and Lucier and Dr. Morel, with Mr. Quella serving as chair. The functions of the Compensation Committee are as follows:

- establishes and reviews Catalent's overall compensation philosophy;
- evaluates the performance of the CEO and determines and approves the annual salary, bonus, and equity-based incentive and other benefits, of the CEO;
- reviews and approves, or recommends to the Board of Directors, the annual salary, bonus, and equity-based incentives and other benefits of Catalent's other executive officers;
- reviews and recommends to the Board of Directors the compensation of directors;
- reviews all employment, severance, and termination agreements with Catalent's executive officers;
- reviews and approves, or recommends to the Board of Directors, Catalent's incentive-compensation plans and equity-based plans;
- oversees certain of Catalent's other benefit plans; and
- prepares for and issues the Compensation Committee Report contained in Catalent's annual proxy statement.

The charter of the Compensation Committee permits the committee to delegate any of all of its authority to one or more subcommittees and to delegate to one or more officers of the Company the authority to make awards to any non-Section 16 officer of the Company under the Company's incentive-compensation or other equity-based plan, subject to compliance with the plan and the laws of the state of the Company's jurisdiction. During fiscal 2016, the Compensation Committee delegated, non-exclusively, its authority to make awards to employees other than Section 16 officers under prescribed conditions, including the condition that no individual award exceeds $100,000 in value.

Catalent's Board of Directors has determined that the Compensation Committee is composed entirely of independent directors in accordance with the independence requirements of the NYSE for compensation committee members.

Nominating and Corporate Governance Committee

Catalent's nominating and corporate governance committee consists of Messrs. Booth, Classon and Stahl, with Mr. Booth serving as chair. The functions of the Nominating Committee are as follows:

- identifies and recommends nominees for election to the Board of Directors;
- reviews the composition and size of the Board of Directors;
- oversees an annual evaluation of the Board of Directors and each Committee;
- regularly reviews Catalent's corporate governance documents, including Catalent's corporate charter and bylaws and the Guidelines;
- recommends members of the Board of Directors to serve on the Committees; and
- oversees and approves the management continuity planning process.

Catalent's Board of Directors has determined that the Nominating Committee is composed entirely of independent directors in accordance with the independence requirements of the NYSE for nominating and corporate governance committee members.

Quality and Regulatory Compliance Committee

Catalent's quality and regulatory compliance committee consists of Dr. Morel and Messrs. Carroll and Quella, with Dr. Morel serving as chair. The Quality Committee was formed in April 2016. The functions of the Quality Committee are as follows:

- oversees and reviews Catalent's personnel, activities, processes and procedures that assures the quality of the products and services we deliver;
- oversees Catalent's quality and regulatory compliance programs with respect to legal and regulatory requirements;
- reports on significant audits, inspections and corrective and preventative actions on relative governmental investigations to the Board of Directors; and
- oversees the implementation of Catalent's quality and regulatory compliance program.

Catalent's Board of Directors has determined that the Quality Committee is composed entirely of independent directors in accordance with the independence requirements of the NYSE for members of the Board of Directors.

Director Independence

Under Catalent's Guidelines and the NYSE listing standards, a director is not independent if the director has or had certain specified relationships with us. Catalent's Board of Directors has determined that each of the directors other than Mr. Chiminski is independent under its Guidelines and the NYSE listing standards.

Board Leadership Structure

Catalent's Guidelines, which can be found on its website at http://investor.catalent.com/corporate-governance, provide the Board of Directors flexibility in determining its leadership structure. Currently, Mr. Chiminski serves as Catalent's Chairman, President and CEO and Mr. Stahl, an independent director, serves as Lead Director. Catalent believes that the current structure of its Board of Directors permits the Board to act flexibly and knowledgeably while still providing adequate checks on governance and is appropriate corporate governance for Catalent at this time. Catalent's Board of Directors believes that this structure does not inhibit

free and open dialogue. The Board Chair presides at all meetings of its shareholders and of the Board of Directors as a whole, and the Lead Director presides at all executive sessions of the Board of Directors. The Chair also performs such other duties as may be designated in Catalent's bylaws or by the Board of Directors. The Board of Directors will continue periodically to evaluate Catalent's leadership structure.

Compensation Committee Interlocks and Insider Participation

Catalent's Board of Directors has determined that the Compensation Committee is composed entirely of independent directors in accordance with the independence requirements of the NYSE listing standards for compensation committee members. No Compensation Committee member is Catalent's current or former employee or officer. There is no interlock with any other board or company.

Board's Role in Risk Oversight

The Board of Directors as a whole and through its Committees oversees Catalent's risk management. Members of senior management regularly report to the Board of Directors on areas of material risk. The Board of Directors regularly reviews information regarding our strategy, finances, liquidity, operations, legal and regulatory developments, Catalent's research and development activities, and its competitive environment, as well as the risks related to these matters. The Audit Committee oversees the management of risks related to financial reporting and monitors the annual internal audit risk assessment, which identifies and prioritizes risks related to Catalent's internal controls in order to develop internal audit plans for future fiscal years. The Nominating Committee oversees the management of risks associated with the independence of the Board of Directors. The Compensation Committee oversees risks relating to Catalent's compensation plans and arrangements. The Quality Committee focuses on risks arising out of the extensive food, drug, and cosmetics and other regulations that govern Catalent's operations and its relationships with its customers. Each Committee provides periodic reports to the full Board of Directors regarding their areas of responsibility and oversight. Catalent does not believe there is any relationship between how the Board of Directors oversees management of its risks and its leadership structure.

Director Nomination Process

The Nominating Committee considers and recommends the annual slate of director nominees for approval by the Board of Directors. The Nominating Committee considers a number of factors and principles in recommending the slate of director nominees for election to the Board of Directors. In particular, the Nominating Committee considers the following when evaluating and selecting nominees: the candidate's individual qualifications, including strength of character, mature judgment, familiarity with Catalent's business and industry, independence of thought, an ability to work collegially, and all other factors it considers appropriate, which may include age, gender, and ethnic and racial background, existing commitments to other businesses, potential conflicts of interest with other pursuits, legal considerations such as antitrust issues, corporate governance background, various and relevant career experience, relevant technical skills, relevant business or government acumen, financial and accounting background, executive compensation background, and the size, composition, and combined expertise of the existing Board of Directors.

Although the Board and Nominating Committee consider diversity of viewpoints, background, and experiences when identifying and reviewing candidates for the Board, the Board does not have a separate diversity policy. In identifying prospective director candidates, the Nominating Committee may seek referrals from other members of the Board, management, shareholders, and other sources. The Nominating Committee uses the same criteria for evaluating candidates regardless of the source of the referral. When considering director candidates, the Nominating Committee seeks individuals with backgrounds and qualities that, when combined with those of Catalent's incumbent directors, provide a blend of skills and experience to further enhance the Board's effectiveness.

From time to time, Catalent has engaged third-party search consultants to assist the Nominating Committee in identifying and/or evaluating candidates for its Board of Directors.

Shareholders may nominate directors for election by following the provisions set forth in Catalent's bylaws concerning such matters. The Nominating Committee, in accordance with Catalent's Guidelines, will consider the qualifications of any nominee proposed by one or more shareholders.

Standards of Business Conduct

Catalent's Board of Directors and all of its employees, including its CEO and all other executive officers are required to abide by our Standards of Business Conduct to ensure that Catalent's business is conducted in a consistently legal and ethical manner. A copy of Catalent's Standards of Business Conduct can be found on its website under http://investor.catalent.com/corporate-governance. Catalent will disclose on its website any future amendment to, or waiver from, provisions of its Standards of Business Conduct affecting its directors or executive officers as and to the extent required under applicable SEC and NYSE rules.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires executive officers and directors, a company's chief accounting officer and persons who beneficially own more than 10% of a company's common stock (the "Reporting Persons"), to file initial reports of ownership and reports of changes in ownership with the SEC and the NYSE. Reporting Persons are required by SEC regulations to furnish Catalent with copies of all Section 16(a) forms they file.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of shares of Catalent's common stock as of November 7, 2016 by (1) each person known to Catalent to beneficially own more than 5% of its outstanding common stock, (2) each of Catalent's directors and named executive officers and (3) all of Catalent's directors and executive officers as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to Catalent's knowledge, sole voting and investment power with respect to the indicated shares. Unless otherwise noted, the address of each beneficial owner is 14 Schoolhouse Road, Somerset, New Jersey, 08873.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class
T. Rowe Price Associates, Inc.[1]	18,504,938	14.83%
FMR LLC[2]	14,597,087	11.70%
BlackRock, Inc.[3]	12,612,905	10.11%
The Vanguard Group[4]	6,614,685	5.30%
John Chiminski[5][6]	805,281	*
Matthew Walsh[6]	172,813	*
Christine Dolan[6]	45,792	*
William Downie[6]	79,382	*
Steven Fasman[6]	13,790	*
Aristippos Gennadios[6]	105,392	*
Sharon Johnson[6]	85,445	*
Wetteny Joseph[6]	21,826	*
Barry Littlejohns[6]	195,753	*
Alessandro Maselli	—	*
Lance Miyamoto[6]	187,672	*
Melvin D. Booth[6]	61,820	*
J. Martin Carroll	6,928	*
Rolf Classon	11,070	*
Gregory T. Lucier	23,068	*
Donald E. Morel, Jr.	3,204	*
James Quella[6][7]	38,790	*
Jack Stahl	11,070	*
Directors and executive officers as a group (18 persons)[8]	1,869,096	1.50%

* Represents less than 1%.

(1) Information shown is based on information reported by the filer on a Schedule 13G/A filed with the SEC on February 10, 2016, in which T. Rowe Price Associates, Inc. reported that it and its affiliates have sole voting power over 4,477,702 shares and sole dispositive power over 18,504,938 shares. The address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, MD 21202.

(2) Information shown is based on information reported by the filer on a Schedule 13G filed with the SEC on July 11, 2016, in which FMR LLC reported that it and its affiliates have sole voting power over 1,848,460 shares and sole dispositive power over 14,597,087 shares. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.

(3) Information shown is based on information reported by the filer on a Schedule 13G/A filed with the SEC on January 8, 2016, in which BlackRock, Inc. reported that it has sole voting power over 12,426,751 shares and sole dispositive power over 12,612,905 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10022.

(4) Information shown is based on information reported by the filer on a Schedule 13G filed with the SEC on February 10, 2016, in which The Vanguard Group reported that it and its affiliates have sole voting power over 191,662 shares and an aggregate sole dispositive power over 6,614,685 shares. The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, PA 19355.

(5) Does not include 50,480 vested non-voting restricted stock units, none of which Mr. Chiminski has the right to have settled in shares of Catalent's common stock within 60 days after November 7, 2016.

(6) The number of shares beneficially owned includes shares of common stock issuable upon exercise of options that are currently exercisable and/or will be exercisable within 60 days after November 7, 2016, as follows: Mr. Chiminski (618,774), Mr. Walsh (95,035), Ms. Dolan (43,692), Mr. Downie (61,161), Mr. Fasman (13,790), Mr. Gennadios (100,107), Ms. Johnson (73,845), Mr. Joseph (20,076), Mr. Littlejohns (182,292), Mr. Miyamoto (173,672), Mr. Quella (27,720) and Mr. Booth (50,750).

(7) Mr. Quella was a Senior Managing Director and Senior Operating Partner in the Corporate Private Equity group of Blackstone.

(8) Includes 1,460,914 shares of common stock issuable upon exercise of options that are currently exercisable and/or exercisable within 60 days after November 7, 2016.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

This section describes certain relationships and related party transactions between Catalent, Inc. and its directors, executive officers and shareholders beneficially owning more than 5% of its outstanding stock that occurred during the years ended June 30, 2016, 2015 and 2014 and the three months ended September 30, 2016.

Transactions with Related Persons

The Board of Directors of Catalent has adopted a written policy regarding the review, approval, and ratification of transactions with related persons. This policy provides that a related person must promptly disclose to the Board of Directors any related person transaction. No related person transaction will be executed without the approval or ratification of Catalent's Board of Directors or a duly authorized committee of its Board of Directors. It is Catalent's policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest if the amount involved exceeds $120,000 and a "related person" has a direct or indirect material interest. In general, "related persons" are Catelent's directors and executive officers, shareholders beneficially owning more than 5% of its outstanding stock, and their immediate family members. Catalent refers to such a transaction as a "related person transaction."

The related person transaction approval policy was not in effect when we entered into the transactions and agreements with Blackstone prior to Catalent's IPO. Any transaction contemplated by such agreements was deemed to have been approved and not subject to the terms of this policy.

No Post-IPO Related Person Transaction

Since Catalent's IPO on July 30, 2014, it has not entered into any related person transaction, nor is any related person transaction currently proposed, in which any of its directors, CEO, or executive officers has a direct or indirect material interest.

Transactions Between Catalent and Blackstone

Blackstone sold its remaining interest in Catalent in September 2016. The following description therefore relates to transactions that existed after Catalent's IPO and prior to such sale.

Equity Healthcare LLC

Catalent participates in an employer health program agreement with Equity Healthcare LLC ("Equity Healthcare"). Equity Healthcare negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts and quality of service monitoring capability by Equity Healthcare. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. In consideration for these services, Catalent paid Equity Healthcare a fee of $3.00 and $2.80 per participating employee per month in fiscal 2016 and 2015, respectively. As of June 30, 2016, Catalent had approximately 2,700 employees enrolled in its health benefit plans in the United States. Equity Healthcare is an affiliate of Blackstone.

Catalent, Inc. Stockholders Agreement

In connection with its IPO, Catalent entered into a stockholders agreement with a Blackstone affiliate on August 5, 2014. This agreement granted the Blackstone parties certain rights, including the right to nominate a certain number of designees to Catalent's Board of Directors. As previously noted, in September 2016, Blackstone sold in an underwritten offering all of its remaining shares of Catalent's common stock. As a result of

this sale, Blackstone is no longer a related party, the stockholders agreement described above has terminated in accordance with its terms, and Catalent's sponsor is no longer entitled to designate any member of its Board of Directors.

Registration Rights Agreement

In connection with our IPO, Catalent entered into a registration rights agreement with certain affiliates of Blackstone and certain other investors and members of management, on August 5, 2014. This agreement provided to affiliates of Blackstone an unlimited number of "demand" registrations and to both affiliates of Blackstone and such other investors and members of management customary "piggyback" registration rights. The registration rights agreement also provided that Catalent would pay certain expenses relating to such registrations and indemnify Blackstone, its affiliates, and such other investors and members of management against certain liabilities that may arise under the Securities Act. Such demand and piggyback registration rights have expired as a result of the sale by Blackstone of its remaining shareholdings in Catalent, Inc. in September 2016.

Underwriting Agreements

In connection with two secondary offerings of Catalent's common stock demanded by Blackstone during fiscal 2016, Catalent entered into underwriting agreements with Blackstone, the other shareholders selling in the offerings, and the underwriter managing the offerings setting forth the terms of the offering and making various representations to the underwriter regarding various facts and circumstances relating to the offering. The underwriting agreement required Catalent to pay certain expenses relating to the offerings and to indemnify Blackstone, the other sellers, and the underwriter for the offering against liabilities arising from breaches of Catalent's representations and certain other matters relating to the offering.

Other

The private equity business of Blackstone owns interests when Blackstone was a 5% stockholder in a variety of other companies, including Hilton Worldwide Holdings Inc. (Hilton hotels). From time to time, Catalent engages in the ordinary course of business with companies affiliated with Blackstone.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Repricing of Term Loans

Concurrently with the closing of this notes offering, we intend to amend the Credit Agreement (as defined below) to reduce the applicable margin on the term loans. There can be no assurance that we will be able to obtain any such reduction to the applicable margin.

Overview

On May 20, 2014, we entered into an amended and restated senior secured credit agreement (as amended, the "Credit Agreement") with Morgan Stanley Senior Funding, Inc., as administrative agent, collateral agent, swing line lender, L/C issuer, joint lead arranger and joint bookrunner; JPMorgan Chase Bank, N.A., as L/C issuer, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman Sachs Bank USA, Jefferies Finance LLC and Deutsche Bank Securities Inc., as joint lead arrangers and joint bookrunners, and the lenders from time to time party thereto. The Credit Agreement was amended in December 2014 to provide additional senior secured financing of incremental U.S. dollar- and euro-denominated term loan facilities, as described below.

The credit facilities (the "senior secured credit facilities") pursuant to the Credit Agreement provide senior secured financing of $2,061.8 million (U.S. dollar equivalent) consisting of:

- approximately $1,861.8 million (U.S. dollar equivalent based on an exchange rate of €1 = $1.1208 as of September 30, 2016) aggregate principal amount of term loan facilities consisting of:
  - a €250.0 million euro-denominated term loan (equal to $280.2 million based on an exchange rate of €1 = $1.1208 as of September 30, 2016) maturing May 20, 2021 (or earlier under certain circumstances described below) (the "Euro Term Loan");
  - a €72.8 million euro-denominated incremental term loan (equal to $81.6 million based on an exchange rate of €1 = $1.1208 as of September 30, 2016) maturing May 20, 2021 (or earlier under certain circumstances described below) (the "Incremental Euro Term Loan");
  - a $1,400.0 million U.S. dollar-denominated term loan maturing May 20, 2021 (or earlier under certain circumstances described below) (the "Dollar Term Loan" and together with the Euro Term Loan, the "Closing Date Term Loans"); and
  - a $100.0 million U.S. dollar-denominated incremental term loan maturing May 20, 2021 (or earlier under certain circumstances described below) (the "Incremental Dollar Term Loan" and together with the Incremental Euro Term Loan, the "Incremental Term Loans"); and
- a $200.0 million revolving credit facility maturing on May 20, 2019 (or earlier under certain circumstances described below).

Catalent Pharma Solutions, Inc. is the borrower under the Credit Agreement. The revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings, referred to as the swing line borrowings. As of September 30, 2016, we had $1,801.7 million (U.S. dollar equivalent) aggregate principal amount outstanding under the term loans and $75.0 million outstanding under the revolving credit facility, including $13.9 million in outstanding letters of credit.

Interest Rate and Fees

Borrowings under the term loan facilities and the revolving credit facility bear interest, at our option, based on (a) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto) plus a margin of 3.25% if the total leverage ratio is less than 4:50 to 1:00, and 3.50% if such ratio is equal to or greater than 4:50 to 1:00 or (b) a base rate determined by reference to

the higher of (1) the rate of interest published by *The Wall Street Journal* as its "prime lending rate" and (2) the federal funds rate plus 1/2 of 1% plus a margin of 2.25% if such ratio is less than 4:50 to 1:00, and 2.50% if such ratio is equal to or greater than 4:50 to 1:00. Based on the current total leverage ratio, the applicable margin is 3.25% for loans based on a LIBOR rate and 2.25% for loans based on the base rate. The LIBOR rate for the term loans is subject to a floor of 1.00% and the base rate for the term loans is subject to a floor of 2.00%.

In addition to paying interest on outstanding principal under the senior secured credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate may be reduced subject to our attaining a certain total net leverage ratio. We are also required to pay customary letter of credit fees.

The weighted average interest rates during fiscal 2016 were approximately 4.25% for both the euro-denominated and U.S. dollar-denominated term loans. We had no outstanding borrowings under the revolving credit facility during fiscal 2016.

Prepayments

The senior secured credit agreement requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% (which percentage will be reduced to 25% and 0% subject to our attaining certain first lien net leverage ratios) of our annual excess cash flow;
- 100% (which percentage will be reduced to 75% subject to attaining a certain total net leverage ratio) of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the borrower and its restricted subsidiaries (including insurance and condemnation proceeds, subject to de minimis thresholds), (a) if we do not reinvest those net cash proceeds in assets to be used in our business or to make certain other permitted investments, within 15 months of the receipt of such net cash proceeds or (b) if we commit to reinvest such net cash proceeds within 15 months of the receipt thereof, within the later of 15 months of the receipt thereof or 180 days of the date of such commitment; and
- 100% of the net proceeds of any issuance or incurrence of debt by the borrower or any of its restricted subsidiaries, other than debt permitted under the Credit Agreement.

The foregoing mandatory prepayments will be applied to scheduled installments of the term loan facility in direct order of maturity.

We may voluntarily repay outstanding loans under the senior secured credit facilities at any time without premium or penalty. As part of the amendment we are seeking to the credit agreement to reduce the applicable margin on the term loans, we may include a provision providing for a prepayment premium on voluntary prepayment of term loans in connection with a repricing transaction on or prior to the date that is six months after the closing date of the amendment and customary "breakage" costs with respect to LIBOR loans. See "Summary—Recent Developments—Repricing of Term Loans."

Amortization

We are required to repay installments on the loans under the term loan facilities in quarterly installments in aggregate annual amounts equal to 1.00% of their funded total principal amount, with the remaining amount payable on the maturity date for such term loan facility.

Guarantee and Security

All obligations under the senior secured credit facilities are unconditionally guaranteed by the parent guarantor and, subject to certain exceptions, each of our material current and future U.S. wholly owned restricted subsidiaries.

All obligations under the senior secured credit facilities, and the guarantees of those obligations, are secured by substantially all the following assets of the borrower and each guarantor, subject to certain exceptions:

- a pledge of 100% of the capital stock of the borrower and 100% of the equity interests directly held by the borrower and each guarantor in any wholly owned material subsidiary of the borrower or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary); and
- a security interest in, and mortgages on, substantially all tangible and intangible assets of the borrower and each guarantor, subject to certain limited exceptions.

Certain Covenants and Events of Default

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

- incur additional indebtedness or issue preferred stock;
- create liens on assets;
- engage in mergers or consolidations;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments, loans or advances;
- repay subordinated indebtedness;
- make certain acquisitions;
- engage in certain transactions with affiliates;
- amend material agreements governing our subordinated indebtedness; and
- change our lines of business.

The Credit Agreement also contains certain customary affirmative covenants and events of default (including change of control). In addition, if on the last day of any period of four consecutive quarters on or after September 30, 2014, the aggregate principal amount of revolving credit loans, swing line loans and/or letters of credit (excluding up to $30.0 million of letters of credit and certain other letters of credit that have been cash collateralized or backstopped) that are issued and/or outstanding is greater than 30% of the revolving credit facility, the Credit Agreement requires that we maintain a consolidated first lien net leverage ratio not to exceed 6.50 to 1.0.

During the period in which our corporate issuer rating is equal to or higher than Baa3 (or the equivalent) according to Moody's Investors Service, Inc. or BBB- (or the equivalent) according to Standard and Poor's Ratings Services and no default has occurred and is continuing, the restrictions in the senior secured credit facilities regarding incurring additional indebtedness, dividends and distributions or repurchases of capital stock and transactions with affiliates will not apply to us and our restricted subsidiaries.

The Credit Agreement also contains certain customary representations and warranties, covenants, events of default and acceleration provisions upon the occurrence of an event of default (including change of control).

DESCRIPTION OF THE NOTES

General

Certain terms used in this description are defined under "—Certain Definitions". In this description, the term (i) "*Parent*" refers only to Catalent, Inc., a Delaware corporation, and not to any of its Subsidiaries, and (ii) *"Issuer"* refers only to Catalent Pharma Solutions, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent, and not to any of its Subsidiaries.

The Issuer will issue € million aggregate principal amount of % senior notes due 2024 (the *"Notes"*) under an indenture to be dated , 2016 (the *"Indenture"*) among the Issuer, the Guarantors, Deutsche Trustee Company Limited, as trustee (the *"Trustee"*), Deutsche Bank AG, London Branch, as principal paying agent, and Deutsche Bank Luxembourg S.A., as transfer agent and registrar. The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "Notice to Investors". The Indenture will not be qualified under or subject to, and will not incorporate or include any provisions of, the U.S. Trust Indenture Act of 1939, as amended. Application will be made to The Channel Islands Securities Exchange Authority Limited (the "*Exchange*") for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained, and settlement of the Notes is not conditioned on obtaining such listing.

The following description is only a summary of the material provisions of the Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, including the definitions therein of certain terms used below. We urge you to read the Indenture because it, and not this description, will define your rights as Holders of the Notes. You may request copies of the Indenture at our address set forth under the heading "Where You Can Find More Information".

Brief Description of the Notes and the Guarantees

The Notes:

- will be general, unsecured, senior obligations of the Issuer;
- will rank equally in right of payment with all existing and future Senior Indebtedness of the Issuer (including, without limitation, the Senior Credit Facilities);
- will be effectively subordinated to all existing and future secured Indebtedness of the Issuer (including, without limitation, the Senior Credit Facilities), to the extent of the collateral securing such Indebtedness;
- will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of the Issuer that do not guarantee the Notes;
- will be senior in right of payment to any future Subordinated Indebtedness of the Issuer; and
- will be initially guaranteed on a senior unsecured basis by the Guarantors and will also be guaranteed in the future by each Subsidiary, if any, that guarantees Indebtedness under the Senior Credit Facilities.

The Guarantee of each Guarantor in respect of the Notes:

- will be a general, unsecured, senior obligation of such Guarantor;
- will rank equally in right of payment with all existing and future Senior Indebtedness of such Guarantor (including, without limitation, the Senior Credit Facilities);
- will be effectively subordinated to all existing and future secured Indebtedness of such Guarantor (including, without limitation, the Senior Credit Facilities), to the extent of the collateral securing such Indebtedness;

- will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of such Guarantor that do not guarantee the Notes; and
- will be senior in right of payment to any future Subordinated Indebtedness of such Guarantor.

As of September 30, 2016, on an as adjusted basis after giving effect to the offering of the Notes and the application of the net proceeds therefrom as described under "Use of Proceeds", the Issuer and Guarantors would have had approximately $2,062.3 million (U.S. dollar equivalent) of total indebtedness outstanding, consisting of $1,601.7 million (U.S. dollar equivalent) of Secured Indebtedness under the Senior Credit Facilities, $400.0 million (U.S. dollar equivalent) of Senior Indebtedness represented by the Notes and $60.6 million of capital lease and other obligations. In addition, the Issuer and Guarantors would have had an additional $186.1 million of unutilized capacity and $13.9 million of outstanding letters of credit under the revolving portion of the Senior Credit Facilities.

The covenants in the Indenture applicable to the Issuer and its Restricted Subsidiaries do not apply to Parent or to any of Parent's Subsidiaries other than the Issuer and its Restricted Subsidiaries. In particular, the Indenture will not limit the amount of Indebtedness that Parent may incur. Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries may incur, such limitations are subject to a number of significant qualifications and exceptions. Under certain circumstances, the Issuer and its Restricted Subsidiaries may be able to incur additional Indebtedness and the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be Senior Indebtedness. Moreover, the Indenture does not impose any limitation on the incurrence by the Issuer or the Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock".

Guarantees

Each existing and, in the future, subject to exceptions set forth under "—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries", each subsequently acquired or organized Restricted Subsidiary that is a wholly owned Domestic Subsidiary and that guarantees the Senior Credit Facilities, will jointly and severally, irrevocably and unconditionally guarantee the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture and the Notes on a senior basis, whether for payment of principal of, premium, if any, or interest in respect of the Notes, expenses, indemnification or otherwise, on the terms set forth in the Indenture by executing the Indenture.

As of the Issue Date, none of the Foreign Subsidiaries of the Issuer or non-wholly owned Domestic Subsidiaries that are Restricted Subsidiaries will guarantee the Notes, and no such Subsidiaries are expected to guarantee the Notes in the future. In the event of a bankruptcy, liquidation, reorganization or similar proceeding of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. As a result, all of the existing and future liabilities of such non-guarantor Subsidiaries, including any claims of trade creditors, will be effectively senior to the Notes. For the twelve months ended September 30, 2016, such non-guarantor Subsidiaries represented 55% of total net revenues and as of September 30, 2016, such non-guarantor Subsidiaries represented 55% of total assets and, after giving effect to the offering of the Notes and the application of the net proceeds therefrom as described under "Use of Proceeds", 16% of total liabilities, in each case, after intercompany eliminations.

The obligations of each Guarantor under its Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law. This provision may not, however, be effective to protect a Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor's obligation to an amount that effectively makes its Guarantee worthless. If a Guarantee was rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Guarantor, and, depending on the amount of such Indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Relating to the Notes—Federal and

state statutes allow courts, under specific circumstances, to cancel the notes or the related guarantees and require noteholders to return payments received from us or the guarantors".

Any Guarantor that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

Each Guarantee by a Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged upon:

(1) any sale, exchange, disposition or transfer (by merger, consolidation, dividend, distribution or otherwise) of (a) the Capital Stock of such Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary, or (b) all or substantially all the assets of such Guarantor, in each case, made in compliance with clauses (1) and (2) of the first paragraph under "—Repurchase at the Option of Holders—Asset Sales";

(2) the release or discharge of the guarantee by such Guarantor of Indebtedness under the Senior Credit Facilities or such other guarantee that resulted in the creation of such Guarantee, except a discharge or release by, or as a result of, payment under such guarantee;

(3) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the provisions set forth under "—Certain Covenants—Limitation on Restricted Payments" and the definition of "Unrestricted Subsidiary";

(4) upon the merger or consolidation of any Guarantor with and into the Issuer or another Guarantor that is the surviving Person in such merger or consolidation, or upon the liquidation of such Guarantor following the transfer of all or substantially all of its assets to the Issuer or another Guarantor; or

(5) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance" or the discharge of the Issuer's obligations under the Indenture in accordance with the terms of the Indenture.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*paying agent*") for the Notes, including in the City of London (the "*principal paying agent*"). The initial principal paying agent for the Notes will be Deutsche Bank AG, London Branch. The paying agent will make payments on the Notes on behalf of the Issuer.

The Issuer will also maintain one or more registrars and a transfer agent for the Notes. The initial registrar and transfer agent will be an affiliate of the Trustee. The registrar will maintain a register reflecting ownership of the Notes outstanding from time to time and the transfer agent will facilitate transfer of the Notes on behalf of the Issuer.

The Issuer may change the paying agent, the registrar or the transfer agent without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent, registrar or transfer agent.

So long as the Notes are listed on the Official List of the Exchange or any other exchange and the rules of such exchange so require, the Issuer will satisfy any requirement of such exchange as to paying agents, registrars and transfer agents and will comply with any notice requirements required under such exchange in connection with any change of paying agent, registrar or transfer agent.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a Holder 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 will not be required to transfer or exchange any Note selected for redemption or tendered (and not withdrawn) for repurchase in

connection with a redemption, Change of Control Offer or an Asset Sale Offer. The Notes will be issued in registered form and the registered Holder of a Note will be treated as the owner of the Note for all purposes.

Principal, Maturity and Interest

The Issuer will issue an aggregate principal amount of € million of Notes in this offering. The Notes will mature on , 2024.

Subject to compliance with the covenant described below under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", the Issuer may issue additional Notes (*"Additional Notes"*) from time to time after this offering under the Indenture. The Notes offered by the Issuer and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase; *provided* that if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP, Common Code and/or ISIN number, as applicable. Unless the context requires otherwise, references to *"Notes"* for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will be issued in denominations of €100,000 and any integral multiples of €1,000 in excess thereof.

Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi-annually in arrears on each and , commencing on , 2017, to the Holders of Notes of record on the immediately preceding and . Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid with respect to such Notes, from the date of original issuance thereof. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Principal, Premium and Interest

Payments of principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, payments of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by the common depository of Euroclear and Clearstream (or its nominee) will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the principal paying agent maintained for such purpose.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under "—Repurchase at the Option of Holders". The Issuer and its Affiliates may at any time and from time to time purchase Notes in the open market or otherwise.

Optional Redemption

At any time prior to , 2019, the Issuer may on one or more occasions redeem the Notes, in whole or in part, upon notice as described under "—Selection and Notice", at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption (each date on which a redemption occurs, a "*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.

On and after , 2019, the Issuer may on one or more occasions redeem the Notes, in whole or in part, upon notice as described under "—Selection and Notice", at the applicable redemption price (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the applicable 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, if redeemed during the twelve-month period beginning on of each of the years indicated below:

Year	Percentage
2019	%
2020	%
2021 and thereafter	100.000%

In addition, prior to , 2019, the Issuer may, at its option, and on one or more occasions, redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes issued under the Indenture after the Issue Date) at a redemption price equal to % of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the applicable 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, with funds in an aggregate amount equal to the net cash proceeds of one or more Equity Offerings of the Issuer or any direct or indirect parent company of the Issuer to the extent such net cash proceeds are contributed to the Issuer; *provided* that (1) at least 60% of (a) the aggregate principal amount of Notes originally issued under the Indenture on the Issue Date and (b) the aggregate principal amount of any Additional Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; and (2) each such redemption occurs within 180 days of the date of closing of each such Equity Offering.

Notwithstanding the foregoing, in connection with any tender offer for the Notes (including, without limitation, any Change of Control Offer or Asset Sale Offer, each as defined below), if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice (*provided* that such notice is not given more than 30 days following such purchase date) to redeem all Notes that remain outstanding following such purchase at a price equal to the price offered to each other Holder in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the applicable Redemption Date.

The Issuer or its Affiliates may, at any time and from time to time, acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, upon such terms and at such prices as the Issuer or its Affiliates may determine, which may be more or less than the consideration for which the Notes offered hereby are being sold and could be for cash or other consideration.

Additional Amounts

All payments of principal and interest in respect of the Notes will be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the United States or any political subdivision or taxing authority of or in the United States (collectively, "*Taxes*"), unless such withholding or deduction is required by law.

In the event such withholding or deduction of Taxes is required by law, subject to the limitations described below, the Issuer (or Guarantor, as the case may be) will pay to the Holder of any Note that is not beneficially owned by a U.S. Holder (as defined under "Certain U.S. Federal Tax Consequences—U.S. Holders" below) such additional amounts ("*Additional Amounts*") as may be necessary in order that every net payment received by the beneficial owner of such Note of principal of or interest or any other amount payable on the

Notes (including upon redemption), after deduction or withholding for or on account of such Taxes, will not be less than the amount provided for in such Note to be then due and payable before deduction or withholding for or on account of such Taxes.

However, the Issuer's obligation, or the Guarantor's obligation, as the case may be, to pay Additional Amounts shall not apply to:

(1) any Taxes that would not have been so imposed but for:

(a) the existence of any present or former connection between such Holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such Holder or beneficial owner, if such Holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity) and the United States, including, without limitation, such Holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or other equity owner or person having such a power) being or having been a citizen or resident or treated as a resident of the United States or being or having been engaged in a trade or business in the United States or being or having been present in the United States or having or having had a permanent establishment in the United States;

(b) the failure of such Holder or beneficial owner to comply with a request to provide any certification, information or other reporting requirement, if compliance is required under United States tax laws and regulations to establish entitlement to a partial or complete exemption from such Taxes (including, but not limited to, the requirement to provide Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8ECI, or any subsequent versions thereof or successor thereto);

(c) such Holder's or beneficial owner's present or former status as a personal holding company or a foreign personal holding company with respect to the United States, as a controlled foreign corporation with respect to the United States, as a passive foreign investment company with respect to the United States, as a foreign tax exempt organization with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax; or

(d) a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(2) any Taxes imposed by reason of the Holder or beneficial owner:

(a) owning or having owned, directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of the Issuer's stock, as described in section 871(h)(3) of the Internal Revenue Code of 1986, as amended (the "*Internal Revenue Code*"),

(b) being a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code, or

(c) being a controlled foreign corporation with respect to the United States that is related to us by stock ownership;

(3) any Taxes that would not have been so imposed but for the presentation by the Holder or beneficial owner of such Note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment of the Note is duly provided for and notice is given to Holders, whichever occurs later, except to the extent that the Holder or beneficial owner would have been entitled to such Additional Amounts on presenting such Note on any date during such 30-day period;

(4) any estate, inheritance, gift, sales, excise, transfer, personal property, wealth or similar Taxes;

(5) any Taxes payable otherwise than by withholding from a payment on such Note;

(6) any Taxes payable by a Holder that is not the beneficial owner of the Note, or a portion of the Note, or that is a fiduciary, partnership, limited liability company or other similar entity, but only to the extent that a beneficial owner, a beneficiary or settlor with respect to such fiduciary or member of such partnership, limited liability company or similar entity would not have been entitled to the payment of an additional amount had such beneficial owner, settlor, beneficiary or member received directly its beneficial or distributive share of the payment;

(7) any Taxes required to be withheld by any paying agent from any payment on any Note, if such payment can be made without such withholding by at least one other paying agent;

(8) any Taxes imposed under Sections 1471 through 1474 of the Internal Revenue Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Internal Revenue Code; or

(9) any combination of items (1), (2), (3), (4), (5), (6), (7) and (8).

For purposes of this section, the acquisition, ownership, enforcement, or holding of or the receipt of any payment with respect to a Note will not constitute a connection (x) between the Holder or beneficial owner and the United States or (y) between a fiduciary, settlor, beneficiary, member or shareholder or other equity owner of, or a person having a power over, such Holder or beneficial owner if such Holder or beneficial owner is an estate, a trust, a limited liability company, a partnership, a corporation or other entity and the United States.

Any reference in this offering memorandum, in the Indenture or in the Notes to principal or interest or other payment on the Notes shall be deemed to refer also to Additional Amounts that may be payable under the provisions of this section.

Except as specifically provided under the heading "—Additional Amounts", the Issuer will not be required to make any payment with respect to any tax, duty, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority of or in the United States.

Taxation Redemption

The Notes may be redeemed at the Issuer's option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, at any time, in accordance with "—Selection and Notice" below if:

(1) the Issuer has or will become obligated to pay Additional Amounts as a result of (x) any change in or amendment to the laws, regulations or rulings of the United States or any political subdivision or any taxing authority of or in the United States affecting taxation, or (y) any change in or amendment to an official application, interpretation, administration or enforcement of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this offering memorandum; or

(2) any action shall have been taken by a taxing authority, or any action has been brought in a court of competent jurisdiction, in the United States or any political subdivision or taxing authority of or in the United States, including any of those actions specified in (1) above, whether or not such action was taken or brought with respect to the Issuer, or any change, clarification, amendment, application or interpretation of such laws, regulations or rulings shall be officially proposed, in any such

case on or after the date of this offering memorandum, which results or will result in the Issuer being required to pay Additional Amounts on the next interest payment date.

Prior to the publication of any notice of redemption for the reasons specified in (1) or (2) above, the Issuer will deliver to the Trustee:

(a) an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the Issuer's right so to redeem have occurred, and

(b) an Opinion of Counsel to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of such change or amendment or that the Issuer is or will be required to pay such Additional Amounts as a result of such action or proposed change, clarification, amendment, application or interpretation, as the case may be.

Such notice, once delivered by the Issuer to the Trustee, will be irrevocable.

Selection and Notice

If the Issuer is redeeming less than all of the Notes issued by it at any time, the principal paying agent will select the Notes to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or if the Notes are not so listed or such exchange prescribes no method of selection, on a *pro rata* basis, by lot or by such other method as the principal paying agent shall deem fair and appropriate (and in such manner as complies with applicable legal requirements and, in the case of global notes, in accordance with the procedures of Euroclear and Clearstream). No Notes of €100,000 or less will be redeemed in part.

Notices of redemption shall be delivered electronically or mailed by first-class mail, postage prepaid, at least 10 but not more than 60 days before the redemption date to each Holder of Notes at such Holder's registered address or otherwise in accordance with the procedures of Euroclear and Clearstream, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a conditional redemption, defeasance of the Notes or a satisfaction and discharge of the Indenture.

For Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream, as applicable, for communication to entitled account holders in substitution for the aforesaid delivery.

If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed. Subject to the terms and procedures set forth under "Book-Entry, Delivery and Form", the Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note representing the same indebtedness to the extent not redeemed in the name of the Holder upon cancellation of the original Note. Unless such redemption shall be conditional as set forth below, 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.

Notice of any redemption or purchase, whether in connection with an Equity Offering, other transaction or otherwise, may be given prior to the completion thereof, and any such notice may, at the Issuer's discretion, be subject to one or more conditions precedent. If a redemption or purchase is subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the Redemption Date or purchase date may be delayed until such time (including more than 60 days after the date the notice was sent) as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption or purchase 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 purchase date, or by the Redemption Date or purchase date as so delayed.

Repurchase at the Option of Holders

Change of Control

The Notes will provide that, if a Change of Control occurs, unless the Issuer has previously or concurrently sent a redemption notice with respect to all the outstanding Notes as described under "—Optional Redemption" or "—Taxation Redemption", the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, except to the extent that the Issuer has exercised its right to redeem all the outstanding Notes as described under "—Optional Redemption" or "—Taxation Redemption", the Issuer will send notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee and paying agent, to each Holder of Notes at the address of such holder appearing in the register of Holders or otherwise in accordance with the procedures of Euroclear and Clearstream, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control", and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 10 days nor later than 60 days from the date such notice is sent (the "*Change of Control Payment Date*"), except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below;

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the paying agent receives, not later than the close of business on the fourth Business Day prior to the Change of Control Payment Date, an electronic transmission, facsimile transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that Holders (other than Holders of a global note) whose Notes are being purchased only in part will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to at least €100,000 or an integral multiple of €1,000 in excess thereof;

(8) if such notice is sent prior to the occurrence of a Change of Control, a statement that the Change of Control Offer is conditional on the occurrence of such Change of Control and, if applicable, a statement that, in the Issuer's discretion, the Change of Control Payment Date may be delayed until such time as the Change of Control shall have occurred, or that such purchase may not occur and such notice may be rescinded in the event the Change of Control shall not have occurred by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed; and

(9) the other instructions, as determined by the Issuer, consistent with the covenant described hereunder, that a Holder must follow.

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 such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

(1) accept for payment all Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer,

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered, and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

The Senior Credit Facilities prohibit or limit, and future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes as a result of a Change of Control. In the event a Change of Control occurs at a time when the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to permit the purchase of the Notes or could attempt to refinance the Indebtedness that contain such prohibition. If the Issuer does not obtain such consent or repay such Indebtedness, the Issuer will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

The Senior Credit Facilities provide, and future credit agreements or other agreements to which the Issuer becomes a party may provide, that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Indenture). If the Issuer experiences a change of control that triggers a default under the Senior Credit Facilities, the Issuer could seek a waiver of such default or seek to refinance the Senior Credit Facilities. In the event the Issuer does not obtain such a waiver or refinance the Senior Credit Facilities, such default could result in amounts outstanding under the Senior Credit Facilities being declared due and payable and/or cause a Qualified Securitization Facility to be wound down.

The Issuer's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by the Issuer's then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers of the Notes. The Issuer has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Issuer could decide to do so in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other 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 Issuer's ability to incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens". Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer 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 validly tendered and not withdrawn under such Change of Control Offer. Additionally, the Issuer will not be required to make a Change of Control Offer if the Issuer has previously issued a notice of redemption for all of the Notes pursuant to the provisions set forth under "—Optional Redemption" or "—Taxation Redemption".

Notwithstanding anything to the contrary herein, 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 making of the Change of Control Offer, and the Change of Control Payment Date may be extended automatically until such Change of Control occurs.

The definition of "*Change of Control*" includes a sale, lease or transfer of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person. 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, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a sale, lease or transfer of "*all or substantially all*" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

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 may be waived or modified with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding.

Asset Sales

The Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate, directly or indirectly, an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (at the time of contractually agreeing to such Asset Sale) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75.0% of the consideration for such Asset Sale, together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto, or if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been shown on the Issuer's or such Restricted Subsidiary's balance sheet or in the footnotes thereto if such incurrence or increase had taken place on or prior to the date of such balance sheet, as determined by the Issuer) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes, that are extinguished in connection with the transactions relating to such Asset Sale, or that are assumed by the transferee (or any third party on behalf of such transferee) of any such assets or Equity Interests, in each case, pursuant to a written agreement that releases the Issuer or such Restricted Subsidiary from such liabilities,

(b) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into Cash Equivalents, or by their terms are required to be satisfied for Cash Equivalents (to the extent of the Cash Equivalents received), in each case, within 180 days following the closing of such Asset Sale, and

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at the time outstanding, not to exceed the greater of $100.0 million and 3.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall be deemed to be Cash Equivalents for purposes of this provision and for no other purpose.

Within 450 days after the receipt of the Net Cash Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Cash Proceeds from such Asset Sale,

(1) to reduce

(a) Obligations under Secured Indebtedness of the Issuer or any Guarantor (and, if such Indebtedness is revolving credit Indebtedness, to correspondingly and permanently reduce commitments with respect thereto);

(b) Obligations under other Indebtedness of the Issuer or any Guarantor that ranks equally in right of payment with the Notes or the relevant Guarantee (and, if such Indebtedness is revolving credit Indebtedness, to correspondingly and permanently reduce commitments with respect thereto); *provided* that if the Issuer or any Guarantor shall so reduce Obligations under such other Indebtedness, the Issuer shall equally and ratably reduce Obligations under the Notes by (i) redeeming the Notes as provided under "—Optional Redemption", (ii) purchasing the Notes through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or (iii) making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders of Notes to purchase their Notes at 100% of the principal amount thereof, plus accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid; or

(c) Indebtedness of a Restricted Subsidiary that is not a Guarantor; or

(2) to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes or continues to constitute a Restricted Subsidiary, (b) properties, (c) capital expenditures or (d) acquisitions of other assets, in each of (a), (b), (c) and (d), used or useful in a Similar Business or that replace the businesses, properties and/or assets that are the subject of such Asset Sale, or

(3) any combination of the foregoing;

provided that, in the case of clause (2) above, a binding commitment entered into within 450 days after the Asset Sale shall be treated as a permitted application of the Net Cash 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 Cash Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Cash Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "*Second Commitment*") within 180 days of such cancellation or termination; *provided further* that if any Second Commitment is later cancelled or terminated for any reason before such Net Cash Proceeds are applied, then such Net Cash Proceeds shall constitute Excess Proceeds.

Notwithstanding the foregoing, to the extent that (i) any of or all the Net Cash Proceeds of any Asset Sales by a Foreign Subsidiary (a "*Foreign Disposition*") is prohibited or delayed by applicable local law from being repatriated to the United States or (ii) the Issuer, in its sole discretion, has determined in good faith that

repatriation of any of or all of the Net Cash Proceeds of any Foreign Disposition would result in material adverse tax consequences, the portion of such Net Cash Proceeds so affected will not be required to be applied in compliance with this covenant; *provided* that within 450 days of the receipt of the Net Cash Proceeds of any Foreign Disposition, the Issuer shall use commercially reasonable efforts to permit repatriation of such proceeds that would otherwise be subject to this covenant without violating applicable local law or incurring material adverse tax consequences, and, if such proceeds may be repatriated, within such 450 day period, such proceeds shall be applied in compliance with this covenant.

Any Net Cash Proceeds from any Asset Sale that are not invested or applied as provided and within the time period set forth in the two preceding paragraphs will be deemed to constitute "*Excess Proceeds*". When the aggregate amount of Excess Proceeds exceeds $50.0 million, the Issuer shall make an offer (an "*Asset Sale Offer*") to all Holders of the Notes and, if required by the terms of any Indebtedness that is *pari passu* with the Notes ("*Pari Passu Indebtedness*"), to the holders of such Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of the Notes and such Pari Passu Indebtedness, as the case may be, that, in the case of the Notes, is in an amount at least equal to €100,000, or an integral multiple of €1,000 thereafter, that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or in the event such other Indebtedness was issued with original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any, to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture and the agreements governing any such Pari Passu Indebtedness. The Issuer will commence an Asset Sale Offer as described in this paragraph with respect to Excess Proceeds within 10 Business Days after the date that Excess Proceeds exceed $50.0 million by delivering the notice required pursuant to the terms of the Indenture, with a copy to the Trustee and paying agent. The Issuer may satisfy the foregoing obligations with respect to any Net Cash Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Cash Proceeds prior to the expiration of the relevant 450 days (or such longer period provided above) or with respect to Excess Proceeds of $50.0 million or less.

To the extent that the aggregate amount of Notes and, if applicable, Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for any purpose not otherwise prohibited under the Indenture. If the aggregate principal amount of Notes and, if applicable, Pari Passu Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Issuer shall select the Notes and such Pari Passu Indebtedness to be purchased on a *pro rata* basis based on the accreted value or principal amount of the Notes or such Pari Passu Indebtedness tendered with adjustments as necessary so that no Notes or Pari Passu Indebtedness will be purchased in part in an unauthorized denomination. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds that resulted in the Asset Sale Offer shall be reset to zero (regardless of whether there are any remaining Excess Proceeds upon such completion).

Pending the final application of any Net Cash Proceeds pursuant to this covenant, the holder of such Net Cash Proceeds may apply such Net Cash Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Cash Proceeds in any manner not prohibited by the Indenture.

The procedures for an Asset Sale Offer will be substantially the same as the Change of Control Offer. 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 such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The Senior Credit Facilities prohibit or limit, and future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this Asset Sales covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to permit the purchase of the Notes or could attempt to refinance the Indebtedness that contains

such prohibition. If the Issuer does not obtain such consent or repay such Indebtedness, the Issuer will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture. If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from both of the Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*") then, beginning on that day (the "*Suspension Date*") and continuing until the Reversion Date (as defined below), the covenants specifically listed under the following captions in this "Description of the Notes" section of this offering memorandum will not be applicable to the Notes (collectively, the "*Suspended Covenants*"):

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

(2) "—Limitation on Restricted Payments";

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

(4) clause (4) of the first paragraph of "—Merger, Consolidation or Sale of All or Substantially All Assets";

(5) "—Transactions with Affiliates";

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

(7) "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries".

During any period that the foregoing covenants have been suspended, the Issuer may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the second sentence of the definition of "Unrestricted Subsidiary".

If and while the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") the Notes do not carry an Investment Grade Rating from at least one Rating Agency, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to events occurring on or after the Reversion Date unless and until there shall be a new Suspension Date. The period between a Suspension Date and a Reversion Date is referred to in this description as a "Suspension Period". The Guarantees of the Guarantors will be suspended during the Suspension Period. Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Cash Proceeds shall be reset to zero.

During any Suspension Period, the Issuer and its Restricted Subsidiaries will be entitled to incur Liens to the extent provided for under "—Liens" (including, without limitation, Permitted Liens) and any Permitted Liens that refer to one or more Suspended Covenants shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for the "—Liens" covenant and for no other covenant).

Notwithstanding the foregoing, in the event of any reinstatement of the Suspended Covenants, no action taken or omitted to be taken by the Issuer or any of its Restricted Subsidiaries prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to the Notes; *provided* that (1) with

respect to Restricted Payments made after such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under "—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period; (2) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; (3) all Liens incurred during the Suspension Period will be classified to have been incurred under clause (7) of the definition of "Permitted Liens"; (4) any Affiliate Transaction entered into after such reinstatement pursuant to all agreements and arrangements entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (5) of the second paragraph of the covenant described under "—Transactions with Affiliates"; (5) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (1) through (3) of the covenant described under "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (a) of the covenant described under "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries"; and (6) no Subsidiary of the Issuer shall be required to comply with the covenant described under "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries" after such reinstatement with respect to any guarantee entered into by such Subsidiary during any Suspension Period. In addition, for purposes of clause (3) of the first paragraph under "—Limitation on Restricted Payments", all events set forth in such clause (3) occurring during a Suspension Period shall be disregarded for purposes of determining the amount of Restricted Payments the Issuer or any Restricted Subsidiary is permitted to make pursuant to such clause (3).

On and after each Reversion Date, the Issuer and its Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

The Issuer shall notify the Trustee of the occurrence of any Covenant Suspension Event; *provided* that no such notification shall be a condition for the suspension of the Suspended Covenants to be effective; *provided further* that the Trustee shall be under no obligation to inform Holders of the occurrence of any Covenant Suspension Event.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Restricted Payments

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

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests, including any dividend, payment or distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent company of the Issuer, including in connection with any merger or consolidation, in each case, held by Persons other than the Issuer or any Restricted Subsidiary of the Issuer;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (7), (8) and (9) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(b) the payment, redemption, repurchase, defeasance, acquisition or retirement of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of payment, redemption, repurchase, defeasance, acquisition or retirement; or

(IV) make any Restricted Investment

(all such payments and other actions set forth in clauses (I) through (IV) above (other than any exceptions thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (the "*Fixed Charge Coverage Test*"); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clause (1) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) beginning on October 1, 2016 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, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; plus

(b) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Issuer after the Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") from the issue or sale of:

(i) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of:

(x) Equity Interests to any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any direct or indirect parent company of the Issuer or any of the Issuer's Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such net cash proceeds or other property are actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) Indebtedness of the Issuer or a Restricted Subsidiary that has been converted into or exchanged for such Equity Interests of the Issuer or any direct or indirect parent company of the Issuer;

provided that this clause (b) shall not include the proceeds from (W) Refunding Capital Stock (as defined below) applied in accordance with clause (2) of the next succeeding paragraph, (X) Equity Interests or convertible debt securities of the Issuer sold to a Restricted Subsidiary, (Y) Disqualified Stock or debt securities that have been converted into Disqualified Stock or (Z) Excluded Contributions; plus

(c) 100% of the aggregate amount of cash and the fair market value of marketable securities or other property contributed to the capital of the Issuer after the Issue Date (other than (i) net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", (ii) contributions by a Restricted Subsidiary, (iii) any Excluded Contributions and (iv) proceeds of Indebtedness of any direct or indirect parent company of the Issuer to the extent such proceeds have been contributed to the Issuer or any of its Restricted Subsidiaries and such Indebtedness has been guaranteed by the Issuer or any of its Restricted Subsidiaries); plus

(d) 100% of the aggregate amount received in cash and the fair market value of marketable securities or other property received by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on Investments from, Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries (other than, in each case, to the extent that the Restricted Investment was made pursuant to clause (11) of the next succeeding paragraph), in each case, after the Issue Date; or

(ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than, in each case, to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) or clause (11) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; plus

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the

assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, consolidation or transfer of assets (other than, in each case, to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) or clause (11) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment); plus

(f) $50.0 million.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration thereof or the giving of the redemption notice, if at the date of declaration or the giving of such notice such payment would have complied with the provisions of the Indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests (*"Treasury Capital Stock"*) or Subordinated Indebtedness of the Issuer or any Equity Interests of any direct or indirect parent company of the Issuer, in exchange for, or out of the proceeds of the sale (within 90 days of such redemption, repurchase, retirement or other acquisition or other Restricted Payment) (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent contributed to the Issuer (in each case, other than any Disqualified Stock) (*"Refunding Capital Stock"*), (b) if, immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement, and (c) the declaration and payment of accrued dividends on Treasury Capital Stock out of the proceeds of a sale of Refunding Capital Stock (other than to a Restricted Subsidiary or to an employee stock ownership plan or any trust established by the Issuer or any Restricted Subsidiary) made within 90 days of such sale;

(3) the prepayment, defeasance, redemption, repurchase, exchange or other acquisition or retirement of (A) Subordinated Indebtedness of the Issuer or any Subsidiary Guarantor made by exchange for, or out of the proceeds of the sale (made within 90 days of such prepayment, defeasance, redemption, repurchase, exchange, acquisition or retirement) of, new Indebtedness of the Issuer or any Subsidiary Guarantor, as the case may be, or (B) Disqualified Stock of the Issuer or any Subsidiary Guarantor made by exchange for, or out of the proceeds of the sale (made within 90 days of such prepayment, defeasance, redemption, repurchase, exchange, acquisition or retirement) of, Disqualified Stock of the Issuer or any Subsidiary Guarantor, which, in each case, is incurred or issued, as applicable, in compliance with "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock being so prepaid, defeased, redeemed, repurchased, exchanged, acquired or retired, plus the amount of any premium (including tender premiums) required to be paid under the terms of the instrument governing the Subordinated Indebtedness or Disqualified Stock being so prepaid, defeased, redeemed, repurchased, exchanged, acquired or retired, defeasance costs and any fees and expenses incurred in connection therewith;

(b) such new Indebtedness or Disqualified Stock is subordinated to the Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness or Disqualified Stock so prepaid, defeased, redeemed, repurchased, exchanged, acquired or retired;

(c) such new Indebtedness or Disqualified Stock has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness or Disqualified Stock being so prepaid, defeased, redeemed, repurchased, exchanged, acquired or retired (or, if earlier, the date that is 91 days after the maturity date of the Notes); and

(d) such new Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so prepaid, defeased, redeemed, repurchased, exchanged, acquired or retired (or, if earlier, the date that is 91 days after the maturity date of the Notes);

(4) a Restricted Payment to pay for the repurchase, redemption, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Issuer or any of its direct or indirect parent companies held by any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement (and including, for the avoidance of doubt, any principal and interest on any notes issued by the Issuer or any direct or indirect parent company of the Issuer in connection such repurchase, redemption, retirement or other acquisition and any tax related thereto); *provided* that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year $60.0 million (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of $85.0 million in any calendar year); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

(a) the net cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of the Issuer's direct or indirect parent companies, in each case to any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date, to the extent the net cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; plus

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

(c) the amount of any cash bonuses otherwise payable to employees, officers, directors, members of management or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that are foregone in return for receipt of Equity Interests; less

(d) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a), (b) and (c) of this clause (4);

and *provided further* that cancellation of Indebtedness owing to the Issuer from any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of the Issuer's direct or indirect parent companies or any of the Issuer's Restricted

Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges";

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer or any of its Restricted Subsidiaries after the Issue Date;

(b) the declaration and payment of dividends or distributions to any direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, in the case of each of (a) and (c) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities (until such proceeds are converted to Cash Equivalents), not to exceed the greater of $100.0 million and 3.0% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(8) (a) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise or settlement, as the case may be, of Equity Interests by any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies; and (b) repurchases of Equity Interests deemed to occur upon exercise or settlement, as the case may be, of options, warrants or similar instruments if such Equity Interests represent a portion of the exercise price thereof or required withholding or similar taxes;

(9) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent company to fund a payment of dividends on such company's common stock), following the first public offering of the Issuer's common stock or the common stock of any of its direct or indirect parent companies, in an amount not to exceed 6.0% per annum of the net cash proceeds received by or contributed to the Issuer in or from any such public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-4 or Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments in an amount equal to the amount of Excluded Contributions made;

(11) other Restricted Payments in an aggregate amount, taken together with all other Restricted Payments made pursuant to this clause (11) that are at the time outstanding, not to exceed the greater of $120.0 million and 4.0% of Total Assets at such time;

(12) distributions or payments of Securitization Fees;

(13) any Restricted Payment made in connection with or to fund the Transactions and the fees and expenses related thereto or owed to Affiliates (including dividends or distributions to any direct or indirect parent company of the Issuer to permit payment by such parent of such amount), in each case, to the extent permitted by the covenant described under "—Transactions with Affiliates";

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to the provisions similar to those described under "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Asset Sales"; *provided* that all Notes validly tendered by Holders of such Notes in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed, acquired or retired for value;

(15) the declaration and payment of dividends or distributions by the Issuer or a Restricted Subsidiary to, or the making of loans to, any of their respective direct or indirect parent companies in amounts required for any such direct or indirect parent company to pay, in each case without duplication,

(a) franchise and excise taxes and other fees, taxes and expenses required to maintain its organizational existence;

(b) the tax liability to each foreign, federal, state or local jurisdiction in respect of consolidated, combined, unitary or affiliated returns for such jurisdiction of the Issuer (or such direct or indirect parent company) attributable to the Issuer or its Subsidiaries determined as if the Issuer and its Subsidiaries filed separately; *provided* that payments under this clause (b) in respect of any tax liability attributable to the income of any Unrestricted Subsidiaries of the Issuer may be made only to the extent that such Unrestricted Subsidiaries have made cash payments for such purpose to the Issuer or its Restricted Subsidiaries;

(c) customary wages, salary, director's fees, bonus, severance and other benefits payable to, and indemnities provided on behalf of, current or former employees, officers, directors, members of management, consultants or independent contractors of any direct or indirect parent company of the Issuer and any payroll, social security or similar taxes thereof to the extent such wages, salaries, director's fees, bonuses, severance, indemnification obligations and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(d) general corporate operating and overhead costs and expenses (including, without limitation, those relating to being a public company and expenses for administrative, legal, accounting, consulting and similar services provided by third parties) of any direct or indirect parent company of the Issuer;

(e) fees and expenses other than to Affiliates of the Issuer related to any equity or debt offering, acquisition, disposition or merger of any direct or indirect parent company (whether or not successful);

(f) interest or principal on Indebtedness all of the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and which has been guaranteed by the Issuer or any of its Restricted Subsidiaries in accordance with the covenant described under

"—Limitation on Incurrence of Indebtedness and Issuance of Disqualified and Preferred Stock"; and

(g) to finance Investments that would otherwise be permitted to be made pursuant to the Indenture if made by the Issuer; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such direct or indirect parent company shall, immediately following the closing thereof, cause (x) all property acquired (whether assets or Equity Interests) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (y) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant described under "—Merger, Consolidation or Sale of All or Substantially All Assets") in order to consummate such Investment, (C) such direct or indirect parent company and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (D) any property received by the Issuer or a Restricted Subsidiary shall not increase amounts available for Restricted Payments pursuant to clause (3) of the first paragraph of this covenant and (E) to the extent constituting an Investment, such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (10) of the second paragraph of this covenant) or pursuant to the definition of "Permitted Investments" (other than clause (9) thereof);

(16) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are Cash Equivalents);

(17) the repurchase, redemption or other acquisition for value of Equity Interests deemed to occur in connection with paying cash in lieu of issuing fractional shares in connection with (A) any dividend, distribution, split, reverse split, merger, consolidation, amalgamation or other business combination, in each case, to the extent not prohibited by the Indenture, or (B) the exercise or settlement of options, warrants or similar instruments convertible into or exchangeable for Equity Interests of the Issuer or any direct or indirect parent company of the Issuer; and

(18) the making of any Restricted Payment if, at the time of the making of such payment and after giving *pro forma* effect thereto (including, without limitation, to the Incurrence of any Indebtedness to finance such payments), the Consolidated Total Debt Ratio would not exceed 3.75 to 1.00;

provided that, at the time of, and after giving effect to, any Restricted Payment permitted under clauses (11), (16) and (18), no Default shall have occurred and be continuing or would occur as a consequence thereof.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or a portion thereof) meets the criteria of clauses (1) through (18) above or is entitled to be made pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment (or portion thereof) between such clauses (1) through (18) and such first paragraph in a manner that otherwise complies with this covenant; except that the Issuer may not reclassify any Restricted Payment as having been made under clause (18) of the second paragraph of this covenant if originally made under any other clause of the second paragraph of this covenant or under the first paragraph of this covenant.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the penultimate sentence of the definition of "Unrestricted Subsidiary". For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount

determined as set forth in the penultimate sentence of the definition of "Investments". Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under clause (7), (10), (11) or (18) of the second paragraph of this covenant, or pursuant to the definition of "Permitted Investments", and, if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the covenants set forth in the Indenture.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and 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"* and collectively, an *"incurrence"*), with respect to any Indebtedness (including Acquired Indebtedness), and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided* that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for the Issuer and its Restricted Subsidiaries' most recently ended four 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 2.00 to 1.00, 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, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided further* that the amount of Indebtedness (including Acquired Indebtedness), Disqualified Stock and Preferred Stock that may be incurred or issued, as applicable, pursuant to the foregoing by Restricted Subsidiaries that are not Guarantors shall not (together with any Refinancing Indebtedness in respect thereof) exceed the greater of $150.0 million and 4.5% of Total Assets at any time outstanding.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness under Credit Facilities by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof); *provided* that immediately after giving effect to any such incurrence or issuance, the then-outstanding aggregate principal amount of all Indebtedness incurred or issued under this clause (1) does not exceed the sum of (a) $2,480.0 million, plus (b) the maximum amount of Secured Indebtedness such that after giving *pro forma* effect to such incurrence (in a manner consistent with the calculation of the Fixed Charge Coverage Ratio) the Consolidated Secured Debt Ratio of the Issuer does not exceed 4.00 to 1.00 (provided that for purposes of determining the amount of Indebtedness that may be incurred pursuant to this subclause (b), all Indebtedness incurred pursuant to this subclause (b) shall be deemed to be included in clause (1) of the definition of "Consolidated Secured Debt Ratio");

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Notes (including any Guarantee) (other than any Additional Notes);

(3) Indebtedness of the Issuer and its Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1) and (2));

(4) Indebtedness (including, without limitation, Capitalized Lease Obligations) incurred or Disqualified Stock issued by the Issuer or any of its Restricted Subsidiaries and Preferred Stock issued by any Restricted Subsidiary, to finance the acquisition, construction, repair, replacement or improvement of property (real or personal), equipment or other fixed or capital assets that are used or useful in a Similar Business; *provided* that such Indebtedness exists at the date of the applicable acquisition, construction, repair, replacement or improvement or is created within 365 days thereafter;

(5) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries with respect to letters of credit, bank guarantees, bankers' acceptances, warehouse receipts or similar instruments issued or created in the ordinary course of business, including letters of credit in respect of workers compensation claims, health, 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;

(6) Indebtedness arising from agreements of the Issuer or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earn-outs or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(7) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor is expressly subordinated in right of payment to the Notes; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosed thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (7);

(8) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor incurs such Indebtedness to a Restricted Subsidiary that is not a Guarantor, such Indebtedness is expressly subordinated in right of payment to the Guarantee of such Guarantor; *provided further* that any subsequent transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosed thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another Restricted Subsidiary or any pledge of such Preferred Stock constituting a Permitted Lien (but not foreclosed thereon)) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (9);

(10) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness permitted to be incurred pursuant to "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", exchange rate risk or commodity pricing risk;

(11) obligations in respect of self-insurance and obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Issuer or any of its Restricted Subsidiaries or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case, in the ordinary course of business or consistent with past practice or industry practices;

(12) (a) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary equal to 100.0% of the net cash proceeds received by the Issuer after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than proceeds of Excluded Contributions or Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of the first paragraph of "—Limitation on Restricted Payments" to the extent such net

cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph of "—Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof) and (b) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (12)(b), does not at any time outstanding exceed the greater of $200.0 million and 6.0% of Total Assets;

(13) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness or the issuance of Disqualified Stock or the issuance by any Restricted Subsidiary of Preferred Stock which serves to extend, replace, refund, refinance, renew or defease any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued as permitted under the first paragraph of this covenant and clauses (2), (3), (4) and (12)(a) above, this clause (13) and clause (14) below or any Indebtedness, Disqualified Stock or Preferred Stock issued to so extend, replace, refund, refinance, renew or defease such Indebtedness, Disqualified Stock or Preferred Stock including additional Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to pay premiums (including tender premiums), defeasance costs and accrued interest, fees and expenses in connection therewith (the *"Refinancing Indebtedness"*) prior to its respective maturity; *provided* that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being extended, replaced, refunded, refinanced, renewed or defeased,

(b) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases (i) Indebtedness subordinated or *pari passu* to the Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated or *pari passu* to the Notes or the Guarantee thereof at least to the same extent as the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(c) shall not include:

(i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer;

(ii) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Guarantor; or

(iii) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

and *provided further* that subclause (a) of this clause (13) will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of Indebtedness that matures prior to the Notes;

(14) (x) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred or issued to finance an acquisition (or other purchase of assets), merger or consolidation or (y) Indebtedness, Disqualified Stock or Preferred Stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into or consolidated with or into the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture; *provided* that, after giving effect to such acquisition, merger or consolidation, if more than $50.0 million of

Indebtedness, Disqualified Stock or Preferred Stock is at any time outstanding under this clause (14), either

(a) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test, or

(b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is equal to or greater than immediately prior to such acquisition, merger or consolidation;

(15) Indebtedness (a) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business (*provided* that such Indebtedness is extinguished within 30 Business Days of its incurrence) and (b) in respect of Bank Products;

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

(17) (a) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Indenture, or

(b) any guarantee by a Restricted Subsidiary of Indebtedness or other obligations of the Issuer so long as the incurrence of such Indebtedness incurred by the Issuer is permitted under the terms of the Indenture;

(18) (a) Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to future, present or former officers, directors, employees, members of management and consultants (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing), in each case, to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in clause (4) of the second paragraph under "—Limitation on Restricted Payments"; and (b) Indebtedness representing deferred compensation to employees or directors of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies in the ordinary course of business;

(19) to the extent constituting Indebtedness, customer deposits and advance payments received in the ordinary course of business from customers for goods purchased or services rendered in the ordinary course of business;

(20) Indebtedness owed on a short-term basis of no longer than 30 days to any bank or other financial institution incurred in the ordinary course of business with such bank or financial institution, which arises in connection with ordinary banking arrangements to manage cash balances of the Issuer or any of its Restricted Subsidiaries;

(21) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business on arm's length, commercial terms on a recourse basis;

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

(23) Indebtedness of Foreign Subsidiaries of the Issuer in an amount not to exceed, at any time outstanding and together with any other Indebtedness incurred under this clause (23), the greater of $200.0 million and 6.0% of Total Assets;

(24) guarantees incurred in the ordinary course of business in respect of obligations of (or to) suppliers, vendors, distributors, customers, franchisees, lessors and licensees that, in each case, are non-Affiliates;

(25) to the extent constituting Indebtedness, obligations of the Issuer or a Restricted Subsidiary as seller or servicer under a Securitization Facility and any guarantee by the Issuer or any Restricted Subsidiary of such Indebtedness; and

(26) Indebtedness incurred or Disqualified Stock issued by the Issuer or Indebtedness, Disqualified Stock or Preferred Stock incurred or issued by a Restricted Subsidiary, in each case, to the extent that the net proceeds thereof are promptly deposited to defease, redeem or satisfy and discharge the Notes in accordance with the Indenture.

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (26) of the second paragraph above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, may divide and/or classify, or at any later time re-divide and/or reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant; *provided* that all Indebtedness outstanding under the Senior Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (1) of the second paragraph above;

(2) the Issuer will be entitled to divide and/or classify, or at any later time re-divide and/or reclassify, any item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above without giving *pro forma* effect to the Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) incurred pursuant to the second paragraph of this covenant when calculating the amount of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) that may be incurred pursuant to the first paragraph of this covenant; and

(3) any guarantee of, or obligation in respect of any letter of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; *provided* that the incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with this covenant.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, of the same class, and accretion or amortization of liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies, will each not be deemed to be an incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or incurred, in the case of revolving credit debt (whichever yields the lower U.S. dollar equivalent); *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (x) the principal amount of such Indebtedness being refinanced plus (y) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange

rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will provide that the Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is contractually subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuer or such Guarantor, as the case may be.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Indenture will provide that the Issuer will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness or any related guarantee of Indebtedness, on any asset or property of the Issuer or any Subsidiary Guarantor, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of Liens securing Subordinated Indebtedness, the Notes and related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Notes or the Guarantees are equally and ratably secured,

provided that the foregoing shall neither apply to nor restrict (a) Liens securing the Notes and the related Guarantees, (b) Liens securing Indebtedness permitted to be incurred under Credit Facilities, including any letter of credit facility relating thereto, that was permitted by the terms of the Indenture to be incurred pursuant to clause (1) of the second paragraph under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (c) Liens securing Indebtedness permitted to be incurred under the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that, with respect to Liens securing Indebtedness permitted under this subclause (c), at the time of incurrence and after giving *pro forma* effect thereto, the Consolidated Secured Debt Ratio would be no greater than 4.00 to 1.00.

Any Lien created for the benefit of the Holders of the Notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be deemed automatically and unconditionally released and discharged upon (a) the release by the holders of the Indebtedness described above of their Lien on the property or assets of the Issuer or any Subsidiary Guarantor (including any deemed release upon payment in full of all obligations under such Indebtedness (except upon foreclosure or default of such Indebtedness)), (b) any sale, exchange or transfer to any Person other than the Issuer or any Guarantor of the property or assets secured by such Lien, or of all of the Capital Stock held by the Issuer or any Guarantor in, or all or substantially all the assets of, any Subsidiary Guarantor creating such Lien, in each case, in accordance with the terms of the Indenture, (c) payment in full of the principal of, and accrued and unpaid interest, if any, on the Notes, or (d) a defeasance or discharge of the Notes in accordance with the procedures described under "—Legal Defeasance and Covenant Defeasance" or "—Satisfaction and Discharge".

For purposes of determining compliance with this covenant, (x) a Lien need not be incurred solely by reference to one category of Permitted Liens or one category of permitted Liens described in the proviso to the first paragraph above but may be incurred under any combination of such categories (including in part under one such category and in part under any one or more of such other such categories) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories, the Issuer, in its sole discretion, may

divide and/or classify, or at any later time re-divide and/or reclassify, such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of "Permitted Liens".

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving Person or the Person formed by or surviving any such consolidation, merger or wind-up (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof, any member state of the European Union or the United Kingdom (such Person, as the case may be, being herein called the *"Successor Company"*);

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Notes pursuant to supplemental indentures or other documents or instruments;

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

(4) immediately after giving *pro forma* effect to such transaction and any related financing or debt reduction transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(a) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test set forth in the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", or

(b) the Fixed Charge Coverage Ratio for the Successor Company and the Restricted Subsidiaries would be equal to or greater than the Fixed Charge Coverage Ratio for the Issuer and the Restricted Subsidiaries immediately prior to such transaction;

(5) each Subsidiary Guarantor, unless it is the other party to the transactions described above, in which case clause (1)(b) of the second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; and

(6) the Successor Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture.

The Successor Company, if not the Issuer, will succeed to, and be substituted for, the Issuer under the Indenture and the Notes and in such event the Issuer will automatically be released and discharged from its obligations under the Indenture and the Notes. Notwithstanding the immediately preceding clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate or merge with or into or wind up into or transfer all or part of its properties and assets to the Issuer or any Subsidiary Guarantor, and

(2) the Issuer may merge with an Affiliate of the Issuer solely for the purpose of reorganizing the Issuer in another state of the United States, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not materially increased thereby.

Subject to the provisions of the Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Subsidiary Guarantor, no Subsidiary Guarantor will, and the Issuer will not permit any Subsidiary Guarantor to, consolidate or merge with or into or wind up into (whether or not such Subsidiary Guarantor is the

surviving person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Subsidiary Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, merger or wind-up (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person being herein called the *"Successor Person"*);

(b) the Successor Person, if other than such Subsidiary Guarantor, expressly assumes all the obligations of such Subsidiary Guarantor under the Indenture and such Subsidiary Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments;

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

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) the transaction is made in compliance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales".

Subject to certain limitations described in the Indenture, the Successor Person will succeed to, and be substituted for, such Subsidiary Guarantor under the Indenture and such Subsidiary Guarantor's Guarantee and in such event such Subsidiary Guarantor will automatically be released and discharged from its obligations under the Indenture and its Guarantee. Notwithstanding the foregoing, any Subsidiary Guarantor may (1) consolidate or merge with or into or wind up into or transfer all or part of its properties and assets to the Issuer or any Subsidiary Guarantor, (2) merge with an Affiliate of the Issuer solely for the purpose of reorganizing the Subsidiary Guarantor in another jurisdiction so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby and so long as the surviving entity (if not the Subsidiary Guarantor) assumes all of the Subsidiary Guarantor's obligations under its Guarantee in connection with such reorganization, (3) convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor or (4) liquidate or dissolve or change its legal form if the Issuer determines in good faith that such action is in the best interests of the Issuer and is not materially disadvantageous to the Holders, in each case, without regard to the requirements set forth in the preceding paragraph.

This "—Merger, Consolidation or Sale of All or Substantially All Assets" covenant will not apply to any consolidation or merger or winding up or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Issuer and its Restricted Subsidiaries.

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 of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $30.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or its 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 on an arm's-length basis; and

(2) the Issuer delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $50.0 million,

a resolution adopted by the majority of the board of directors of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer or any of its Restricted Subsidiaries;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "—Limitation on Restricted Payments" (including any payments that are exceptions to the definition of Restricted Payments set forth in clauses (I) through (IV) of the first paragraph of such covenant, but excluding any payments pursuant to clause (13) of the second paragraph of such covenant) and the definition of "Permitted Investments";

(3) the payment of reasonable and customary fees and compensation paid to, and indemnities and reimbursements and employment and severance arrangements provided on behalf of or for the benefit of, current or former officers, directors, employees, members of management or consultants of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies;

(4) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its 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 on an arm's-length basis;

(5) any agreement or arrangement as in effect as of the Issue Date, and any transaction pursuant thereto or contemplated thereby, or any amendment, modification or supplement thereto or replacement thereof (so long as any such amendment, modification, supplement or replacement is not disadvantageous to the Holders in any material respect when taken as a whole as compared to the applicable agreement or arrangement as in effect on the Issue Date as reasonably determined by the Issuer in good faith);

(6) the Transactions and the payment of all fees and expenses related to the Transactions, in each case, as contemplated by this offering memorandum;

(7) (a) transactions with customers, clients, suppliers or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party or (b) payments to or from, and transactions with, any joint venture partner or joint venture or Unrestricted Subsidiaries entered into in the ordinary course of business or consistent with past practice;

(8) the sale or issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any director, officer, employee or consultant of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies;

(9) sales of accounts receivable, or participations therein, or Securitization Assets or related assets in connection with any Qualified Securitization Facility;

(10) (a) loans or advances or guarantees in respect thereof (or cancellation of loans, advances or guarantees) to any future, present or former director, officer, employee, member of

management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies or otherwise made on behalf of the Issuer or any of its Restricted Subsidiaries that are, in each case, approved by the Issuer in good faith, and (b) payments to, and transactions with, any future, present or former director, officer, employee, member of management or consultant of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement that is, in each case, approved by the Issuer in good faith; and any employment agreement, stock option plan and other compensatory arrangement (and any successor plan thereto) and any supplemental executive retirement benefit plan or arrangement with any such director, officer, employee, member of management or consultant that is, in each case, approved by the Issuer in good faith;

(11) payments by the Issuer (and any direct or indirect parent company of the Issuer) and its Subsidiaries pursuant to tax sharing agreements among the Issuer (and any such direct or indirect parent company of the Issuer) and its Subsidiaries;

(12) any guarantee by any direct or indirect parent company of the Issuer of Indebtedness of the Issuer or any Guarantor that was permitted by the Indenture;

(13) any transaction with a Person that would constitute an Affiliate Transaction solely because the Issuer or any of its Restricted Subsidiaries directly or indirectly owns an Equity Interest in or otherwise controls such Person;

(14) any lease entered into in the ordinary course of business between the Issuer or any Restricted Subsidiary, on the one hand, and any Affiliate of the Issuer, on the other hand, which is approved by the Issuer in good faith;

(15) intellectual property licenses in the ordinary course of business;

(16) any contribution to the capital stock of the Issuer;

(17) transactions between the Issuer or any Restricted Subsidiary and any Person that is an Affiliate of the Issuer or any Restricted Subsidiary solely because a director of such Person, any of its Subsidiaries or any direct or indirect parent company of such Person is also a director of the Issuer, any of its Subsidiaries or any direct or direct parent company of the Issuer; *provided* that such director abstains from voting as a director of the Issuer, such Restricted Subsidiary or such parent company of the Issuer, as the case may be, on any such transaction;

(18) transactions with Affiliates solely in their capacity as holders of Indebtedness or Equity Interests of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies, so long as such transaction is with all holders of such class (and there are non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such Indebtedness or Equity Interests generally; and

(19) pledges of Equity Interests of any Unrestricted Subsidiary.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

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

(1) (a) pay dividends or make any other distributions to the Issuer or any Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any Guarantor;

(2) make loans or advances to the Issuer or any Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Guarantor,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation and Hedging Obligations;

(b) the Indenture, the Notes and the guarantees thereof;

(c) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person acquired by or merged or consolidated with or into or wound up into the Issuer or any of its Restricted Subsidiaries, or of an Unrestricted Subsidiary that is designated as a Restricted Subsidiary, or that is assumed in connection with the acquisition of assets from such Person, in each case, that is in existence at the time of such transaction (but, in any such case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired, designated or assumed;

(f) any contract or agreement for the sale of assets, including any customary restriction with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or other disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness otherwise permitted to be incurred pursuant to the covenants described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens" that limit the right of the debtor to dispose of the assets securing such Indebtedness;

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

(i) other Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred or issued subsequent to the Issue Date pursuant to the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and either (A) the provisions relating to such encumbrance or restriction contained in such Indebtedness, Disqualified Stock or Preferred Stock are not materially more restrictive, taken as a whole, as determined by the Issuer in good faith, than the provisions contained in the Senior Credit Facilities as in effect on the Issue Date or (B) any such encumbrance or restriction contained in such Indebtedness, Disqualified Stock or Preferred Stock will not materially affect the Issuer's ability to make principal or interest payments on the Notes when due;

(j) customary provisions in any operating agreement, joint venture agreement, asset sale agreement or other similar agreement or other similar arrangements;

(k) customary provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, including, without limitation, with respect to intellectual property, in each case, entered into in the ordinary course of business;

(l) any encumbrance or restriction of the type referred to in clauses (1), (2) and (3) above imposed by any amendment, modification, restatement, renewal, increase,

supplement, refunding, replacement or refinancing of any of the contracts, instruments or obligations referred to in clauses (a) through (k) above and clauses (m) through (o) below; *provided* that such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing is, 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 prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing;

(m) restrictions created in connection with any Qualified Securitization Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Qualified Securitization Facility;

(n) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; and

(o) restrictions contained in agreements (other than Indebtedness) arising in the ordinary course of business; *provided* that such restrictions do not prohibit (except upon an event of default thereunder) the payment of dividends in an amount sufficient, as determined by the Issuer in good faith, to make principal or interest payments on the Notes when due.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary that is a wholly owned Domestic Subsidiary, other than a Guarantor, to guarantee the payment of any Indebtedness (or any interest on such Indebtedness) under the Senior Credit Facilities unless:

(1) such Restricted Subsidiary within 45 days of such guarantee executes and delivers a supplemental indenture to the Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Notes; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any right of reimbursement, indemnity or subrogation or any other right against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee.

The Issuer may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case such Subsidiary shall not be required to comply with the 45-day period described above. In addition, the Issuer may elect, in its sole discretion, to cause any direct or indirect parent company of the Issuer to guarantee the Notes, and, for the avoidance of doubt, any direct or indirect parent company of the Issuer that may guarantee the Notes in the future shall not be subject to any of the covenants or restrictions of the Indenture. Any guarantee of the Notes provided by any direct or indirect parent company of the Issuer may be released at any time in the Issuer's sole discretion.

Reports and Other Information

Whether or not the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as the Notes are outstanding, the Issuer will furnish to the Holders or cause the Trustee to furnish to the Holders or post on its website or file with the SEC for public availability:

(1) within 90 days after the end of each fiscal year (or such other period then in effect under the rules and regulations promulgated under the Exchange Act with respect to the filing of an Annual Report on Form 10-K by a non-accelerated filer), an annual report as would be required to be filed with the SEC on Form 10-K if the Issuer were required to file such reports;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (or such other period then in effect under the rules and regulations promulgated under the Exchange Act with respect to the filing of a Quarterly Report on Form 10-Q by a non-accelerated filer), a quarterly report as would be required to be filed with the SEC on Form 10-Q if the Issuer were required to file such reports; and

(3) as soon as practicable (and in any event no later than 5 days after the period then in effect under the rules and regulations promulgated under the Exchange Act with respect to the filing of a Current Report on Form 8-K) after the occurrence of an event required to be therein reported, a current report as would be required to be filed with the SEC on Form 8-K if the Issuer were required to file such reports;

provided, *however*, that, if the last day of any such period is not a Business Day, such report will be due on the next succeeding Business Day. All such reports will be prepared in all material respects in accordance with all of the rules and regulations of the SEC applicable to such reports, except that such reports (a) will not be required to include separate financial information that would be required by Rules 3-10 and 3-16 of Regulation S-X and (b) will not be subject to the Trust Indenture Act.

The Issuer or any direct or indirect parent company of the Issuer will maintain a public or non-public website on which Holders, prospective investors and securities analysts are given access to the annual and quarterly financial information described above. If the website containing the financial reports is not available to the public, the Issuer or any direct or indirect parent company of the Issuer will direct Holders, prospective investors and securities analysts on its publicly available website to contact the Issuer to obtain access to the non-public website.

If any direct or indirect parent company of the Issuer files reports with the SEC in accordance with Section 13 of 15(d) of the Exchange Act, whether voluntarily or otherwise, in compliance with the filing periods specified in the first paragraph of this covenant, then the Issuer shall be deemed to comply with this covenant. For the avoidance of doubt, such reports need not include separate financial information required by Rules 3-10 and 3-16 of Regulation S-X; *provided* that, if such direct or indirect parent company of the Issuer has more than *de minimis* operations separate and apart from its ownership in the Issuer, then the financial statements of the direct or indirect parent company will be required to provide consolidating information, which need not be audited, that explains in reasonable detail the differences between the information relating to such parent company and its Subsidiaries, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand.

In addition, to the extent not satisfied by the foregoing, the Issuer will agree that, for so long as any Notes are outstanding, it will furnish to Holders, securities analysts and prospective investors in the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its obligations hereunder for purposes of clause (3) under "—Events of Default and Remedies" until 120 days after the date any report hereunder is due, and failure to comply with this covenant shall be automatically cured when the Issuer or its direct or indirect parent company provides all required reports to the Holders (including, without limitation, to the Trustee for delivery to the Holders) or files all required reports with the SEC.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain on or prior to the first interest payment date a listing of the Notes on the Exchange and the admission of the Notes to trading on the Official List of the Exchange, and use its commercially reasonable efforts to maintain such listing for so long as such Notes are outstanding; *provided* that, if at any time the Issuer determines that it will not maintain such listing, it will use commercially reasonable efforts to obtain, prior to the delisting of the Notes from the Exchange, a listing of such Notes on another recognized stock exchange, and thereafter use its commercially reasonable efforts to maintain such listing.

Events of Default and Remedies

The Indenture will provide that each of the following is an Event of Default:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice of such failure given by the Trustee or the Holders of not less than 30% in principal amount of the Notes then outstanding to comply with any of its obligations, covenants or agreements contained in the Indenture or the Notes (other than a default referred to in clauses (1) and (2) above);

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) or the payment of which is guaranteed by the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate $100.0 million or more at any time outstanding;

(5) failure by the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $100.0 million (net of any amounts which are covered by independent third-party insurance), which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency as described in the Indenture with respect to the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary); or

(7) the Guarantee of any Significant Subsidiary shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer of any Guarantor that is a

Significant Subsidiary, as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 30% in principal amount of the then-outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding Notes to be due and payable immediately; *provided* that, so long as any Indebtedness permitted to be incurred under the Indenture as part of the Senior Credit Facilities shall be outstanding, no such acceleration shall be effective until the earlier of:

(1) acceleration of any such Indebtedness under the Senior Credit Facilities; or

(2) five Business Days after the giving of written notice of such acceleration to the Issuer and the Representative with respect to the Senior Credit Facilities.

Upon the effectiveness of such declaration, such principal and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Notes will become due and payable without further action or notice. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default or Event of Default, except a Default or Event of Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee will have no obligation to accelerate the Notes if in the best judgment of the Trustee acceleration is not in the best interests of the Holders of the Notes.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then-outstanding Notes by notice to the Trustee may on behalf of the Holders of all such 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, premium, if any, or the principal of any Note held by a non-consenting Holder) and rescind any acceleration with respect to the Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction). In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;

(2) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the then-outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holder has offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in principal amount of the then-outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Indenture the Holders of a majority in principal amount of the then-outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability.

The Indenture will provide that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required, within 20 Business Days after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default, unless such Default has been cured.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer, any Guarantor or any of their direct or indirect parent companies shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Indenture will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes and have each Guarantor's obligation discharged with respect to its Guarantee (*"Legal Defeasance"*) and cure all then-existing Events of Default, if any, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due solely out of the trust created pursuant to the Indenture;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of such 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 its obligations and those of each Guarantor released with respect to certain covenants that are described in the Indenture (*"Covenant Defeasance"*) and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining 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 with respect to the Notes:

(1) the Issuer must irrevocably deposit with the Trustee or an agent of the Trustee, in trust, for the benefit of the Holders of such Notes, cash in euro, European Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, a nationally recognized investment bank or a nationally recognized appraisal or valuation firm, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on the Notes and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee or an agent of the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the "*Applicable Premium Deficit*") only required to be deposited with the Trustee or an agent of the Trustee on or prior to the redemption date. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions,

(a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(b) since the original issuance of the Notes, 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 shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, 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 shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, the Holders 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) no Event of Default (other than that resulting from any borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, the Senior Credit Facilities or any other material agreement or instrument (other than the Indenture) to which, the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from any borrowing of funds to be applied to make such deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditor of the Issuer, any Guarantor or others; and

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Notwithstanding the foregoing, an Opinion of Counsel required by clause (2) with respect to Legal Defeasance need not be delivered if all of the Notes theretofore delivered to the Trustee for cancellation (x) have become due and payable or (y) will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to the Notes, when either:

(1) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) (a) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee or an agent of the Trustee as trust funds in trust solely for the benefit of the Holders, cash in euro, European Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption; *provided* that, upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee or an agent of 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 or an agent of the Trustee on or prior to the redemption date. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(b) no Event of Default (other than that resulting from any borrowing of funds to be applied to make such deposit or any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to the Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under the Senior Credit Facilities or any other material agreement or instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than resulting from any borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all sums payable by it under the Indenture; and

(d) the Issuer has delivered irrevocable instructions to the Trustee or an agent of the Trustee 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 Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any Guarantee and the Notes 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 consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes issued thereunder may be waived with the consent of the Holders of a majority in principal amount of the then-outstanding Notes, other than the Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes). However, without the consent of 90% in aggregate principal amount of the Notes then outstanding, no amendment may:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or alter or waive the provisions with respect to the redemption of such Notes (other than provisions relating to (a) notice periods (to the extent consistent with applicable requirements of clearing and settlement systems) for redemption and conditions to redemption and (b) provisions relating to the covenants described under "—Repurchase at the Option of Holders");

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

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes then outstanding and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Guarantee which cannot be amended or modified without the consent of all Holders;

(5) make any Note payable in money other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;

(7) make any change in these amendment and waiver provisions;

(8) impair the right of any Holder to receive payment of principal of, premium, if any, or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(9) contractually subordinate Notes to any other Indebtedness of the Issuer or any Guarantor; or

(10) except as expressly permitted by the Indenture, modify the Guarantees of any Significant Subsidiary in any manner adverse to the Holders.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee or the Indenture to which it is a party) and the Trustee may amend or supplement the Indenture and any Guarantee or Notes without the consent of any Holder:

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

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

(3) to comply with the covenant relating to mergers, consolidations and sales of assets;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to provide for the issuance of Additional Notes in accordance with the terms of the Indenture;

(8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or a successor paying agent thereunder pursuant to the requirements thereof;

(9) to provide for the issuance of exchange notes or private exchange notes, which are identical to exchange notes except that they are not freely transferable;

(10) to add a Guarantor or co-obligor under the Indenture or to release a Guarantor in accordance with the terms of the Indenture;

(11) to conform the text of the Indenture, Guarantees or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, Guarantees or Notes;

(12) to amend the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; *provided* that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes;

(13) to mortgage, pledge, hypothecate or grant any other Lien in favor of the Trustee for the benefit of Holders, as security for the payment and performance of all or any portion of the Notes, in any property or assets;

(14) to provide for the succession of any parties to the Indenture (and other amendments that are administrative or ministerial in nature); or

(15) to comply with the rules of any applicable securities depositary.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment, waiver or consent. It is sufficient if such consent approves the substance of the proposed amendment, waiver or consent. For the avoidance of doubt, no amendment to, or deletion of, any of the covenants described under "—Repurchase at the Option of Holders" and "—Certain Covenants", shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or premium, if any, or interest on, the Notes.

Measuring Compliance

With respect to any (x) Investment or acquisition, in each case, for which the Issuer or any Subsidiary of the Issuer may not terminate its obligations (or may not do so without incurring significant expense) due to a lack of financing for such Investment or acquisition (whether by merger, consolidation or other business combination or the acquisition of Capital Stock or otherwise), as applicable, and (y) repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice), which may be conditional, has been delivered, in each case, for purposes of determining:

(1) whether any Indebtedness (including Acquired Indebtedness) that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(2) whether any Lien being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness or to secure any such Indebtedness is permitted to be incurred in accordance with the covenant described under the caption "—Certain Covenants—Liens" or the definition of "Permitted Liens";

(3) whether any other transaction undertaken or proposed to be undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in the Indenture or the Notes; and

(4) any calculation of the ratios, including Fixed Charge Coverage Ratio, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Consolidated Net Income, EBITDA or Total Assets and, whether a Default or Event of Default exists in connection with the foregoing,

at the option of the Issuer, the date the definitive agreement for such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is entered into or irrevocable notice, which may be conditional, of such repayment, repurchase or refinancing of Indebtedness is given to the holders of such Indebtedness (the *"Transaction Agreement Date"*) may be used as the applicable date of determination, as the case may be, in each case with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of "EBITDA". For the avoidance of doubt, if the Issuer elects to use the Transaction Agreement Date as the applicable date of determination in accordance with the foregoing, (a) any fluctuation or change in the Fixed Charge Coverage Ratio, Consolidated Total Debt Ratio, Consolidated Secured Debt Ratio, Consolidated Net Income, EBITDA or Total Assets of the Issuer from the Transaction Agreement Date to the date of consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining whether (x) any Indebtedness or Lien that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred or (y) any other transaction undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in the Indenture or the Notes, and (b) until such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is consummated or such definitive agreement is terminated, such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness and Liens) will be given *pro forma* effect when determining compliance of other transactions (including the incurrence of Indebtedness and Liens unrelated to such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness) that are consummated after the Transaction Agreement Date and on or prior to the date of such consummation or termination. In addition, the Indenture will provide that compliance with any requirement relating to the absence of a Default or Event of Default may be determined as of the Transaction Agreement Date and not as of any later date as would otherwise be required under the Indenture.

For purposes hereof, the *"maximum fixed repurchase price"* of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock, such fair market value shall be determined reasonably and in good faith by the Issuer.

For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in cash by such Person with respect thereto.

Notices

Notices given by publication or electronic delivery will be deemed given on the first date on which publication or electronic delivery is made, notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing and notices given to Euroclear or Clearstream, as applicable, shall be

sufficiently given if given according to the applicable procedures of Euroclear or Clearstream, as applicable. For so long as any Notes are represented by one or more global notes, all notices to Holders will be delivered to Euroclear and Clearstream.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer, 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 Indenture will provide that 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, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which shall not be cured), 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 his own affairs. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations can be read into the Indenture against the Trustee. 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, unless such Holder shall have offered to the Trustee security, indemnity and/or prefunding satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the Notes and any Guarantee will be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles to the extent the law of another jurisdiction would be applied thereby.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. For purposes of the Indenture, unless otherwise specifically indicated, the term *"consolidated"* with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"Acquired Indebtedness" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged or consolidated with or into or wound up into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging or consolidating with or into, winding up into or becoming a Restricted Subsidiary of such specified Person, or

(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"* (including, with correlative meanings, the terms *"controlling"*, *"controlled by"* and *"under common control with"*), as used with respect to any Person, shall mean 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.

"Applicable Premium" means, with respect to a Note on any applicable Redemption Date, the greater of

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

(2) the excess, if any, of

(a) the present value at such Redemption Date of (i) the redemption price of the Note on , 2019 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption") plus (ii) all required interest payments due on the Note through , 2019 (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate equal to the Bund Rate as of such Redemption Date plus 50 basis points; over

(b) the then outstanding principal amount of the Note.

"Asset Sale" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including, without limitation, by way of a Sale and Lease-Back Transaction) of the Issuer or any of its Restricted Subsidiaries (each referred to in this definition as a *"disposition"*); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of Cash Equivalents or Investment Grade Securities or obsolete, worn out or surplus property in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale or no longer used or useful in the ordinary course of business;

(b) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions described above under "—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) the making of any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" or any Permitted Investment;

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than $50.0 million;

(e) any disposition of property or assets by a Restricted Subsidiary, or the issuance of securities by a Restricted Subsidiary, in either case, to the Issuer or another Restricted Subsidiary, or by the Issuer to a Restricted Subsidiary;

(f) to the extent allowable under Section 1031 of the Internal Revenue Code, or comparable law or regulation, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) the lease, assignment, sub-lease, license or sub-license of any real or personal property in the ordinary course of business;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) any foreclosure, condemnation or similar action on assets or the granting of Liens not prohibited by the Indenture;

(j) sales of accounts receivable, or participations therein, or Securitization Assets or related assets, in each case, in connection with any Qualified Securitization Facility;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by the Indenture;

(l) the sale, discount or other disposition of inventory, accounts receivable, notes receivable or other assets in the ordinary course of business or the conversion of accounts receivable to notes receivable in connection with the collection or compromise thereof;

(m) the licensing or sub-licensing of intellectual property, software or other general intangibles in the ordinary course of business;

(n) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(o) the unwinding of Hedging Obligations;

(p) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(q) the lapse, abandonment or disposition of intellectual property rights in the ordinary course of business, which rights, in the reasonable good faith determination of the Issuer, are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(r) the issuance of director qualifying shares and shares issued to foreign nationals as required by applicable law;

(s) the granting of a Lien that is permitted under the covenant described under "—Certain Covenants—Liens" or any Permitted Lien; and

(t) any transfer of property subject to a casualty event upon receipt of the net cash proceeds of such casualty event.

"Bank Products" means any facilities or services related to cash management, including treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer and other cash management arrangements.

"Bund Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from such redemption date to , 2019; *provided, however*, that, if the period from the redemption date to , 2019 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that, if the period from such redemption date to , 2019 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"Business Day" means each day which is not a Legal Holiday.

"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 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.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; *provided* that any obligation of any Person that would not be required to be included on a balance sheet of such Person as a capital lease obligation under GAAP as existing on the Issue Date shall for all purposes under the Indenture (including, without limitation, the calculation of Consolidated Net Income and EBITDA) not be treated as a capital lease obligation, Capitalized Lease Obligation or Indebtedness.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on any consolidated balance sheet of such Person and its Restricted Subsidiaries.

"Cash Equivalents" means:

(1) United States dollars;

(2) (a) pounds sterling, euros or any national currency of any participating member state of the EMU; and

(b) local currencies of any other jurisdiction held by the Issuer or any of its Restricted Subsidiaries from time to time in the ordinary course of business;

(3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government or any government of any member of the European Union or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full-faith-and-credit obligation of such government with maturities of 24 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar 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 domestic or foreign commercial bank having capital and surplus of not less than $250.0 million in the case of U.S. banks and $100.0 million (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(5) repurchase obligations for underlying securities of any of the types described in clauses (3), (4), (7) and (8) entered into with any financial institution or recognized securities dealer meeting the qualifications specified in clause (4) above;

(6) commercial paper and variable- or fixed-rate notes rated at least P-2 by Moody's or at least A-2 by S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) and in each case maturing within 24 months after the date of creation thereof and Indebtedness or Preferred Stock issued by Persons with a rating of "*A*" or higher from S&P or "*A2*" or higher from Moody's with maturities of 24 months or less from the date of acquisition;

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) and in each case maturing within 24 months after the date of creation or acquisition thereof;

(8) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or the European Union or any political subdivision or taxing authority thereof having an Investment Grade Rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) with maturities of 24 months or less from the date of acquisition;

(9) readily marketable direct obligations issued by any foreign government or any political subdivision or public instrumentality thereof, in each case having an Investment Grade Rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) with maturities of 24 months or less from the date of acquisition;

(10) Investments with average maturities of 12 months or less from the date of acquisition in money market funds given one of the three highest ratings by S&P or Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency); and

(11) investment funds investing 90% of their assets in securities of the types described in clauses (1) through (10) above; and

in the case of Investments by any Foreign Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States, Cash Equivalents shall also include (a) assets and investments of the type and, to the extent applicable, maturity described in clauses (1) through (8) and clauses (10) and (11) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (b) other short-term investments utilized by Foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (11) and in this paragraph.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided* that such amounts are converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

At any time at which the value, calculated in accordance with GAAP, of all investments of the Issuer and its Restricted Subsidiaries that were deemed, when made, to be Cash Equivalents in accordance with clauses (1) through (11) above exceeds the Indebtedness of the Issuer and its Restricted Subsidiaries, *"Cash Equivalents"* shall also mean any investment (a *"Qualifying Investment"*) that satisfies the following two conditions: (a) the Qualifying Investment is of a type described in clauses (1) through (10) of the first paragraph of this definition, but has an effective maturity (whether by reason of final maturity, a put option or, in the case of an asset-backed security, an average life) of five years and one month or less from the date of such Qualifying Investment (notwithstanding any provision contained in such clauses (1) through (10) requiring a shorter maturity); and (b) the weighted average effective maturity of such Qualifying Investment and all other investments that were made as Qualifying Investments in accordance with this paragraph does not exceed two years from the date of such Qualifying Investment.

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

(1) the sale, lease or transfer, in one transaction or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person; or

(2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any

person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), in a single transaction or a series of related transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of more than 50.0% of the voting power of the Voting Stock of the Issuer (directly or through the acquisition of voting power of Voting Stock of any of the Issuer's direct or indirect parent companies);

provided, however, that (1) a transaction in which Parent or any direct or indirect parent of the Issuer becomes a Subsidiary of another Person (other than a Person that is an individual, such Person that is not an individual, the "*Other Person*") shall not constitute a Change of Control if (a) the shareholders beneficially owning 100.0% of the voting power of the outstanding Voting Stock of Parent or such parent immediately prior to such transaction "beneficially own" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, at least a majority of the voting power of the outstanding voting stock of Parent or such parent, immediately following the consummation of such transaction, and no "person" or "group" (as such terms are defined above) beneficially owns (as such term is defined above) more than 50.0% of the voting power of the outstanding Voting Stock of Parent or such parent immediately following such transaction if such "person" or "group" (as such terms are defined above) did not beneficially own (as such term is defined above) more than 50.0% of the voting power of the outstanding Voting Stock of Parent or such parent prior to such transaction or (b) immediately following the consummation of such transaction, no "person" or "group" (as such terms are defined above), other than the Other Person (but including the holders of the Equity Interests of the Other Person), "beneficially owns" (as such term is defined above), directly or indirectly through one or more intermediaries, more than 50.0% of the voting power of the outstanding Voting Stock of the Parent or such parent or the Other Person; (2) any transaction in which the Issuer remains a Wholly Owned Subsidiary of Parent, but one or more intermediate holding companies between Parent and the Issuer are added, liquidated, merged or consolidated out of existence, shall not constitute a Change of Control; (3) any holding company whose only significant asset is Capital Stock of the Issuer, Parent or any direct or indirect parent of the Issuer shall not itself be considered a "person" or "group" (as such terms are defined above) for purposes of this definition; (4) the transfer of assets between or among the Parent, the Restricted Subsidiaries and the Issuer in accordance with the terms of the Indenture shall not itself constitute a Change of Control; and (5) a "person" or "group" (as such terms are defined above) shall not be deemed to "beneficially own" (as such term is defined above) securities subject to a stock purchase agreement, merger agreement or similar agreement (or any voting or option agreement related thereto) until the consummation of the transactions contemplated by such agreement.

"Clearstream" means Clearstream Banking, *société anonyme*, or any successor securities clearing agency.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees or costs and Capitalized Software Expenditures of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, made (less net payments, if any, received), pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (t) any expense resulting from the discounting of any Indebtedness in connection with the application of

purchase accounting in connection with any acquisition, (u) penalties and interest relating to taxes, (v) any *"additional interest"* owing pursuant to any registration rights agreement with respect to securities, (w) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (x) any expensing of bridge, commitment and other financing fees, (y) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Qualified Securitization Facility and (z) any accretion of accrued interest on discounted liabilities); plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; plus

(3) interest paid, directly or indirectly (through dividends or otherwise), on Indebtedness of any direct or indirect parent company of the Issuer to the extent all of the proceeds of such Indebtedness have been contributed to the Issuer or any of its Restricted Subsidiaries and such Indebtedness has been guaranteed by the Issuer or any of its Restricted Subsidiaries; less

(4) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* that, without duplication,

(1) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including relating to any multi-year strategic initiatives), Transaction Expenses, severance, relocation costs and curtailments or modifications to pension and post-retirement employee benefit plans shall be excluded,

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period,

(3) any net after-tax gain or loss on disposal of disposed, abandoned or discontinued operations shall be excluded,

(4) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions or abandonments or the sale or other disposition of any Equity Interests of any Person other than in the ordinary course of business shall be excluded,

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided* that the Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period,

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments", the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the 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, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that the Consolidated Net Income of the Issuer shall be increased by the amount of dividends

or other distributions or other payments actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(7) the effects of adjustments (including the effects of such adjustments pushed down to the Issuer and its Restricted Subsidiaries) in the inventory, property and equipment, software, goodwill, other intangible assets, in-process research and development, deferred revenue and debt line items in such Person's consolidated financial statements prepared in accordance with GAAP resulting from the application of purchase accounting in relation to any consummated acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(8) any after-tax effect of income (loss) from the early extinguishment of (i) Indebtedness, (ii) Hedging Obligations or (iii) other derivative instruments shall be excluded,

(9) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(10) any non-cash compensation charge or expense, including, without limitation, any such charge arising from any grant of stock appreciation or similar rights, stock options, restricted stock, restricted stock units or other rights shall be excluded,

(11) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including, without limitation, any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded,

(12) accruals and reserves that are established within twelve months after the Issue Date that are so required to be established as a result of the Transactions (or within twelve months after the closing of any acquisition that are so required to be established as a result of such acquisition) in accordance with GAAP, shall be excluded, and

(13) the following items shall be excluded:

(a) any net unrealized gain or loss (after any offset) resulting in such period from Hedging Obligations and the application of Accounting Standards Codification topic 815; and

(b) any net unrealized gain or loss (after any offset) resulting in such period from currency translation gains or losses including those (i) related to currency remeasurements of Indebtedness and (ii) resulting from hedge agreements for currency exchange risk.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expense or charge that is covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only (other than clause (3)(d) of the first paragraph thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, any repurchase or redemption of Restricted Investments from the Issuer and its Restricted Subsidiaries, any repayment of loans or advance that constitutes a Restricted Investment by the Issuer or any of its Restricted Subsidiaries, any sale of the Equity Interests of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case, only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to such clause (3)(d).

"Consolidated Secured Debt Ratio" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by Liens on the property of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the date of determination, less the aggregate amount of Cash Equivalents held by the Issuer and its Restricted Subsidiaries at such date, to (2) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness, Cash Equivalents and EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio (other than as set forth in the proviso to the first paragraph thereof).

"Consolidated Total Debt Ratio" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the date of determination, less the aggregate amount of Cash Equivalents held by the Issuer and its Restricted Subsidiaries at such date, to (2) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness, Cash Equivalents and EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio (other than as set forth in the proviso to the first paragraph thereof).

"Consolidated Total Indebtedness" means, as at any date of determination, an amount equal to the sum of (1) the aggregate amount of all outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, Obligations in respect of Capitalized Lease Obligations and debt obligations evidenced by promissory notes and similar instruments (and excluding, for the avoidance of doubt, any letter of credit, except to the extent of unreimbursed amounts thereunder, Hedging Obligations and all obligations relating to Qualified Securitization Facilities), in each case, determined in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any acquisition) and (2) the aggregate amount of all outstanding Disqualified Stock of the Issuer and all Preferred Stock of its Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance with GAAP.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the *"primary obligor"*) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Credit Facilities" means, with respect to the Issuer or any of its Restricted Subsidiaries, one or more debt facilities, including, without limitation, the Senior Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans,

term loans, letters of credit, capital market financings, receivables financings or other borrowings or other extensions of credit, including, without limitation, any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof, in whole or in part, and any indentures or credit facilities or commercial paper facilities that replace, refund, supplement or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding, supplemental or refinancing facility, arrangement or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (provided that such increase in borrowings or issuances is permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, trustee, lender or group of lenders or other holders.

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

"Designated Non-cash Consideration" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation less the amount of Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

"Designated Preferred Stock" means Preferred Stock of the Issuer or any direct or indirect parent company thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate, executed on or about the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments".

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided* that, if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations; *provided further* that any Capital Stock held by any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Issuer, any of its Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the board of directors of the Issuer (or the compensation committee thereof) that is redeemable or subject to repurchase, in each case pursuant to any stock subscription or stockholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries.

"Domestic Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary.

"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period

(1) increased (without duplication) by the following, in each case to the extent deducted in determining Consolidated Net Income for such period:

(a) provision for taxes based on income, profits or capital gains, including, without limitation, federal, foreign and state income tax, franchise, excise and similar taxes (such as the Pennsylvania capital tax) and foreign withholding taxes of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income; plus

(b) Fixed Charges of such Person for such period (including (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from Consolidated Interest Expense as set forth in clauses (1)(t) through (z) in the definition thereof) to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(d) any expenses or charges (other than depreciation or amortization expense) related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by the Indenture (including a refinancing thereof) (whether or not successful), including, but not limited to, (i) such fees, expenses or charges related to the offering of the Notes and the Senior Credit Facilities and (ii) any amendment or other modification of the Notes and the Senior Credit Facilities and, in each case, deducted (and not added back) in computing Consolidated Net Income; plus

(e) the amount of any restructuring charges, integration costs or other business optimization expenses, costs associated with establishing new facilities or reserves deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date, and costs related to the closure and/or consolidation of facilities; plus

(f) any other non-cash charges, including any write offs or write downs reducing Consolidated Net Income for such period (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); plus

(g) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary deducted (and not added back) in such period in computing Consolidated Net Income; plus

(h) [reserved];

(i) the amount of net cost savings, operating expense reductions and synergies projected by the Issuer in good faith to be realized as a result of specified actions taken, committed to be taken or expected in good faith to be taken no later than 24 months after the end of such period (calculated on a *pro forma* basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period for which EBITDA is being determined and as if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; provided that such cost savings are reasonably identifiable and factually supportable; plus

(j) the amount of loss on sale of receivables, Securitization Assets and related assets to the Securitization Subsidiary in connection with a Qualified Securitization Facility; plus

(k) any costs or expense incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Equity Interests of the Issuer (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under "—Certain Covenants—Limitation on Restricted Payments"; plus

(l) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing EBITDA or Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of EBITDA pursuant to clause (2) below for any previous period and not added back; plus

(m) any net loss from disposed, abandoned or discontinued operations, including for the avoidance of doubt, operating losses related to the closure of the Issuer's Deeside facility; plus

(n) interest income or investment earnings on retiree medical and intellectual property, royalty or license receivables.

(2) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase EBITDA in such prior period; plus

(b) any net income from disposed, abandoned or discontinued operations; and

(3) increased or decreased (without duplication), as applicable, by any adjustments resulting from the application of Accounting Standards Codification topic 460.

"EMU" means economic and monetary union as contemplated in the Treaty on European Union.

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

"Equity Offering" means any public or private sale of common stock or Preferred Stock of the Issuer or any of its direct or indirect parent companies (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Issuer's or any direct or indirect parent company's common stock registered on Form S-4 or Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale that constitutes an Excluded Contribution.

"euro" means the single currency of participating member states of the EMU.

"Euroclear" means Euroclear Bank SA/NV or any successor clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any member state of the European Union, for the payment of which the full-faith-and-credit of such country is pledged or (2) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of any such country, the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country,

which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Excluded Contribution" means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer from

(1) contributions to its common equity capital, and

(2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case, designated as Excluded Contributions pursuant to an Officer's Certificate executed on or about the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under "—Certain Covenants—Limitation on Restricted Payments".

"fair market value" means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Issuer in good faith.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the *"Fixed Charge Coverage Ratio Calculation Date"*), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided* that the *pro forma* calculation of Fixed Charges for purposes of the first paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (and for the purposes of other provisions of the Indenture that refer to such first paragraph) shall not give effect to any Indebtedness being incurred on such date (or on such other subsequent date which would otherwise require *pro forma* effect to be given to such incurrence) pursuant to the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (other than Indebtedness incurred pursuant to clauses (1)(b) and (14) thereunder).

For purposes of making the computation described in the prior paragraph of this definition, Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Issuer or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to any Investment, acquisition, disposition, merger, consolidation or disposed operation and the amount of income or earnings relating thereto, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer (and may include, for the avoidance of doubt, cost savings, operating expense reductions and synergies resulting from such Investment, acquisition, disposition, merger, consolidation or disposed operation which is being given *pro forma* effect that have been or are expected to be realized). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computations discussed in this definition, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

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

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

"Foreign Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign Subsidiary.

"GAAP" means generally accepted accounting principles in the United States which are in effect on the Issue Date.

"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, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"Guarantee" means the guarantee by any Guarantor of the Issuer's Obligations under the Indenture and the Notes issued thereunder.

"Guarantor" means each Person that Guarantees the Notes in accordance with the terms of the Indenture.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"Holder" means the Person in whose name a Note is registered on the registrar's books.

"Indebtedness" means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and is not paid after becoming due and payable; or

(d) representing any Hedging Obligations,

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided* that Indebtedness of any direct or indirect parent company of the Issuer appearing upon the balance sheet of the Issuer solely by reason of push-down accounting under GAAP shall be excluded;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, any obligation of the type referred to in clause (1) above of a third Person (whether or not such item would appear upon the balance sheet of such obligor or guarantor), other than by endorsement of a negotiable instrument for collection in the ordinary course of business; and

(3) to the extent not otherwise included, any obligation of the type referred to in clause (1) above of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person;

provided that, notwithstanding the foregoing, Indebtedness shall be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business, (b) any operating lease as such an instrument would be determined in accordance with GAAP on the Issue Date or (c) obligations under or in respect of Qualified Securitization Facilities or Sale and Lease-Back Transactions (except any resulting Capitalized Lease Obligations); *provided further* that Indebtedness shall be calculated without giving effect to the effects of Accounting Standards Codification topic 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing that provides services to Persons engaged in Similar Businesses and is, in the good-faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency or nationally recognized statistical rating agency.

"Investment Grade Securities" means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2), which fund may also hold immaterial amounts of cash from time to time pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances and extensions of credit to customers and vendors, and commission, travel and similar advances to officers, employees, directors and consultants, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. In no event shall a guarantee of an operating lease or other business contract of the Issuer or any Restricted Subsidiary be deemed an Investment. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided* that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; less

(b) the portion (proportionate to the Issuer's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Issuer or a Restricted Subsidiary in respect of such Investment.

"Issue Date" means , 2016.

"Issuer" means Catalent Pharma Solutions, Inc., a Delaware corporation, and its successors.

"Legal Holiday" means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York, London, England or, to the extent applicable, in the place of payment.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority 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; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"Net Cash Proceeds" means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of principal, premium, if any, and interest on Senior Indebtedness required or amounts required to be applied to the repayment of Indebtedness secured by a Lien on such assets (other than required by clause (1) of the second paragraph under

"—Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"Obligations" means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"Officer" means the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of the Issuer or any other officer of the Issuer designated by any of the foregoing individuals.

"Officer's Certificate" means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements set forth in the Indenture.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any Cash Equivalents received must be applied in accordance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales".

"Permitted Investments" means:

(1) any Investment in the Issuer or any of its Restricted Subsidiaries;

(2) any Investment in Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent substantially all of its assets or a division, business unit or product line) if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is merged or consolidated with or into, or transfers or conveys substantially all of its assets (or such division, business unit or product line) to, or is liquidated into, the Issuer or a Restricted Subsidiary,

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 or transfer;

(4) any Investment in securities or other assets not constituting Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions described under "—Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any modification, replacement, renewal,

reinvestment or extension of any such Investment or binding commitment existing on the Issue Date; *provided* that the amount of any such Investment may be increased in such modification, replacement, renewal, reinvestment or extension only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(6) any Investment acquired by the Issuer or any of its Restricted Subsidiaries:

(a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable (including any trade creditor or customer);

(b) as a result of the settlement, compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates;

(c) in settlement of delinquent obligations of, or other disputes with, customers, trade debtors, licensors, licensees and suppliers arising in the ordinary of business; or

(d) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Hedging Obligations permitted under clause (10) of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(8) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (8) that are at the time outstanding, not to exceed the greater of $100.0 million or 3.0% of Total Assets (in each case, determined on the date such Investment is made, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided, however*, that, if any Investment pursuant to this clause (8) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (8);

(9) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Issuer or any of its direct or indirect parent companies; *provided* that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described under "—Certain Covenants—Limitations on Restricted Payments";

(10) guarantees of Indebtedness not prohibited by the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; performance guarantees in the ordinary course of business and the creation of Liens on the assets of the Issuer or any of its Restricted Subsidiaries in compliance with the covenant described under "—Certain Covenants—Liens";

(11) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (4) and (7) of such paragraph);

(12) Investments consisting of purchases and acquisitions of inventory, supplies, material, equipment or other assets or services or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(13) Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding (without giving effect to

the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities), not to exceed the greater of $200.0 million and 6.0% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided, however*, that, if any Investment pursuant to this clause (13) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (13);

(14) Investments in or relating to a Securitization Subsidiary that, in the good-faith determination of the Issuer are necessary or advisable to effect any Qualified Securitization Facility or any repurchase obligation in connection therewith;

(15) advances to, or guarantees of Indebtedness of, officers, directors, employees or members of management not in excess of $25.0 million outstanding at any time, in the aggregate;

(16) loans and advances to officers, directors, employees, members of management and consultants for business-related travel expenses, moving expenses and other similar expenses or payroll advances, in each case incurred in the ordinary course of business or consistent with past practices or to fund such Person's purchase of Equity Interests of the Issuer or any direct or indirect parent company thereof;

(17) advances, loans or extensions of trade credit in the ordinary course of business or consistent with past practice by the Issuer or any of its Restricted Subsidiaries;

(18) Investments in the ordinary course of business or consistent with past practice consisting of Uniform Commercial Code (or equivalent statutes) Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(19) the Notes and Guarantees; and

(20) Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries, taken together with all other Investments made pursuant to this clause (20) that are at the time outstanding, not to exceed the greater of $60.0 million and 2.0% of Total Assets (in each case, determined on the date such Investment is made, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance, employers' health tax and other social security laws or similar legislation, or other insurance-related obligations or indemnification obligations to (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance, or good-faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case, incurred in the ordinary course of business;

(2) Liens imposed by law, such as landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction contractors or other like Liens, in each case for sums not yet overdue for a period of more than 30 days or if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Lien or are being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(4) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements or letters of credit issued, and completion guarantees provided for, pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, cable television, telegraph and telephone lines and other similar purposes, or zoning or other restrictions (including minor defects and irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental, to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially interfere with the ordinary conduct of the business of such Person;

(6) Liens securing Indebtedness permitted to be incurred pursuant to clause (4), (12)(b) or (23) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that (a) Liens securing Obligations related to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred or issued pursuant to clause (4) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets, the acquisition, construction, repair, replacement or improvement of which is financed thereby, and any replacements thereof, additions and accessions thereto and any income or profits thereof and (b) Liens securing Obligations related to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred or issued pursuant to clause (23) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets of such Foreign Subsidiaries;

(7) Liens existing on the Issue Date;

(8) Liens on property or shares of stock or other assets of a Person at the time such Person becomes a Subsidiary; *provided* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided further* that such Liens may not extend to any other property or other assets owned by the Issuer or any of its Restricted Subsidiaries (other than the proceeds or products of such property or shares of stock or improvements thereon or replacements thereof);

(9) Liens on property or other assets at the time the Issuer or a Restricted Subsidiary acquired the property or such other assets, including any acquisition by means of a merger or consolidation with or into the Issuer or any of its Restricted Subsidiaries; *provided* that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition, merger or consolidation; *provided further* that the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries (other than the proceeds or products of such property or assets or improvements thereon or replacements thereof);

(10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Liens securing (i) Hedging Obligations and (ii) obligations in respect of Bank Products, in each case, permitted to be incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(12) Liens on specific items of inventory or other goods and the proceeds thereof securing such Person's obligations in respect of documentary letters of credit or bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not interfere in any material respect with the business of the Issuer or any of its Restricted Subsidiaries and do not secure any Indebtedness;

(14) Liens arising from Uniform Commercial Code (or equivalent statutes) financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business or purported Liens evidenced by the filing of precautionary Uniform Commercial Code financing statements or similar public filings;

(15) Liens in favor of the Issuer or any Guarantor;

(16) Liens on equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business to clients of the Issuer or any of its Restricted Subsidiaries;

(17) Liens on accounts receivable, Securitization Assets and related assets incurred in connection with a Qualified Securitization Facility;

(18) Liens to secure any modification, refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8), (9), (10), (11) and this clause (18) hereof; *provided* that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on, and replacements of, such property and the products and proceeds thereof), and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under such clauses (6), (7), (8), (9), (10) and (11) at the time the original Lien became a Permitted Lien under the Indenture, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(19) deposits made or other security in the ordinary course of business to secure liability to insurance carriers;

(20) other Liens securing obligations which do not exceed the greater of $100.0 million and 3.0% of Total Assets at any time outstanding;

(21) Liens securing judgments for the payment of money not constituting an Event of Default under clause (5) under "—Events of Default and Remedies";

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code (or equivalent statutes) on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law or under general terms and conditions encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens deemed to exist in connection with Investments in repurchase agreements permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(25) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(26) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(27) Liens securing obligations owed by the Issuer or any Restricted Subsidiary to any lender under the Senior Credit Facilities or any Affiliate of such a lender in respect of any Bank Products;

(28) during a Suspension Period only, Liens securing Indebtedness (other than Indebtedness that is secured equally and ratably with (or on a basis subordinated to) the Notes), and Indebtedness represented by Sale and Leaseback Transactions in an amount not to exceed 15.0% of Total Assets at any time outstanding;

(29) any encumbrance or restriction (including put and call arrangements) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(30) Liens on the Equity Interests and Indebtedness of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(31) Liens on cash advances in favor of the seller of any property to be acquired in an Investment permitted under the Indenture to be applied against the purchase price for such Investment;

(32) any interest or title of a lessor, sub-lessor, licensor or sub-licensor secured by a lessor's, sub-lessor's, licensor's or sub-licensor's interest under leases or licenses entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(33) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(34) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted by the Indenture;

(35) ground leases in respect of real property on which facilities owned or leased by the Issuer or any of its Subsidiaries are located;

(36) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto; and

(37) any zoning or similar law or right reserved to or vested in any governmental authority to control or regulate the use of any real property.

For purposes of this definition, the term *"Indebtedness"* shall be deemed to include interest on such Indebtedness.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

"Qualified Proceeds" means the fair market value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

"Qualified Securitization Facility" means any Securitization Facility that meets the following conditions: (a) the board of directors of the Issuer shall have determined in good faith that such Securitization Facility (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the applicable Securitization Subsidiary and (b) all sales and/or contributions of Securitization Assets and related assets to the applicable Securitization Subsidiary are made at fair market value.

"Rating Agencies" means Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

"Related Business Assets" means assets (other than Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"Representative" means any trustee, agent or other representative for an issue of Senior Indebtedness of the Issuer.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" means, at any time, any direct or indirect Subsidiary of the Issuer (including, without limitation, any Foreign Subsidiary) that is not at such time an Unrestricted Subsidiary; *provided* that, upon an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "*Restricted Subsidiary*".

"S&P" means Standard & Poor's, a division of S&P Global Inc., and any successor to its rating agency business.

"Sale and Lease-Back Transaction" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"SEC" means the U.S. Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Securitization Assets" means the accounts receivable, royalty or other revenue streams and other rights to payment and any other assets related thereto subject to a Qualified Securitization Facility and the proceeds thereof.

"Securitization Facility" means any of one or more receivables or securitization financing facilities as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, the Obligations of which are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Issuer or any of its Restricted Subsidiaries (other than a Securitization Subsidiary) pursuant to which the Issuer or any of its Restricted Subsidiaries sells or grants a security interest in its accounts receivable or Securitization Assets or assets related thereto to either (a) a Person that is not a Restricted Subsidiary or (b) a Securitization Subsidiary that in turn sells its accounts receivable to a Person that is not a Restricted Subsidiary.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Securitization Subsidiary in connection with, any Qualified Securitization Financing.

"Securitization Subsidiary" means any Subsidiary formed for the purpose of, and that solely engages in, one or more Qualified Securitization Facilities and other activities reasonably related thereto.

"Senior Credit Facilities" means the Credit Facilities dated as of May 20, 2014 by and among the Issuer, PTS Intermediate Holdings LLC, the lenders party thereto in their capacities as lenders thereunder, Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent and Swing Line Lender, and Morgan Stanley Senior Funding, Inc. and JPMorgan Chase Bank, N.A., as L/C issuers, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, as amended, supplemented or otherwise modified by Amendment No. 1 to the Credit Facilities, dated as of December 1, 2014, and by Amendment No. 2 to the Credit Facilities, dated on or about the Issue Date, and any other amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof; *provided* that such increase in borrowings is permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock".

"Senior Indebtedness" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities or the Notes and related Guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all (x) Hedging Obligations (and guarantees thereof) owing to a Lender (as defined in the Senior Credit Facilities) or any Affiliate of such Lender (or any Person that was a Lender or an Affiliate of such Lender at the time the applicable agreement giving rise to such Hedging Obligation was entered into) and (y) obligations in respect of Bank Products; *provided* that such Hedging Obligations and obligations in respect of Bank Products, as the case may be, are permitted to be incurred under the terms of the Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Notes or any related Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3);

provided that Senior Indebtedness shall not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in any respect to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Indenture.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "*significant subsidiary*" as defined in Article 1, Rule 1-02 of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the Issue Date.

"Similar Business" means (1) any business conducted or proposed to be conducted by the Issuer or any of its Restricted Subsidiaries on the Issue Date and any reasonable extension thereof or (2) any business or other activities that are reasonably similar, related, complementary, incidental or ancillary thereto, or a reasonable extension, development or expansion of, the businesses in which the Issuer and its Restricted Subsidiaries are engaged or propose to be engaged on the Issue Date.

"Subordinated Indebtedness" means:

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50.0% 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 thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50.0% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interest or otherwise, and

(y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Subsidiary Guarantor" means each Restricted Subsidiary of the Issuer that Guarantees the Notes.

"Total Assets" means the total assets of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP as shown on the most recent internal consolidated balance sheet of the Issuer.

"Transactions" means the transactions contemplated by the Share Purchase Agreement by and among Catalent Pharma Solutions Limited, Catalent Pharma Solutions, Inc., Apotex Holdings Inc., Accucaps Industries Limited and, solely for purposes of Section 7.3(c) thereof, Apotex Pharmaceutical Holdings Inc., dated November 23, 2016, the issuance of the Notes, the refinancing of the Senior Credit Facilities, in each case, including, without limitation, the payment of fees and expenses incurred in connection therewith, and other transactions in connection therewith or incidental thereto.

"Transaction Expenses" means any fees or expenses incurred or paid by the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies in connection with the Transactions.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

(2) such designation complies with the covenants described under "—Certain Covenants—Limitation on Restricted Payments"; and

(3) each of:

(a) the Subsidiary to be so designated; and

(b) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test; or

(2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the resolution of the board of directors of the Issuer or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"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, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person, 100.0% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The notes sold to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons (the "Rule 144A Global Notes"). The notes sold pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons (the "Temporary Regulation S Global Notes") and, after completion of the global note exchange described below, by one or more global notes in registered form without interest coupons (the "Permanent Regulation S Global Notes" and, together with the Temporary Regulation S Global Notes, the "Regulation S Global Notes"). The Rule 144A Global Notes and, together with the Regulation S Global Notes, are together referred to as the "Global Notes." The Global Notes will be deposited with a common depository (the "Common Depository") and registered in the name of the nominee of the Common Depository for the accounts of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream").

Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period and including the 40th day, the "Distribution Compliance Period"), beneficial interests in the Temporary Regulation S Global Notes may be transferred only to non-U.S. persons under Regulation S or qualified institutional buyers under Rule 144A. See "—Transfers." After the Distribution Compliance Period ends, interests in the Temporary Regulation S Global Notes may be exchanged for interests in the Permanent Regulation S Global Notes upon certification that those interests are owned either by non-U.S. persons or by U.S. persons who purchased those interests pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. 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. Except under the limited circumstances described below, owners of Book-Entry Interests will not be entitled to receive physical delivery of certificated notes.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, owners of interests in the Global Notes will not have the notes registered in their names and will not be considered the registered owners or "holders" of notes under the indenture for any purpose.

So long as the notes are held in global form, the Common Depository for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of Global Notes for all purposes under the indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and the participants through which they own Book-Entry Interests in order to exercise any rights of holders of the notes under the indenture.

None of the Issuer, the Trustee, the registrar, the transfer agent or any paying agents for the notes or any of their respective agents has or will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "Definitive Registered Notes") only:

- if the Common Depository notifies the Issuer that it is unwilling or unable to continue to act as depository for the notes and a successor depository is not appointed within 120 days;
- if either Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as a clearing and settlement agency and a successor clearing agency is not appointed by the Issuer within 120 days,
- if Euroclear or Clearstream so requests following an event of default under the indenture, or
- if the Issuer, in its sole discretion, determines that all Global Notes should be exchanged for notes in certificated form.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations requested by or on behalf of Euroclear and/or Clearstream, as applicable, or the Issuer, as applicable, in each case, in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests, and such Definitive Registered Notes will bear the restrictive legend referred to in "Notice to Investors," unless that legend is not required by the indenture or applicable law.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "Description of the Notes—Transfer and Exchange" and, if required, only if the transferor first delivers to the Trustee a written certificate (as provided for in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Notice to Investors."

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that under existing practices of Euroclear and Clearstream, if fewer than all of the notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the principal paying agent. The principal paying agent will, in turn, make such payments to the Common Depository for Euroclear and Clearstream (or its nominee), which will distribute such payments to participants in accordance with their respective procedures; provided, that at the Issuer's option, payment of interest on the notes may be made by check mailed to the holders of such notes at their respective addresses set forth in the register.

Under the terms of the indenture, the Issuer, the Trustee, the registrar, the transfer agent and any paying agents for the notes or any of their respective agents will treat the registered holder of the Global Notes (for example, the Common Depository for Euroclear or Clearstream (or its nominee)) as the owner thereof for the

purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the registrar, the transfer agent nor any paying agents for the notes or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the Common Depository for the notes.

The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes through Euroclear and/or Clearstream, as applicable, in euros.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited 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. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Subject to compliance with the transfer restrictions applicable to the notes described herein, transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the notes to persons in states of the United States or other jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the indenture.

The Global Notes will bear a legend to the effect set forth in “Notice to Investors.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “Notice to Investors.”

Prior to the expiration of the Distribution Compliance Period, beneficial interests in a Regulation S Global Note may be exchanged for beneficial interests in a Rule 144A Global Note only if:

(1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (as provided for in the indenture) to the effect that the notes are being transferred to a person:

(A) who the transferor reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;

(B) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only upon receipt by the Trustee of a written certification (as provided for in the indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act or any other exemption (if available under the Securities Act).

Subject to the foregoing, and as set forth in "Notice to Investors," Book-Entry Interests may be transferred and exchanged as described under "Description of the Notes—Transfer and Exchange." Any Book-Entry Interest in one type of Global Note that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other type of Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned type of Global Note and become a Book-Entry Interest in the other type of Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other type of Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each clearance and settlement system are controlled by that clearance and settlement system and may be changed at any time. Neither the Issuer, the Trustee, the Principal Paying Agent, the Registrar and Transfer Agent nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and/or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear and/or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive any distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective systems rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither we, the Trustee, the Registrar, the Transfer Agent nor the Principal Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by (i) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code, (iii) plans including but not limited to "governmental plans" (within the meaning of Section 3(32) of ERISA or Section 4975(g)(2) of the Internal Revenue Code) or certain "church plans" (within the meaning of 3(33) of ERISA or Section 4975(g)(3) of the Internal Revenue Code) or non-U.S. plans (within the meaning of Section 4(b)(4) of ERISA) that are subject to provisions under any other federal, state, local, non U.S. or other laws, rules or regulations that are similar to such provisions of ERISA or the Internal Revenue Code (collectively, "Similar Laws"), and (iv) entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Internal Revenue Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Internal Revenue Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Internal Revenue Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan. Plans that are "governmental plans" (as defined in Section 3(32) of ERISA or Section 4975(g)(2) of the Internal Revenue Code), certain "church plans" (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Internal Revenue Code) and non U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA and the Internal Revenue Code, may nevertheless be subject to Similar Laws. In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Internal Revenue Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Internal Revenue Code and any other applicable Similar Laws, as applicable.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Internal Revenue Code, unless a statutory or administrative exemption is available with respect to the transaction. Such parties in interest or disqualified persons could include, without limitation, us, the initial purchasers, the agents or any of their respective affiliates. Such transactions are referred to as "prohibited transactions" and include, without limitation, (1) a direct or indirect extension of credit to a party in interest or to a disqualified person, (2) the sale or exchange of any property between an ERISA Plan and a party in interest or a disqualified person, or (3) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any plan assets. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Internal Revenue Code and the transaction may have to be rescinded. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Internal Revenue Code. The acquisition and/or holding of the notes by an ERISA Plan with respect to which we, any initial purchaser or plan trustee is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Internal Revenue Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited

transaction exemption. In this regard, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than and receives no less than adequate consideration in connection with the transaction. For this purpose, "adequate consideration" means fair market as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the U.S. Department of Labor. There can be no assurance that all of the conditions of any such exemptions will be satisfied with respect to any particular transaction involving the notes, and prospective acquirers of the notes should consult with their legal advisors regarding the applicability of any such exemptions. Because of the foregoing, the notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not result in a non-exempt prohibited transaction under ERISA, the Internal Revenue Code or a similar violation of any applicable Similar Laws. No representation is made that the sale of any notes to a Plan meets the fiduciary requirements for investments by Plans generally or any particular Plan or that such an investment is appropriate for Plans generally. Neither we nor any of the parties described in this offering memorandum, or their affiliates, are providing investment advice to any Plan, through this offering memorandum or otherwise, in connection with the sale of the notes.

Representation

Accordingly, by acceptance of a note, each purchaser and subsequent transferee will be deemed to have represented and warranted that at the time of its acquisition and throughout the period that it holds such note or any interest therein, either (i) (A) such purchaser or transferee is not, and is not acting on behalf of, a Plan and (B) no portion of the assets used by such purchaser or transferee to purchase or hold the notes constitutes the assets of any Plan or (ii) the purchase, holding and disposition of the notes (or any interest therein) by such purchaser or transferee will not result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Internal Revenue Code or a similar violation under any applicable Similar Laws; in addition, each such purchaser and subsequent transferee will be deemed to have represented and warranted that it will not transfer the notes (or any interest therein) to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and warranties.

The foregoing discussion is general in nature and is not intended to be all inclusive. Further, no assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the conclusions set forth in this discussion. Any such changes may be retroactive and thereby apply to transactions entered into prior to the date of their enactment or release. **Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes (and holding the notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Internal Revenue Code and any Similar Laws to such transactions and whether an exemption would be applicable to the purchase and holding of the notes.**

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain U.S. federal income tax consequences and, in the case of a non-U.S. Holder (as defined below), certain U.S. federal estate tax consequences, of purchasing, owning and disposing of the notes. This summary does not discuss all of the aspects of U.S. federal income and estate taxation that may be relevant to you in light of your particular investment or other circumstances. This summary applies to you only if you are a beneficial owner of a note that holds the note as a capital asset (generally, investment property) within the meaning of Section 1221 of the Internal Revenue Code and you acquire the note for cash in this offering of the notes for a price equal to the "issue price" of the notes (i.e., the first price at which a substantial amount of the notes is sold for money to investors, other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). In addition, this summary does not address special U.S. federal income or estate tax rules that may be applicable to certain categories of beneficial owners of notes, such as:

- dealers in securities or currencies;
- traders in securities;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding notes as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;
- persons subject to the alternative minimum tax;
- U.S. expatriates;
- banks and other financial institutions;
- insurance companies;
- controlled foreign corporations, passive foreign investment companies and regulated investment companies and shareholders of such corporations;
- real estate investment trusts;
- entities that are tax-exempt for U.S. federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts; and
- pass-through entities, including partnerships and other entities and arrangements classified as partnerships for U.S. federal tax purposes, and beneficial owners of pass-through entities.

In the case of an entity or arrangement classified as a partnership for U.S. federal tax purposes that holds notes, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. If you are a partnership considering purchasing notes, or a partner in such a partnership, you should consult your own tax advisor regarding the U.S. federal income and estate tax consequences of purchasing, owning and disposing of the notes.

This summary is based on U.S. federal income and estate tax law, including the Internal Revenue Code, Treasury regulations, administrative rulings and judicial authorities, all as in effect or in existence as of the date of this offering memorandum. Subsequent developments in U.S. federal income and estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income and estate tax consequences of purchasing, owning and disposing of the notes as set forth in this summary. We cannot assure you that the Internal Revenue Service (the "IRS") will not challenge one or more of the tax consequences described in this summary, and we have not obtained, nor do we intend to obtain, any ruling from the IRS or opinion of counsel with respect to the tax consequences of the purchase, ownership or disposition of the notes. In addition, this summary does not discuss any U.S. federal tax consequences other than

U.S. federal income tax consequences (and, in the case of non-U.S. Holders, U.S. federal estate tax consequences), such as gift tax consequences or the Medicare tax on net investment income, or any U.S. state or local income or non-U.S. income or other tax consequences. Before you purchase notes, you should consult your own tax advisor regarding the particular U.S. federal, state and local and non-U.S. income and other tax consequences of acquiring, owning and disposing of the notes that may be applicable to you.

U.S. Holders

The following summary applies to you only if you are a U.S. Holder (as defined below). A "U.S. Holder" is a beneficial owner of a note or notes that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of the source of that income; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the Internal Revenue Code) have the authority to control all of the trust's substantial decisions, or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person."

Payments of Stated Interest

Stated interest on the notes held by you will be included in your gross income and taxed as ordinary interest income at the time such interest is accrued or received in accordance with your method of accounting for U.S. federal income tax purposes.

Payments of stated interest on the notes will be denominated in euro and, accordingly, the following rules will apply. A cash basis U.S. Holder will be required to include in income the U.S. dollar value of the euro amount of interest received, determined by translating such amount into U.S. dollars at the spot exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. A cash basis U.S. Holder generally will not recognize any foreign currency gain or loss on receipt of a euro interest payment but may recognize foreign currency gain or loss attributable to the actual disposition of the euro received.

An accrual basis U.S. Holder will be required to accrue interest income on a note in euro and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. Holder's taxable year). As an alternative, an accrual basis U.S. Holder may elect to accrue interest income at the spot exchange rate in effect on the last day of the accrual period (or last day of the taxable year within such accrual period if the accrual period spans more than one taxable year) or at the spot exchange rate in effect on the date the interest payment is received if such date is within five business days of the last day of the accrual period. A U.S. Holder that makes an election under the alternative method must apply it consistently to all debt instruments held by such U.S. Holder from year to year and cannot change the election without the consent of the IRS and, accordingly, U.S. Holders should consult their own tax advisors as to the desirability, mechanics and collateral consequences of making this election. Upon receipt of a euro interest payment (including amounts received upon the disposition of a note attributable to accrued but unpaid interest), an accrual basis U.S. Holder generally will recognize foreign currency gain or loss in an amount equal to the difference, if any, between (i) the U.S. dollar value of such payment determined by translating the payment at the spot exchange rate for euro in effect on the date such payment of interest is received (or the note is disposed of) and (ii) the U.S. dollar value of the interest income that the U.S. Holder has previously accrued with respect to such payment of interest (or accrued interest), regardless of whether the payment is actually converted into U.S.

dollars on the date of receipt. Foreign currency gain or loss with respect to interest payments will be treated as ordinary income or loss and generally as U.S. source income or loss, and generally will not be treated as interest income or expense.

Sale or Other Taxable Disposition of the Notes

Upon the sale, redemption, retirement, exchange or other taxable disposition of the notes, you generally will recognize taxable gain or loss equal to the difference, if any, between:

- the amount realized on the disposition (less any amount attributable to accrued but unpaid stated interest on the notes, which will be taxable as ordinary interest income, to the extent not previously included in your gross income, in the manner described above under "—Payments of Stated Interest"), determined in U.S. dollars; and
- your tax basis in the notes, determined in U.S. dollars.

If a U.S. Holder receives euros on the sale, exchange, redemption, retirement or other taxable disposition of a note, the amount realized generally will be the U.S. dollar value of the euros received, calculated at the spot exchange rate in effect on the date of the sale, exchange, redemption, retirement or other taxable disposition. However, if the notes are traded on an established securities market, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar amount realized by translating the euros received at the spot exchange rate in effect on the settlement date of the sale, exchange, redemption, retirement or other taxable disposition. If an accrual basis U.S. Holder makes such an election, the election must be applied consistently to all debt instruments held by such U.S. Holder from year to year and cannot be changed without the consent of the IRS. If an accrual basis U.S. Holder does not make such an election, such a holder will determine the U.S. dollar value of the amount realized by translating that amount at the spot exchange rate in effect on the date of the sale, exchange, redemption, retirement or other disposition and generally will recognize foreign currency gain or loss equal to the difference (if any) between (i) the U.S. dollar value of the euro amount realized based on the spot exchange rate in effect on the date of the sale, exchange, redemption, retirement or other disposition and (ii) the U.S. dollar value of the euro amount realized based on the spot exchange rate in effect on the settlement date.

A U.S. Holder's tax basis in a note generally will be its U.S. dollar cost for the note. If a U.S. Holder pays the purchase price for a note in euros, such U.S. Holder's tax basis in the note generally will be the U.S. dollar value of the euro purchase price on the date of purchase, calculated at the spot exchange rate in effect on such date. However, if the notes are traded on an established securities market, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar value of the euro purchase price by translating the euros paid at the spot exchange rate in effect on the settlement date of the purchase. As described above, if an accrual basis U.S. Holder makes such an election, the election must be applied consistently to all debt instruments held by such U.S. Holder from year to year and cannot be changed without the consent of the IRS. If an accrual basis U.S. Holder does not make such an election, such a holder will determine the U.S. dollar value of the euro purchase price by translating the euro amount paid at the spot exchange rate in effect on the date of the purchase and generally will recognize foreign currency gain or loss equal to the difference (if any) between (i) the U.S. dollar value of the euro purchase price based on the spot exchange rate in effect on the date of purchase and (ii) the U.S. dollar value of the euro purchase price based on the spot exchange rate in effect on the settlement date.

Subject to the discussion of foreign currency gain or loss below, your gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if, at the time of the disposition, you have held the notes for more than one year. Subject to limited exceptions, your capital losses cannot be used to offset your ordinary income. If you are a non-corporate U.S. Holder, under current law your long-term capital gain generally will be subject to a preferential rate of U.S. federal income tax.

A U.S. Holder may recognize foreign currency gain or loss attributable to a change in exchange rates between the date of the purchase of a note and the date of the sale, exchange, redemption, retirement or other disposition of the note. Gain or loss attributable to a change in exchange rates will equal the difference between (i) the U.S. dollar value of the euro principal amount of the note determined based on the spot exchange rate in effect on the date that the note is disposed of and (ii) the U.S. dollar value of the euro principal amount of the note determined based on the spot exchange rate in effect on the date the U.S. Holder acquired the note. For this purpose, the principal amount of the note is the U.S. Holder's purchase price for the note in euros. The realization of such foreign currency gain or loss will be limited to the amount of overall gain or loss realized on the sale, exchange, redemption, retirement or other taxable disposition of the note. Foreign currency gain or loss will be treated as ordinary income or loss and generally as U.S. source income or loss, and generally will not be treated as interest income or expense.

Foreign Currency Gain or Loss With Respect to Euros

A U.S. Holder that purchases a note with previously owned euros will recognize foreign currency gain or loss at the time of purchase attributable to the difference at the time of purchase, if any, between the U.S. Holder's tax basis in such euros and the fair market value of the note in U.S. dollars on the date of the exchange of euros for such note.

A U.S. Holder's tax basis in euros received as interest on a note will be the U.S. dollar value thereof determined at the spot exchange rate in effect on the date the holder received the euros. A U.S. Holder's tax basis in euros received on the sale, exchange, redemption, retirement or other taxable disposition of a note will be the U.S. dollar value thereof determined at the spot exchange rate in effect on the date of the sale, exchange, redemption, retirement or other disposition of the note (or, in the case of a cash basis or electing accrual basis taxpayer, if the notes are traded on an established securities market, the settlement date).

Upon any subsequent conversion or other disposition of the euros for U.S. dollars, a U.S. Holder generally will recognize foreign currency gain or loss equal to the difference, if any, between the amount of U.S. dollars received and the U.S. Holder's tax basis in the euros.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to payments to a U.S. Holder of stated interest on the notes and the proceeds of a sale, exchange, redemption, retirement or other taxable disposition of the notes.

In general, "backup withholding" (currently at a rate of 28%) may apply:

- to any payments made to you of stated interest on your note, and
- to payment of the proceeds of a sale, exchange, redemption, retirement or other taxable disposition of your note,

if you are a U.S. Holder, and not otherwise exempt, and you fail to provide a correct taxpayer identification number or otherwise comply with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax, and any amounts withheld under the backup withholding rules may be credited against your U.S. federal income tax liability (which may result in your being entitled to a refund of U.S. federal income tax), provided the required information is timely provided to the IRS.

Disclosure Requirements

Applicable Treasury regulations require a U.S. Holder to report certain transactions that give rise to a foreign currency loss in excess of certain thresholds. Under these Treasury regulations, a U.S. Holder that

recognizes foreign currency loss with respect to the notes would be required to report the loss on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the loss exceeds the thresholds set forth in the Treasury regulations. Each U.S. Holder should consult its own tax advisor regarding the application of these rules to their ownership and disposition of the notes.

Non-U.S. Holders

The following summary applies to you if you are a beneficial owner of a note or notes and you are neither a U.S. Holder (as defined above) nor an entity or arrangement classified as a partnership for U.S. federal tax purposes (a "non-U.S. Holder").

U.S. Federal Withholding Tax

Subject to the discussion below regarding backup withholding and FATCA (as defined below), U.S. federal withholding tax generally will not apply to payments of stated interest on the notes under the "portfolio interest" exception of the Internal Revenue Code, provided that:

- you do not, directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) and 881(c)(3)(B) of the Internal Revenue Code and the Treasury regulations thereunder;
- you are not a "controlled foreign corporation" for U.S. federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership (as provided in the Internal Revenue Code);
- you are not a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code;
- such stated interest is not effectively connected with your conduct of a trade or business within the United States; and
- you provide a signed written statement, on an IRS Form W-8BEN or W-8BEN-E (or other applicable form) which can reliably be related to you, certifying under penalties of perjury that you are not a "United States person" within the meaning of the Internal Revenue Code, to:

  (A) the applicable withholding agent; or

  (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the notes on your behalf and that certifies to the applicable withholding agent (or to a financial institution between it and the applicable withholding agent) under penalties of perjury that it has received from you the signed, written statement described above and provides a copy of this statement to the applicable withholding agent (or to a financial institution between it and the applicable withholding agent, for provision to the applicable withholding agent).

The applicable Treasury regulations provide alternative methods for satisfying the foregoing certification requirement. In addition, under these Treasury regulations, special rules apply to pass-through entities and this certification requirement may also apply to beneficial owners of pass-through entities.

If you cannot satisfy the requirements of the "portfolio interest" exception described above, payments of stated interest made to you will be subject to 30% U.S. federal withholding tax unless you provide the applicable withholding agent with a properly executed (i) IRS Form W-8ECI (or other applicable form) stating that interest paid on the notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business within the United States, or (ii) IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming an exemption from or reduction in this withholding tax under an applicable income tax treaty.

Any gain recognized upon a sale, exchange, retirement, redemption or other taxable disposition of the notes (other than any amount representing accrued but unpaid stated interest paid by us, which is treated as described immediately above) generally will not be subject to U.S. federal withholding tax, subject to the discussions below regarding backup withholding and FATCA.

U.S. Federal Income Tax

Except for the possible application of U.S. federal withholding tax (see above) and backup withholding and FATCA (see below), you generally will not have to pay U.S. federal income tax on payments of principal of and stated interest on your notes, or on any gain realized from (or accrued stated interest treated as received in connection with) the sale, exchange, redemption, retirement or other taxable disposition of your notes unless:

- in the case of stated interest payments or disposition proceeds representing accrued stated interest, you cannot satisfy the requirements of the "portfolio interest" exception described above (and your U.S. federal income tax liability has not otherwise been fully satisfied through the U.S. federal withholding tax described above);
- in the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your notes and specific other conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by certain U.S.-source capital losses recognized in the year of the sale or other disposition, generally will be subject to a flat 30% U.S. federal income tax, even though you are not considered a resident alien under the Internal Revenue Code); or
- any stated interest or gain is effectively connected with your conduct of a trade or business within the United States and, if required by an applicable income tax treaty, is attributable to a United States "permanent establishment" maintained by you.

If you are engaged in a trade or business within the United States, and stated interest or gain in respect of your notes is effectively connected with the conduct of your trade or business (and, if required by an applicable income tax treaty, is attributable to a United States "permanent establishment" maintained by you), the stated interest or gain generally will be subject to U.S. federal income tax on a net basis at the regular graduated rates and in the manner applicable to a U.S. Holder (although the stated interest will be exempt from the withholding tax discussed in the preceding paragraphs if you provide to the applicable withholding agent a properly executed IRS Form W-8ECI (or other applicable form) on or before any payment date to claim the exemption). In addition, if you are a non-U.S. Holder that is a corporation, you may be subject to a branch profits tax equal to 30% of your effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies to you under an applicable income tax treaty.

Backup Withholding and Information Reporting

Generally, the applicable withholding agent will be required to report to the IRS and to you payments of stated interest on the notes and the amount of U.S. federal income tax, if any, withheld with respect to those payments. Copies of the information returns reporting such stated interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of a treaty or agreement.

Backup withholding will not apply to payments of stated interest made on the notes to you if you have provided to the applicable withholding agent the required certification that you are not a "United States person" within the meaning of the Internal Revenue Code as described in "—U.S. Federal Withholding Tax" above, provided that the applicable withholding agent does not have actual knowledge or reason to know that you are a United States person.

The gross proceeds from the sale, exchange, retirement, redemption or other disposition of your notes may be subject, in certain circumstances discussed below, to information reporting and backup withholding (currently at a rate of 28%). If you sell your notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the backup withholding and information reporting requirements generally will not apply to that payment. However, information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your notes through a non-U.S. office of a broker that is a United States person (as defined in the Internal Revenue Code) or has certain enumerated connections with the United States, unless the broker has documentary evidence in its files that you are not a United States person and certain other conditions are met or you otherwise establish an exemption. If you receive payment of the proceeds from a sale of your notes to or through a U.S. office of a broker, the payment will be subject to both backup withholding and information reporting unless you provide an IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying that you are not a United States person or you otherwise establish an exemption, provided that the broker does not have actual knowledge, or reason to know, that you are a United States person or that the conditions of any other exemption are not, in fact, satisfied.

You should consult your own tax advisor regarding application of the backup withholding rules in your particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding. Backup withholding is not an additional tax, and any amounts withheld under the backup withholding rules may be credited against your U.S. federal income tax liability (which may result in your being entitled to a refund of U.S. federal income tax), provided the required information is timely provided to the IRS.

U.S. Federal Estate Tax

Unless otherwise provided in an applicable estate tax or other treaty, if you are an individual and are not a U.S. citizen or a resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of your death, the notes generally will not be subject to the U.S. federal estate tax, unless, at the time of your death:

- you directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Internal Revenue Code and the Treasury regulations thereunder; or
- your interest on the notes is effectively connected with your conduct of a trade or business within the United States.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act and related Treasury guidance (commonly referred to as "FATCA") impose U.S. federal withholding tax at a rate of 30% on payments of (i) U.S.-source interest (including interest paid on the notes) and (ii) after December 31, 2018, the gross proceeds from the sale or other disposition of an obligation that produces U.S.-source interest (including the sale, exchange, redemption, retirement or other taxable disposition of the notes), in each case, to certain foreign entities, either as beneficial owners or as intermediaries, unless such foreign entity complies with (x) certain information reporting requirements regarding its U.S. account holders and its direct and indirect U.S. owners and (y) certain withholding obligations regarding certain payments to its account holders and certain other persons. Accordingly, the entity through which a U.S. Holder or a non-U.S. Holder holds the notes will affect the determination of whether such withholding is required. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations or other guidance, may modify these requirements. We will not pay any additional amounts to U.S. Holders or non-U.S. Holders in respect of any amounts withheld under FATCA. U.S. Holders that own their interests in a note through a foreign entity or intermediary, and non-U.S. Holders, are encouraged to consult their own tax advisors regarding FATCA.

THE PRECEDING SUMMARY OF CERTAIN U.S. FEDERAL TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF THE NOTES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGES IN APPLICABLE LAWS.

NOTICE TO INVESTORS

Purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the notes. The notes offered hereby have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States 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. Accordingly, the notes are being offered and sold only (1) to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("QIBs") in compliance with Rule 144A and (2) outside the United States to persons other than U.S. persons ("foreign purchasers"), which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust), in reliance upon Regulation S under the Securities Act. As used herein, the terms "U.S. person," "United States," and "Distribution Compliance Period" shall have the meanings given them in Regulation S.

By its purchase of notes offered hereby, each purchaser of notes will be deemed to have acknowledged, represented to, and agreed with us, the guarantors, and the initial purchasers that:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is not an "affiliate" of ours (as defined in rule 144A under the Securities Act) and is not acting on our behalf and is either (a) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (b) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above);

(2) the notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and 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;

(3) (a) neither we, the guarantors nor the initial purchasers nor any person representing us, the guarantors or the initial purchasers has made any representation to it with respect to us, the guarantors, or the offering or sale of any notes, other than the information contained in this offering memorandum, which has been delivered to it, (b) it has had access to such financial and other information concerning us, the guarantors and the notes as it has deemed necessary in connection with its decision to purchase any of the notes, including an opportunity to ask questions of, and request information from, us, the guarantors and the initial purchasers, and it has received and reviewed all information that it requested, (c) it (i) is a sophisticated investor with respect to the transactions contemplated by this offering memorandum, (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the notes and (iii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment and (d) accordingly, that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials;

(4) if it is a person other than a foreign purchaser outside the United States and/or if it should resell or otherwise transfer the notes within the period prior to the expiration of the holding period applicable to sales thereof under Rule 144 under the Securities Act (or any successor provision), it will do so only (a) to us or any of our subsidiaries, (b) for so long as the notes are eligible for resale pursuant to Rule 144A, to a QIB in compliance with Rule 144A, (c) outside the United States in compliance with Regulation S under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (e) pursuant to an effective registration statement under the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act. Subject to the procedures set forth under "Book-Entry, Delivery and Form," prior to any proposed transfer of the notes within the period prior to the expiration of the holding period applicable to sales thereof under Rule 144 under the Securities Act (or any successor provision) (otherwise than pursuant to an effective registration statement), the Holder thereof must check the appropriate box set forth on the reverse of its notes relating to the manner of such transfer and submit the notes to Deutsche Trustee Company Limited, as trustee (the "Trustee");

(5) it will deliver to each person to whom it transfers notes notice of any restriction on transfer of such notes;

(6) if it is a foreign purchaser outside the United States, it (a) understands that the notes will be represented by the Regulation S Global Note and that transfers are restricted as described under "Book-Entry, Delivery and Form," except to a QIB in compliance with Rule 144A, and (b) represents and agrees that it will not, prior to the expiration of the Distribution Compliance Period, sell short or otherwise sell, transfer, or dispose of the economic risk of the notes into the United States or to a U.S. person;

(7) if the purchaser is a QIB, it understands that the notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note; before any interest in the Rule 144A Global Note may be offered, sold, pledged, or otherwise transferred to a person who is not a QIB, the transferee will be required to provide the Trustee with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restriction referred to above;

(8) it understands that the notes (other than those issued to foreign purchasers or in substitution or exchange therefor) will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

> THIS NOTE AND THE GUARANTEES THEREOF HAVE NOT BEEN REGISTERED UNDER THE 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 IN THE FOLLOWING SENTENCE. 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) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT (2) AGREES THAT IT WILL NOT, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE NOTES UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), OFFER, RESELL, PLEDGE, OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO AN ISSUER OR ANY SUBSIDIARY THEREOF, (B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITIES UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTION;

(9) it acknowledges that we and the initial purchasers will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgements, representations or warranties deemed to have been made by it by its purchase of notes are no longer accurate, it shall promptly notify us and the initial purchasers; if it is acquiring notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each such account; and

(10) either (a) no portion of the assets used by such purchaser or transferee to purchase or hold the notes (or any interest therein) constitutes the assets of any Plan or (b) the purchase, holding and disposition of the notes by such purchaser or transferee will not result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Internal Revenue Code or a similar violation under any applicable Similar Laws; and it will not transfer the notes (or any interest therein) to any person or entity unless such person or entity could itself truthfully make the foregoing representations and warranties.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a purchase agreement among us, the guarantors and the initial purchasers, we have agreed to sell to each initial purchaser and each initial purchaser named below has severally agreed to purchase, the principal amount of notes set forth opposite the initial purchaser's name.

Name	Amount
Morgan Stanley & Co. International plc	€
J.P. Morgan Securities plc	
Merrill Lynch International	
RBC Europe Limited	
Total	€

In the purchase agreement, subject to the conditions thereof, the initial purchasers have severally agreed to purchase the notes offered hereby at a discount from the price indicated on the cover page of this offering memorandum and to resell such notes to purchasers as described herein under "Notice to Investors." After the initial offering of the notes, the offering price and other selling terms may from time to time be varied by the initial purchasers. The purchase agreement provides that the obligation of the initial purchasers to pay for and accept delivery of the notes is subject to, among other conditions, the delivery of certain legal opinions by their counsel. The initial purchasers may offer and sell the notes through certain of their affiliates.

The purchase agreement provides that we, on one hand, and the initial purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act and will contribute to payments the other may be required to make in respect thereof.

To facilitate the offering of the notes, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the initial purchasers may over-allot in connection with this offering of the notes, creating a short position in the notes for their own account. In addition, to cover overallotments or to stabilize the price of the notes, the initial purchasers may bid for, and purchase, the notes in the open market. Finally, the initial purchasers may reclaim selling concessions allowed to an agent or a dealer for distributing the notes in the offering, if the initial purchasers repurchase previously distributed notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The initial purchasers are not required to engage in these activities and may end any of these activities at any time.

In connection with sales outside the United States, the initial purchasers have agreed that they will not offer, sell, or deliver the notes to, or for the account or benefit of, U.S. persons (1) as part of their distribution at any time or (2) otherwise prior to 40 days after the closing of the offering, and they will send to any dealer to whom it sells notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

We cannot assure you that the initial prices at which the notes will sell in the market after this offering of the notes will not be lower than the initial offering price or that an active trading market for the notes will develop after completion of this offering of the notes. The notes are a new issue of securities with no established trading market. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activities will be subject to the limits imposed by the Exchange Act and may be limited. Accordingly, we cannot assure you as to the liquidity of, or trading market for, the notes.

Application will be made to the Exchange for the listing of and permission to deal in the notes on the Official List of the Exchange. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained, and settlement of the notes is not conditioned on obtaining such listing.

We expect that delivery of the notes will be made against payment therefor on or about , 2016, which will be the business day following the date of pricing of the notes (such settlement cycle being herein referred to as "T+ "). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the notes initially will settle T+ , to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade notes on the date of pricing or the next succeeding business days should consult their own advisor.

We have agreed that we will not, without the prior written consent of Morgan Stanley & Co. International plc, for a period of 30 days from the date of this offering memorandum, offer, sell, contract to sell, or otherwise dispose of, among other restrictions, any U.S. dollar denominated debt securities or securities exchangeable for or convertible into debt securities of the Company substantially similar to the notes (except as provided under the purchase agreement).

European Economic Area

In relation to each Relevant Member State, each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant initial purchaser or initial purchasers nominated by the Company 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 Company 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.

United Kingdom

Each initial purchaser represents and warrants that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of

the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering of the notes.

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), (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.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and 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, or any person pursuant to Section 275(1A), 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 by a relevant person which is: (a) a corporation (which is not an accredited investor) 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 is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

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.

Other Relationships

The initial purchasers and their respective 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. The initial purchasers and their affiliates from time to time have provided or in the future may provide various investment and commercial banking and financial advisory services to us and our affiliates and subsidiaries, for which they have received customary fees and commissions and they expect to provide these services to us and others in the future, for which they expect to receive customary fees and commissions. In addition, certain of the initial purchasers and their respective affiliates are agents or lenders to us and our subsidiaries under our senior secured credit facilities, for which services they have received or expect to receive customary compensation. As a result, certain initial purchasers and their affiliates may receive a portion of the net proceeds from this offering of the notes. In addition, an affiliate of one of the initial purchasers is acting as the arranger for an amendment of the credit agreement governing our senior secured credit facilities for which it will receive customary fees and expenses. See "Summary—Recent Developments—Repricing of Term Loans."

In the ordinary course of their various business activities, the initial purchasers and their respective 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 derivatives, bank loans and other obligations) for their own account and for the accounts of their customers, and such investments and securities activities may involve securities or instruments of the Issuer. If the initial purchasers or their affiliates have a lending relationship with us, certain of the initial purchasers or their affiliates routinely hedge, and certain other of the initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the 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 notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their respective affiliates may all make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend clients that they acquire, long or short positions in such securities and instruments.

LEGAL MATTERS

Certain legal matters in connection with this offering of the notes will be passed upon for us and the guarantors by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York. Certain legal matters in connection with the notes offered hereby will be passed upon for the initial purchasers by Shearman & Sterling LLP, New York, New York.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Catalent, Inc. as of June 30, 2016 and 2015 and for each of the three years in the period ended June 30, 2016, included in this offering memorandum, have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

Catalent, Inc. files annual, quarterly and current reports and other information with the SEC. You may read and copy any document Catalent, Inc. has filed or will file with the SEC at the SEC's public website (www.sec.gov) or at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, DC 20549. Copies of such materials can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Those filings are also made available to the public on, or accessible through, Catalent, Inc.'s website for free via the "Investors" section at www.catalent.com. Information on Catalent, Inc.'s website is not incorporated by reference into this offering memorandum and you should not consider it a part of this offering memorandum.

LISTING AND GENERAL INFORMATION

Issuer

Catalent Pharma Solutions, Inc., a company incorporated under the laws of the State of Delaware on April 25, 1989 and whose registered office is at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, was established for an indefinite period of time.

Listing

Application will be made to the Exchange for the listing of and permission to deal in the notes on the Official List of the Exchange. There can be no assurance that the notes will be listed on the Official List of the Exchange, that such permission to deal in the notes will be granted or that such listing will be maintained, and settlement of the notes is not conditioned on obtaining such listing.

Neither the admission of the notes to the Official List of the Exchange nor the approval of this offering memorandum pursuant to the listing requirements of the Exchange shall constitute a warranty or representation by the Exchange as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this offering memorandum or the suitability of the Issuer for investment or for any other purpose.

This offering memorandum shall form the listing document for the purposes of admitting the notes to the Official List of the Exchange.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), this offering memorandum contains all information that is material in the context of the issue and offering of the notes and the guarantees, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this offering memorandum or any such information misleading in any material respect. The information contained in this offering memorandum is as at the date hereof. The Issuer accordingly accepts responsibility for the information contained in this offering memorandum.

Walkers Capital Markets Limited is acting for the Issuer and for no one else in connection with the listing of the notes and will not be responsible to anyone other than the Issuer.

The notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

The Issuer will not apply to list the notes on any other exchange.

A copy of this offering memorandum will be available for inspection at the offices of Walkers Capital Markets Limited, PO Box 72, Walker House, 28-34 Hill Street, St. Helier, Jersey JE4 8PN, Channel Islands during normal business hours for a period of 14 days following the listing of the notes on the Official List of the Exchange. Copies of the indenture governing the notes (and any supplemental indentures) and the Issuer's Articles of Incorporation may be obtained from the issuer at 14 Schoolhouse Road, Somerset, NJ 08873 upon request.

No Significant Change

Since the date of the unaudited consolidated financial statement presented in this offering memorandum, there have been no material adverse changes to:

(a) the Issuer;

(b) the Issuer's group structure;

(c) the Issuer's business or accounting policies; or

(d) the financial or trading position of the Issuer.

Clearing Information

The notes have been, or will be, accepted for clearance through the facilities of Euroclear Bank SA/NV, and Clearstream Banking, société anonyme. Certain trading information with respect to the notes is set out below.

	ISIN	CUSIP	Common Code
Rule 144A Global Notes			
Regulation S Global Notes			

Directors

As of the date of this offering memorandum, the following persons have been appointed to and currently comprise the board of directors of the issuer:

Name	Date of Appointment
John Chiminiski	October 1, 2009
Matthew Walsh	July 1, 2013
Steven L. Fasman	October 7, 2014

The business address for each of the above directors is: 14 Schoolhouse Road, Somerset, NJ 08873.

Litigation

There are no legal or arbitration proceedings (including any such proceedings that are threatened of which the Issuer is aware) that may have had in the recent past (covering at least the previous 12 months) a significant effect on the Issuer's financial position.

The Issuer's Directors confirm that there are no litigation or arbitration proceedings (including proceedings which are threatened) against any Director of the Issuer of which the Directors are aware.

Also, see "Business—Legal Proceedings."

Director Conflicts of Interest

See "Certain Relationships and Related Party Transactions."

Material Interests

See "Certain Relationships and Related Party Transactions."

Guarantor Information

Each of the guarantors listed below are direct or indirect wholly owned subsidiaries of the Issuer.

Guarantor Name	Jurisdiction of Incorporation or Formation	Date of Incorporation or Formation	Registered Address
Catalent CTS, LLC	Delaware	December 19, 2012	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent CTS Informatics, Inc.	Delaware	October 5, 2007	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent CTS (Kansas City), LLC	Delaware	February 3, 2005	Corporation Trust Center 1209 Orange Street Wilmington, DE 19801
Catalent Pharma Solutions, LLC	Delaware	November 5, 2003	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent US Holding I, LLC	Delaware	June 11, 2008	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent US Holding II, LLC	Delaware	June 11, 2008	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent USA Packaging, LLC	Delaware	November 13, 2003	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent Micron Holding Company, Inc.	Delaware	July 30, 2013	Corporation Trust Center 1209 Orange Street Wilmington, DE 19801
Catalent MTI Pharma Solutions, Inc.	Delaware	December 14, 2012	Corporation Trust Center 1209 Orange Street Wilmington, DE 19801
Redwood Bioscience, Inc	Delaware	October 1, 2014	c/o Corporation Services Company 2711 Centerville Road Suite 400 Wilmington, DE 19808
Catalent San Diego, Inc.	California	September 22, 2016	Corporate Service Company 2560 Mission College Blvd. Suite 200 (Freedom Circle) Santa Clara, CA 95054
Catalent USA Woodstock, Inc.	Illinois	May 1, 1968	2445 East Oakton Arlington Heights, IL 60005
R.P. Scherer Technologies, LLC	Nevada	September 4, 2009	c/o CSC Services Of Nevada, Inc. 502 East John Street Carson City, Nevada 89706
Catalent Micron Technologies, Inc.	Pennsylvania	June 6, 1996	Corporation Service Company 2595 Interstate Drive Suite 103 Harrisburg, PA 7110

Post-Issue Reporting

See "Description of the Notes—Certain Covenants—Reports and Other Information."

Consolidated Financial Statements

The latest consolidated financial statements of Catalent, Inc., as and when issued, are available on an ongoing basis under the following web address: www.catalent.com. The information contained on or accessible through our website neither constitutes part of this offering memorandum nor is incorporated by reference in this offering memorandum.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements as of June 30, 2016 and 2015 and for the years ended June 30, 2016, 2015 and 2014:

Unaudited Consolidated Financial Statements as of September 30, 2016 and June 30, 2016 and for the three months ended September 30, 2016 and 2015:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Catalent, Inc.

We have audited the accompanying consolidated balance sheets of Catalent, Inc. and subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive income/(loss), changes in shareholders' equity/(deficit), and cash flows for each of the three years in the period ended June 30, 2016. Our audits also included the financial statement schedule listed in the Index to Consolidated Financial Statements. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catalent, Inc. and subsidiaries at June 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, Catalent, Inc. changed the classification of all deferred tax assets and liabilities to noncurrent on the consolidated balance sheet as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2015-17, "Balance Sheet Classification of Deferred Taxes", effective June 30, 2016 and the Company changed its recognition of excess tax benefits and forfeiture of share-based awards as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2016-09, "Improvements to Employee Share-Based Payment Accounting", effective June 30, 2016.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Catalent, Inc.'s internal control over financial reporting as of June 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated August 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
August 29, 2016

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share data)

	Year ended June 30,		
	2016	**2015**	**2014**
Net revenue	$1,848.1	$1,830.8	$1,827.7
Cost of sales	1,260.5	1,215.5	1,229.1
Gross margin	587.6	615.3	598.6
Selling, general and administrative expenses	358.1	337.3	334.8
Impairment charges and (gain)/loss on sale of assets	2.7	4.7	3.2
Restructuring and other	9.0	13.4	19.7
Operating earnings/(loss)	217.8	259.9	240.9
Interest expense, net	88.5	105.0	163.1
Other (income)/expense, net	(15.6)	42.4	10.4
Earnings from continuing operations before income taxes	144.9	112.5	67.4
Income tax expense/(benefit)	33.7	(97.7)	49.5
Earnings from continuing operations	111.2	210.2	17.9
Net earnings/(loss) from discontinued operations, net of tax	—	0.1	(2.7)
Net earnings	111.2	210.3	15.2
Less: Net (loss) attributable to noncontrolling interest, net of tax	(0.3)	(1.9)	(1.0)
Net earnings attributable to Catalent	$ 111.5	$ 212.2	$ 16.2
Amounts attributable to Catalent:			
Earnings from continuing operations less net income (loss) attributable to noncontrolling interest	111.5	212.1	18.9
Net earnings attributable to Catalent	111.5	212.2	16.2
Earnings per share attributable to Catalent:			
Basic			
Earnings continuing operations	0.89	1.77	0.25
Net earnings	0.89	1.77	0.22
Diluted			
Earnings continuing operations	0.89	1.75	0.25
Net earnings	0.89	1.75	0.21

The accompanying notes are an integral part of these consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Dollars in millions)

	Year Ended June 30,		
	2016	**2015**	**2014**
Net earnings	$ 111.2	$ 210.3	$ 15.2
Other comprehensive income/(loss), net of tax			
Foreign currency translation adjustments	(118.8)	(144.0)	32.4
Defined benefit pension plan	(9.1)	(6.4)	(15.5)
Deferred compensation	(3.8)	0.6	1.7
Other comprehensive income/(loss), net of tax	(131.7)	(149.8)	18.6
Comprehensive income/(loss)	(20.5)	60.5	33.8
Comprehensive income/(loss) attributable to noncontrolling interest	(0.3)	(1.9)	(0.6)
Comprehensive income/(loss) attributable to Catalent	$ (20.2)	$ 62.4	$ 34.4

The accompanying notes are an integral part of these consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions except per share data)

	June 30, 2016	June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 131.6	$ 151.3
Trade receivables, net	414.8	372.4
Inventories	154.8	132.9
Prepaid expenses and other	89.0	80.9
Total current assets	790.2	737.5
Property, plant, and equipment, net	905.8	885.2
Other assets:		
Goodwill	996.5	1,061.5
Other intangibles, net	294.0	368.7
Deferred income taxes	37.5	64.1
Other	67.1	21.3
Total assets	$ 3,091.1	$ 3,138.3
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations and other short-term borrowings	$ 27.7	$ 23.8
Accounts payable	143.7	128.2
Other accrued liabilities	219.8	247.0
Total current liabilities	391.2	399.0
Long-term obligations, less current portion	1,832.8	1,857.0
Pension liability	151.0	143.7
Deferred income taxes	41.4	56.3
Other liabilities	38.8	42.5
Commitment and contingencies (see Note 16)	—	—
Redeemable noncontrolling interest	—	5.8
Shareholders' equity/(deficit):		
Common stock $0.01 par value; 1.0 billion and 1.0 billion shares authorized in 2016 and 2015, respectively; 124,712,240 and 124,319,279 shares issued and outstanding in 2016 and 2015, respectively.	1.2	1.2
Preferred stock $0.01 par value; 100 million and 100 million authorized in 2016 and 2015, respectively, 0 issued and outstanding in 2016 and 2015.	—	—
Additional paid in capital	1,976.5	1,973.7
Accumulated deficit	(1,036.1)	(1,166.9)
Accumulated other comprehensive income/(loss)	(305.7)	(174.0)
Total Catalent shareholders' equity	635.9	634.0
Noncontrolling interest	—	—
Total shareholders' equity	635.9	634.0
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$ 3,091.1	$ 3,138.3

The accompanying notes are an integral part of these consolidated financial statements

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT)
(Dollars in millions, except share data in thousands)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)/Income	Noncontrolling Interest	Total Shareholders' Equity/(Deficit)
Balance at June 30, 2013	**74,796.1**	**$0.7**	**$1,026.7**	**$(1,395.3)**	**$ (42.8)**	**$ 0.4**	**$(410.3)**
Equity contribution	25.2		0.2			(0.4)	(0.2)
Equity compensation			4.5				4.5
Net earnings				16.2		(0.6)	15.6
Other comprehensive income/(loss), net of tax					18.6		18.6
Balance at June 30, 2014	**74,821.3**	**0.7**	**1,031.4**	**(1,379.1)**	**(24.2)**	**(0.6)**	**(371.8)**
Equity contribution	48,875.0	0.5	946.1				946.6
Stock option exercises	623.0						
Equity compensation			9.0				9.0
Cash paid, in lieu of equity, for tax withholding			(10.3)				(10.3)
Noncontrolling interest ownership changes			(2.5)			1.0	(1.5)
Net earnings				212.2		(0.4)	211.8
Other comprehensive income/(loss), net of tax					(149.8)		(149.8)
Balance at June 30, 2015	**124,319.3**	**1.2**	**1,973.7**	**(1,166.9)**	**(174.0)**	**—**	**634.0**
Cumulative effect of stock compensation standard adoption			1.0	19.3			20.3
Stock option exercises	392.9						
Equity compensation			10.8				10.8
Cash paid, in lieu of equity, for tax withholding			(8.7)				(8.7)
Noncontrolling interest ownership changes			(0.3)			—	(0.3)
Net earnings				111.5		—	111.5
Other comprehensive income/(loss), net of tax					(131.7)		(131.7)
Balance at June 30, 2016	**124,712.2**	**$1.2**	**$1,976.5**	**$(1,036.1)**	**$(305.7)**	**$ —**	**$ 635.9**

The accompanying notes are an integral part of these consolidated financial statements

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year ended June 30,		
	2016	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings/(loss)	$ 111.2	$ 210.3	$ 15.2
Net earnings/(loss) from discontinued operations	—	0.1	(2.7)
Earnings from continuing operations	**111.2**	**210.2**	**17.9**
Adjustments to reconcile (loss)/earnings from continued operations to net cash from operations:			
Depreciation and amortization	140.6	140.8	142.9
Non-cash foreign currency transaction (gains)/losses, net	(10.9)	(16.4)	(17.1)
Amortization and write off of debt financing costs	4.7	16.0	14.0
Asset impairments and (gain)/loss on sale of assets	2.7	4.7	3.2
Non-cash gain on acquisition	—	(8.9)	—
Call premium and financing fees paid	—	12.6	7.2
Equity compensation	10.8	9.0	4.5
Provision/(benefit) for deferred income taxes	(15.3)	(120.7)	(15.1)
Provision for bad debts and inventory	13.2	12.7	9.8
Change in operating assets and liabilities:			
(Increase)/decrease in trade receivables	(54.1)	(7.5)	(38.0)
(Increase)/decrease in inventories	(35.4)	(19.2)	(8.5)
Increase/(decrease) in accounts payable	21.4	(11.7)	(7.6)
Other assets/accrued liabilities, net – current and non-current	(33.6)	(49.9)	67.0
Net cash provided by/(used in) operating activities from continuing operations	**155.3**	**171.7**	**180.2**
Net cash provided by/(used in) operating activities from discontinued operations	—	0.1	(1.9)
Net cash provided by/(used in) operating activities	**155.3**	**171.8**	**178.3**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment and other productive assets	(139.6)	(141.0)	(122.4)
Proceeds from sale of property and equipment	1.9	—	0.9
Payment for acquisitions, net	—	(130.8)	(53.7)
Net cash provided by/(used in) investing activities from continuing operations	**(137.7)**	**(271.8)**	**(175.2)**
Net cash provided by/(used in) investing activities from discontinued operations	—	—	4.0
Net cash provided by/(used in) investing activities	**(137.7)**	**(271.8)**	**(171.2)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in other borrowings	2.3	—	(17.5)
Proceeds from borrowing, net	—	150.4	1,723.7
Payments related to long-term obligations	(18.6)	(879.8)	(1,741.3)
Call premium and financing fees paid	—	(12.6)	(7.2)
Purchase of redeemable noncontrolling interest shares	(5.8)	—	—
Equity contribution	—	948.8	0.2
Cash paid, in lieu of equity, for tax withholding obligation	(8.7)	(10.3)	—
Net cash (used in)/provided by financing activities from continuing operations	**(30.8)**	**196.5**	**(42.1)**
Net cash (used in)/provided by financing activities from discontinued operations	—	—	—
Net cash (used in)/provided by financing activities	**(30.8)**	**196.5**	**(42.1)**
Effect of foreign currency on cash	(6.5)	(19.6)	3.0
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	(19.7)	76.9	(32.0)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	151.3	74.4	106.4
CASH AND EQUIVALENTS AT END OF PERIOD	**$ 131.6**	**$ 151.3**	**$ 74.4**
SUPPLEMENTARY CASH FLOW INFORMATION:			
Interest paid	$ 82.4	$ 107.1	$ 153.8
Income taxes paid, net	$ 40.6	$ 34.0	$ 21.0

The accompanying notes are an integral part of these consolidated financial statements

CATALENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Catalent, Inc. ("Catalent" or the "Company") directly and wholly owns PTS Intermediate Holdings LLC ("Intermediate Holdings"). Intermediate Holdings directly and wholly owns Catalent Pharma Solutions, Inc. (the "Operating Company"). The financial results of Catalent are primarily comprised of the financial results of the Operating Company and its subsidiaries on a consolidated basis.

In July 2014, the Company's board of directors and holders of the requisite number of outstanding shares of its capital stock approved an amendment to the Company's amended and restated certificate of incorporation to effect a 70-for-1 stock split of its outstanding common stock (the "stock split"). The stock split became effective on July 17, 2014 upon the filing of the Company's Certificate of Amendment of the Amended and Restated Certificate of Incorporation with the Delaware Secretary of State. On the effective date of the stock split, (i) each outstanding share of common stock was increased to seventy shares of common stock, (ii) the number of shares of common stock issuable under each outstanding option to purchase common stock was proportionately increased on a one-to-seventy basis, (iii) the exercise price of each outstanding option to purchase common stock was proportionately decreased on a one-to-seventy basis, and (iv) the number of shares underlying each restricted stock unit was proportionately increased on a one-to-seventy basis. All of the share and per share information referenced throughout the financial statements and notes to the consolidated financial statements have been retroactively adjusted to reflect this stock split.

On July 31, 2014, the Company commenced an initial public offering of its common stock (the "IPO"). As part of its IPO, the Company sold a total of 48.9 million shares at a price of $20.50 per share, before underwriting discounts and commissions. Net of these discounts and commissions and other offering expenses, the Company obtained total proceeds from the IPO, including the underwriters' over-allotment option, of $952.2 million, which it used to fully redeem the outstanding 9.75% senior subordinated notes due 2017 (the "Senior Subordinated Notes"), redeem the outstanding 7.85% senior notes due 2018 (the "Senior Notes"), repay portions of the Company's unsecured term loan, and pay to Blackstone and certain other shareholders an advisory agreement termination fee of $29.8 million (recorded within other income/(expense), net on the Consolidated Statement of Operations), and for other corporate purposes. The Company's common stock began trading on the New York Stock Exchange (the "NYSE") under the symbol "CTLT" as of the IPO. Refer to Note 6 for further discussion regarding debt repayments.

On March 9, 2015, an affiliate of The Blackstone Group, L.P. that owned shares in the Company ("Blackstone"), Genstar Capital and Aisling Capital (collectively the "selling stockholders") completed a secondary offering of 27.3 million shares of the Company's common stock, including 3.6 million shares sold pursuant to the over-allotment option granted to the underwriters at a price of $29.50 per share before underwriting discounts and commissions. On June 2, 2015, the selling stockholders completed an additional secondary offering of 16.1 million shares, including 2.1 million shares sold pursuant to the over-allotment option, at a price of $29.00 per share, before underwriting discounts and commissions. On June 6, 2016, the selling stockholders completed a secondary offering of 10.0 million shares of the Company's common stock at a price of $24.85 per share before underwriting discounts and commissions. The Company did not sell any stock in any of the secondary offerings and did not receive any proceeds of the sales. Blackstone's ownership in the Company was reduced to 32.7%, 20.8% and 13.7% following the March 2015, June 2015 and June 2016 offerings, respectively, and as a result the Company has not qualified as a "controlled company" under applicable NYSE listing standards since March 9, 2015.

The Company is the leading global provider of advanced delivery technologies and development solutions for drugs, biologics and consumer and animal health products. Its oral, injectable, and respiratory delivery technologies address the full diversity of the pharmaceutical industry including small molecules, large molecule biologics and consumer and animal health products. Through its extensive capabilities and deep expertise in

product development, it helps its customers take products to market faster, including nearly half of new drug products approved by the Food and Drug Administration (the "FDA") in the last decade. Its advanced delivery technology platforms, its proven formulation, manufacturing and regulatory expertise, and its broad and deep intellectual property enable its customers to develop more products and better treatments for patients and consumers. Across both development and delivery, its commitment to reliably supply its customers' and their patient's needs is the foundation for the value it provides; annually, it produces more than 70 billion doses for nearly 7,000 customer products, or approximately 1 in every 20 doses of such products taken each year by patients and consumers around the world. The Company believes that through its investments in growth-enabling capacity and capabilities, its ongoing focus on operational and quality excellence, the sales of existing customer products, the introduction of new customer products, its innovation activities and patents, and its entry into new markets, it will continue to benefit from attractive and differentiated margins, and realize the growth potential from these areas.

Reportable Segments

In fiscal 2016, the Company engaged in a business reorganization which was finalized in the fourth quarter to better align its internal business unit structure with its "Follow the Molecule" strategy. As part of the revised structure, it created a Drug Delivery Solutions ("DDS") reporting segment, which encompasses all of its modified release technologies; prefilled syringes and other injectable formats; blow-fill seal unit dose development and manufacturing; biologic cell line development; analytical services; micronization technologies; and other conventional oral dose forms under a single DDS management team. Additionally, as part of the re-alignment, it created a stand-alone Clinical Supply Services ("CSS") reporting segment and management team with sole focus on providing global clinical supply chain management services that aim to speed its customers' drugs to market. Further, as a result of the business unit re-alignment, the Softgel Technologies reporting segment is now reported separately. For financial reporting purposes, the Company presents three financial reporting segments based on criteria established by those accounting principles generally accepted in the United States ("U.S. GAAP"): Softgel Technologies, Drug Delivery Solutions and Clinical Supply Services. All prior period comparative segment information has been restated to reflect the reportable segments in accordance with *ASC 280 Segment Reporting.*

Softgel Technologies

Through the Softgel Technologies segment, the Company provides formulation, development and manufacturing services for soft capsules, or "softgels," which it first commercialized in the 1930s and have continually enhanced. The Company is the market leader in overall softgel manufacturing, and hold the leading market position in the prescription arena. Its principal softgel technologies include traditional softgel capsules, in which the shell is made of animal-derived gelatin, and Vegicaps and OptiShell capsules, in which the shell is made from vegetable-derived materials. Softgel capsules are used in a broad range of customer products, including prescription drugs, over-the-counter medications, dietary supplements and unit-dose cosmetics. Softgel capsules encapsulate liquid, paste or oil-based active compounds in solution or suspension within an outer shell, filling and sealing the capsule simultaneously. The Company typically perform all encapsulation for a product within one of its softgel facilities, with active ingredients provided by customers or sourced directly by the Company. Softgels have historically been used to solve formulation challenges or technical issues for a specific drug, to help improve the clinical performance of compounds, to provide important market differentiation, particularly for over-the-counter compounds, and to provide safe handling of hormonal, potent and cytotoxic drugs. The Company also participate in the softgel vitamin, mineral and supplement business in selected regions around the world. With the 2001 introduction of its vegetable-derived softgel shell, Vegicaps capsules, consumer health manufacturers have been able to extend the softgel dose form to a broader range of active ingredients and serve patient/consumer populations that were previously inaccessible due to religious, dietary or cultural preferences. In recent years, the Company has extended this platform to pharmaceutical products via its OptiShell offering. The Company's Vegicaps and OptiShell capsules are protected by patents in most major global markets. Physician and patient studies the Company has conducted have demonstrated a preference for softgels versus traditional tablet and hard capsule dose forms in terms of ease of swallowing, real or perceived

speed of delivery, ability to remove or eliminate unpleasant odor or taste and, for physicians, perceived improved patient adherence with dosing regimens.

Drug Delivery Solutions

The Company's Drug Delivery Solutions segment provides various complex advanced formulation delivery technologies, and related integrated solutions including: development and manufacturing of a broad range of oral dose forms including fast-dissolve tablets and both proprietary and conventional controlled release products, and delivery of pharmaceuticals, biologics and biosimilars administered via injection, inhalation and ophthalmic routes, using both traditional and advanced technologies.

The Company provides comprehensive pre-formulation, development, and both clinical and commercial scale for most traditional and advanced oral solid dose formats, including uncoated and coated tablets, powder/pellet/bead-filled two piece hard capsules, lozenges, powders and other forms for immediate and modified release prescription, consumer and animal health products. The Company has substantial experience developing and scaling up products requiring accelerated development timelines, requiring specialized handling, complex technology transfers, or specialized manufacturing processes.

The Company launched its orally dissolving tablet business in 1986 with the introduction of Zydis tablets, a unique oral dosage form that is freeze-dried in its package, can be swallowed without water, and typically dissolves in the mouth in less than three seconds. Most often used for indications, drugs and patient groups that can benefit from rapid oral disintegration, the Zydis technology is utilized in a wide range of products and indications, including treatments for a variety of central nervous system-related conditions such as migraines, Parkinson's Disease, schizophrenia, and pain relief and consumer healthcare products targeting allergy relief. Zydis tablets continue to be used in new ways by the Company's customers as it extends the application of the technology to new categories, such as for immunotherapies, vaccines and biologics delivery.

The Company's range of injectable manufacturing offerings includes filling drugs or biologics into pre-filled syringes and glass-free ADVASEPT vials, with flexibility to accommodate other formats within our existing network, increasingly focused on complex pharmaceuticals and biologics. With its range of technologies, the Company is able to meet a wide range of specifications, timelines and budgets. The complexity of the manufacturing process, the importance of experience and know-how, regulatory compliance, and high start-up capital requirements create significant barriers to entry and, as a result, limit the number of competitors in the market. For example, blow-fill-seal is an advanced aseptic processing technology, which uses a continuous process to form, fill with drug, and seal a plastic container in a sterile environment. Blow-fill-seal units are currently used for a variety of pharmaceuticals in liquid form, such as respiratory, ophthalmic and otic products. The Company is a leader in the outsourced blow-fill-seal market, and operate one of the largest capacity commercial manufacturing blow-fill-seal facilities in the world. Its sterile blow-fill-seal manufacturing has significant capacity and flexibility of manufacturing configurations. This business provides flexible and scalable solutions for unit-dose delivery of complex formulations such as suspensions and emulsions. Further, the business provides engineering and manufacturing solutions related to complex containers. The Company's regulatory expertise can lead to decreased time to commercialization, and its dedicated development production lines support feasibility, stability and clinical runs. The Company plan to continue to expand its product line in existing and new markets, and in higher margin specialty products with additional respiratory, ophthalmic, injectable and nasal applications.

The Company's fast-growing biologics offerings include its formulation development and cell-line manufacturing based on its advanced and patented GPEx technology, which is used to develop stable, high-yielding mammalian cell lines for both innovator and biosimilar biologic compounds. Its GPEx technology can provide rapid cell-line development, high biologics production yields, flexibility and versatility. It believes its development-stage SMARTag next-generation antibody-drug conjugate technology will provide more precision targeting for delivery of drugs to tumors or other locations, with improved safety versus existing technologies. The Company's biologics facility in Madison, Wisconsin has the capability and capacity to produce clinical-scale biologic supplies; combined with offerings from its other businesses and external partners, the Company

provides the broadest range of technologies and services supporting the development and launch of new biologic entities, biosimilars or biobetters to bring a product from gene to market commercialization, faster.

The Company also offers analytical chemical and cell-based testing and scientific services, stability testing, respiratory products formulation and manufacturing, micronization and particle engineering services, regulatory consulting, and bioanalytical testing for biologic products. Its respiratory product capabilities include development and manufacturing services for inhaled products for delivery via metered dose inhalers, dry powder inhalers and intra-nasal sprays. The Company also provides formulation development and clinical and commercial manufacturing for conventional and specialty oral dose forms. It provides global regulatory and clinical support services for its customers' regulatory and clinical strategies during all stages of development. Demand for its offerings is driven by the need for scientific expertise and depth and breadth of services offered, as well as by the reliable supply thereof, including quality, execution and performance.

Clinical Supply Services

The Company's Clinical Supply Services segment provides manufacturing, packaging, storage and inventory management for drugs and biologics in clinical trials. It offers customers flexible solutions for clinical supplies production, and provides distribution and inventory management support for both simple and complex clinical trials. This includes dose form manufacturing or over-encapsulation where needed; supplying placebos, comparator drug procurement and clinical packages and kits for physicians and patients; inventory management; investigator kit ordering and fulfillment; and return supply reconciliation and reporting. This business supports trials in all regions of the world through its facilities and distribution network. In fiscal 2016, the Company commenced an expansion of its Singapore facility by building new flexible cGMP space and it introduced clinical supply services at its 200,000 square foot facility in Japan, expanding its Asia Pacific capabilities. Additionally, in fiscal 2013, the Company established its first clinical supply services facility in China as a joint venture and assumed full ownership in fiscal 2015. The Company is the leading provider of integrated development solutions and one of the leading providers of clinical trial supplies and respiratory products.

Basis of Presentation

These financial statements include all of the Company's subsidiaries, including those operating outside the United States ("U.S.") and are prepared in accordance with U.S. GAAP. All significant transactions among the Company's businesses have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, allowance for doubtful accounts, inventory and long-lived asset valuation, goodwill and other intangible asset valuation and impairment, equity-based compensation, income taxes, and pension plan asset and liability valuation. Actual amounts may differ from these estimated amounts.

Foreign Currency Translation

The financial statements of the Company's operations outside the U.S. are generally measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign operations into U.S. dollars are accumulated as a component of other comprehensive income/(loss) utilizing period-end exchange rates. The currency fluctuation related to certain long-term inter-company loans deemed to not be repayable in the foreseeable future have been recorded within the cumulative translation adjustment, a component of other comprehensive income/(loss). In addition, the currency fluctuation associated with the portion of the Company's euro-denominated debt designated as a net investment hedge is included as a component of other comprehensive income/(loss). Foreign currency transaction gains and losses calculated by utilizing weighted average exchange rates for the period are included in the statements of operations in "other expense, net." Such foreign currency transaction gains and losses include inter-company loans that are repayable in the foreseeable future.

Revenue Recognition

In accordance with *Accounting Standards Codification* (*"ASC") 605 Revenue Recognition,* the Company recognizes revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable and collectability is reasonably assured. In cases where the Company has multiple contracts with the same customer, the Company evaluates those contracts to assess if the contracts are linked or are separate arrangements. Factors the Company considers include the timing of negotiation, interdependency with other contracts or elements and payment terms. The Company and its customers generally view each contract as a separate arrangement.

Manufacturing and packaging service revenue is recognized upon delivery of the product in accordance with the terms of the contract, which specify when transfer of title and risk of loss occurs. Some of the Company's manufacturing contracts with its customers have annual minimum purchase requirements. At the end of the contract year, revenue is recognized for the unfilled purchase obligation in accordance with the contract terms. Development service contracts generally take the form of a fee-for-service arrangement. After the Company has evidence of an arrangement, the price is determinable and there is a reasonable expectation regarding payment, the Company recognizes revenue at the point in time the service obligation is completed and accepted by the customer. Examples of output measures include a formulation report, analytical and stability testing, clinical batch production or packaging and the storage and distribution of a customer's clinical trial material. Development service revenue is primarily driven by the Company's Drug Delivery Solutions segment.

Arrangements containing multiple elements, including service arrangements, are accounted for in accordance with the provisions of *ASC 605-25 Revenue Recognition—Multiple-Element Arrangements*. The Company determines the separate units of account in accordance with ASC 605-25. If the deliverable meets the criteria of a separate unit of accounting, the arrangement consideration is allocated to each element based upon its relative selling price. In determining the best evidence of selling price of a unit of account the Company utilizes vendor-specific objective evidence ("VSOE"), which is the price the Company charges when the deliverable is sold separately. When VSOE is not available, management uses relevant third-party evidence ("TPE") of selling price, if available. When neither VSOE nor TPE of selling price exists, management uses its best estimate of selling price.

Cash and Cash Equivalents

All liquid investments purchased with original maturities of three months or less are considered to be cash and equivalents. The carrying value of these cash equivalents approximates fair value. Liquid investments purchased with original maturities greater than three months but less than one year when purchased are classified as other current assets, and aggregate to $7.0 million as of June 30, 2016.

Receivables and Allowance for Doubtful Accounts

Trade receivables are primarily comprised of amounts owed to the Company through its operating activities and are presented net of an allowance for doubtful accounts. The Company monitors past due accounts on an ongoing basis and establishes appropriate reserves to cover probable losses. An account is considered past due on the first day after its due date. The Company makes judgments as to its ability to collect outstanding receivables and provides allowances when it concludes that all or a portion of the receivable will not be collected. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the specific customer's ability to pay its obligation to the Company, and the condition of the general economy and the customer's industry.

Concentrations of Credit Risk and Major Customers

Concentration of credit risk, with respect to accounts receivable, is limited due to the large number of customers and their dispersion across different geographic areas. The customers are primarily concentrated in the

pharmaceutical and healthcare industry. The Company normally does not require collateral or any other security to support credit sales. The Company performs ongoing credit evaluations of its customers' financial conditions and maintains reserves for credit losses. Such losses historically have been within the Company's expectations. No single customer exceeded 10% of revenue during the fiscal years ended 2016, 2015 and 2014 or 10% of accounts receivable as of the years ended 2016 and 2015.

Inventories

Inventory is stated at the lower of cost or market, using the first-in, first-out ("FIFO") method. The Company provides reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors. Inventory consists of costs associated with raw material, labor and overhead.

Goodwill

The Company accounts for purchased goodwill and intangible assets with indefinite lives in accordance with ASC 350 *Goodwill, Intangible and Other Assets*. Under ASC 350, goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment at least annually. The Company's annual goodwill impairment test was conducted as of April 1, 2016. The Company assesses goodwill for possible impairment by comparing the carrying value of its reporting units to their fair values. The Company determines the fair value of its reporting units utilizing estimated future discounted cash flows and incorporates assumptions that it believes marketplace participants would utilize. In addition, the Company uses comparative market information and other factors to corroborate the discounted cash flow results.

Property and Equipment and Other Definite Lived Intangible Assets

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, including capital lease assets that are amortized over the shorter of their useful lives or the terms of the respective leases. The Company generally uses the following range of useful lives for its property and equipment categories: buildings and improvements—5 to 50 years; machinery and equipment—3 to 10 years; and furniture and fixtures—3 to 7 years. Depreciation expense was $94.2 million for the fiscal year ended June 30, 2016, $94.3 million for the fiscal year ended June 30, 2015, and $100.5 million for the fiscal year ended June 30, 2014. Depreciation expense includes amortization of assets related to capital leases. The Company charges repairs and maintenance costs to expense as incurred. The amount of capitalized interest was immaterial for all periods presented.

Intangible assets with finite lives, primarily including customer relationships, patents and trademarks are amortized over their useful lives. The Company evaluates the recoverability of its other long-lived assets, including amortizing intangible assets, if circumstances indicate impairment may have occurred pursuant to *ASC 360 Property, Plant and Equipment*. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an un-discounted basis, to be generated from such assets. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value through a charge to the Consolidated Statements of Operations. Fair value is determined based on assumptions the Company believes marketplace participants would utilize and comparable marketplace information in similar arm's length transactions. The Company recorded impairment charges related to definite lived intangible assets and property, plant and equipment, net of gains on sale, of approximately $2.7 million, $4.7 million and $3.2 million, for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014, respectively.

Post-Retirement and Pension Plans

The Company sponsors various retirement and pension plans, including defined benefit retirement plans and defined contribution retirement plans. The measurement of the related benefit obligations and the net periodic benefit costs recorded each year are based upon actuarial computations, which require management's judgment

as to certain assumptions. These assumptions include the discount rates used in computing the present value of the benefit obligations and the net periodic benefit costs, the expected future rate of salary increases (for pay-related plans) and the expected long-term rate of return on plan assets (for funded plans).

Effective June 30, 2016, the approach used to estimate the service and interest components of net periodic benefit cost for benefit plans was changed to provide a more precise measurement of service and interest costs. Historically, the Company estimated these service and interest components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Going forward, the Company has elected to utilize an approach that discounts the individual expected cash flows using the applicable spot rates derived from the yield curve over the projected cash flow period. The Company has accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly has accounted for it prospectively.

The expected long-term rate of return on plan assets is based on the target asset allocation and the average expected rate of growth for the asset classes invested. The average expected rate of growth is derived from a combination of historic returns, current market indicators, the expected risk premium for each asset class and the opinion of professional advisors. The Company uses a measurement date of June 30 for all its retirement and postretirement benefit plans.

Derivative Instruments, Hedging Activities, and Fair Value

Derivatives Instruments and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest-rate, liquidity, and credit risk primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings. The Company does not net any of its derivative positions under master netting arrangements.

Specifically, the Company is exposed to fluctuations in the EUR-USD exchange rate on its investments in foreign operations in Europe. While the Company does not actively hedge against changes in foreign currency, it has mitigated the exposure of investments in its European operations through a net-investment hedge by denominating a portion of its debt in euros.

Fair Value

The Company is required to measure certain assets and liabilities at fair value, either upon initial measurement or for subsequent accounting or reporting. The Company uses fair value extensively in the initial measurement of net assets acquired in a business combination and when accounting for and reporting on certain financial instruments. The Company estimates fair value using an exit price approach, which requires, among other things, that it determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of assets and, for liabilities, assuming the risk of non-performance will be the same before and after the transfer. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. When estimating fair value, depending on the nature and complexity of the assets or liability, the Company may use one or all of the following approaches:

- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.

- Cost approach, which is based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.
- Income approach, which is based on the present value of the future stream of net cash flows.

These fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (called Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are directly or indirectly observable (called Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (called Level 3 inputs).

Self-Insurance

The Company is partially self-insured for certain employee health benefits and partially self-insured for property losses and casualty claims. The Company accrues for losses based upon experience and actuarial assumptions, including provisions for incurred but not reported losses.

Shipping and Handling

The Company includes shipping and handling costs in cost of sales in the Consolidated Statements of Operations. Shipping and handling revenue received was immaterial for all periods presented and is presented within net revenues.

Accumulated Other Comprehensive Income/(Loss)

Accumulated other comprehensive income/(loss), which is reported in the accompanying Consolidated Statements of Changes in Shareholders' Equity, consists of net earnings/(loss), foreign currency translation, deferred compensation, and minimum pension liability changes.

Research and Development Costs

The Company expenses research and development costs as incurred. It records costs incurred in connection with the development of new offerings and manufacturing process improvements within selling, general, and administrative expenses. Such research and development costs amounted to $7.6 million, $12.2 million and $17.5 million for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014, respectively. The Company records within cost of sales the costs it incurred in connection with the research and development services that it provided to customers and services it performed for customers in support of the commercial manufacturing process. This second type of research and development costs amounted to $47.4 million, $41.3 million and $34.0 million for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014, respectively.

Earnings / (Loss) Per Share

The Company reports net earnings (loss) per share in accordance with *ASC 260 Earnings per Share*. Under ASC 260, basic earnings per share, which excludes dilution, is computed by dividing net earnings or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution due to securities that could be exercised or converted into common shares, and is computed by dividing net earnings or loss available to common stockholders by the weighted average of common shares outstanding plus the dilutive potential common shares. Diluted earnings per share include as appropriate in-the-money stock options and outstanding restricted stock units using the treasury stock method. During a loss period, the assumed exercise of in-the-money stock options has an anti-dilutive effect and therefore, these instruments are excluded from the computation of diluted earnings per share in a loss period.

Income Taxes

In accordance with *ASC 740 Income Taxes,* the Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. The Company measures deferred tax assets and liabilities using enacted tax rates in the respective jurisdictions in which it operates. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that the Company will be able to realize some or all of the deferred tax assets. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in each of its tax jurisdictions. The number of years with open tax audits varies by tax jurisdiction. A number of years may lapse before a particular matter is audited and finally resolved. The Company applies ASC 740 to determine the accounting for uncertain tax positions. This standard clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before the Company may recognize the position in its financial statements. The standard also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Equity-Based Compensation

The Company accounts for its equity-based compensation in accordance with *ASC 718 Compensation—Stock Compensation.* Under ASC 718, companies recognize compensation expense using a fair value based method for costs related to share-based payments, including stock options and restricted stock units. The expense is measured based on the grant date fair value of the awards that are expected to vest, and the expense is recorded over the applicable requisite service period. In the absence of an observable market price for a share-based award, the fair value is based upon a valuation methodology that takes into consideration various factors, including the exercise price of the award, the expected term of the award, the current price of the underlying shares, the expected volatility of the underlying share price based on peer companies, the expected dividends on the underlying shares and the risk-free interest rate.

The terms of the Company's equity-based compensation plans permit an employee holding vested stock options to elect to have the Company withhold a portion of the shares otherwise issuable upon the employee's exercise of the option, a so-called "net settlement transaction," as a means of paying the exercise price, meeting tax withholding requirements, or both.

Recent Financial Accounting Standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued *Accounting Standards Update ("ASU") 2016-09 Improvements to Employee Share-Based Payment Accounting*, which simplifies the accounting for share-based payment transactions, requiring all excess tax benefits and deficiencies to be recognized in income tax expense or benefit in earnings. An entity can make an accounting policy election to either estimate the expected future forfeiture of awards or account for the cost or benefit as forfeitures occur. The guidance will be effective for publicly reporting entities in fiscal periods beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period. The Company early-adopted ASU 2016-09 during the fourth quarter of fiscal 2016 on a modified retrospective basis. Accordingly, the Company recognized the previously unrecognized excess tax benefits, which resulted in a cumulative-effect adjustment benefit of $19.9 million recorded as part of accumulated deficit, with the tax effects recorded as deferred tax assets at the beginning of the 2016 fiscal year. In addition, excess tax benefits of $4.3 million generated during fiscal 2016 are recorded as part of income tax expense/(benefit) in the consolidated statement of income. Furthermore, the Company recognized a cumulative-effect adjustment charge of approximately $0.7 million, net of income taxes, to the beginning accumulated deficit for the impact of electing to account for forfeiture as it occurs.

In February 2016, the FASB issued *ASU 2016-02 Leases (Topic 842)*, which will supersede *ASC 840 Leases*. The new guidance requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing and uncertainty of cash flows arising from leases and will be effective for publicly reporting entities in annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In November 2015, the FASB issued *ASU 2015-17 Balance Sheet Classification of Deferred Taxes*, which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance will be effective for publicly reporting entities in annual reporting periods beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. The Company has elected to early adopt this update as of the end of the 2016 fiscal year and applied its provisions prospectively. As a result, the prior period was not retrospectively adjusted.

In April 2015, the FASB issued *ASU 2015-03 Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs be presented in the balance sheet as a direct reduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The new guidance is effective for publicly reporting entities for annual and interim periods beginning after December 15, 2015. Early adoption is permitted. The Company early-adopted this guidance as of January 1, 2016, on a retrospective basis, which had an effect on the consolidated balance sheet as of June 30, 2015 and no effect on the consolidated statements of income, comprehensive income (loss), cash flows or changes in stockholders' equity/(deficit) for the year then ended. The unamortized debt issuance costs associated with the Company's revolving credit facility continues to be included within other assets. The following table summarizes the Company's As Reported and As Adjusted changes to the consolidated balance sheet as of June 30, 2015:

	June 30, 2015	
(Dollars in millions)	**As Reported**	**As Adjusted**
Other assets:		
Other	$ 28.4	$ 21.3
Total assets	$3,145.4	$3,138.3
Long-term obligations, less current portion	$1,864.1	$1,857.0
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$3,145.4	$3,138.3

In May 2014, the FASB issued *ASU 2014-09 Revenue from Contracts with Customers*, which will supersede nearly all existing revenue recognition guidance. The new guidance's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, the new guidance creates a five-step model that requires a company to exercise judgment when considering the terms of the contracts and all relevant facts and circumstances. The five steps require a company to identify customer contracts, identify the separate performance obligations, determine the transaction price, allocate the transaction price to the separate performance obligations and recognize revenue when each performance obligation is satisfied. On July 9, 2015, the FASB approved a one-year deferral of the effective date, so that the new guidance will be effective for publicly reporting entities for annual and interim periods beginning after December 15, 2017. The new guidance allows for either full retrospective adoption, where the standard is applied to all periods presented, or modified retrospective adoption where the standard is applied only to the most current period presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of this new guidance on its consolidated results of operations and financial position.

2. BUSINESS COMBINATIONS

During the year ended June 30, 2015, the Company completed acquisitions which were immaterial, individually and in the aggregate, to the overall consolidated financial position and results of operations of the Company. Notably, in October 2014, the Company acquired the remaining shares of Redwood Bioscience Inc. and its SMARTag Antibody-Drug Conjugate (ADC) technology platform. The acquired business is based in the U.S. and is included in the Drug Delivery Solutions segment. Additionally, in November 2014, the Company acquired 100% of the shares of MTI Pharma Solutions, Inc. (Micron Technologies), a company specializing in particle size reduction (micronization), milling and analytical contract services. The acquired business is based in the U.S. and the U.K. and is included in the Drug Delivery Solutions segment.

The Company's consolidated balance sheet as of June 30, 2015 includes the fair value allocations for these acquisitions, which were completed in the fiscal year. Aggregate purchase consideration for both acquisitions totaled $110.8 million. As a result of the fair value allocations, the Company recognized intangible assets of $56 million, comprised of $34 million of customer relationships and $22 million of core technology. The remainder of fair value was allocated to tangible assets acquired and goodwill.

3. GOODWILL

The following table summarizes the changes between June 30, 2014, June 30, 2015 and June 30, 2016 in the carrying amount of goodwill in total and by reporting segment:

(Dollars in millions)	Softgel Technologies	Drug Delivery Solutions	Clinical Supply Services	Total
Balance at June 30, 2014	$472.9	$430.6	$193.6	$1,097.1
Additions/(impairments)	2.3	58.7	—	61.0
Foreign currency translation adjustments	(64.0)	(17.8)	(14.8)	(96.6)
Balance at June 30, 2015	411.2	471.5	178.8	1,061.5
Additions/(impairments)	—	—	—	—
Foreign currency translation adjustments	(5.3)	(36.4)	(23.3)	(65.0)
Balance at June 30, 2016	$405.9	$435.1	$155.5	$ 996.5

No goodwill impairment charges were required during the current or comparable prior year period. When required, impairment charges are recorded within the consolidated statements of operations as impairment charges and (gain)/loss on sale of assets.

4. DEFINITE-LIVED LONG-LIVED ASSETS

The Company's definite-lived long-lived assets include property, plant and equipment as well as other intangible assets with definite lives. Refer to Note 18 Supplemental Balance Sheet Information for details related to property, plant and equipment.

The details of other intangible assets subject to amortization as of June 30, 2016 and June 30, 2015, are as follows:

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
June 30, 2016				
Amortized intangibles:				
Core technology	18 years	$170.6	$ (64.9)	$105.7
Customer relationships	14 years	230.3	(90.9)	139.4
Product relationships	12 years	208.6	(159.7)	48.9
Total intangible assets		$609.5	$(315.5)	$294.0

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
June 30, 2015				
Amortized intangibles:				
Core technology	18 years	$177.6	$ (57.6)	$120.0
Customer relationships	14 years	259.2	(81.8)	177.4
Product relationships	12 years	222.9	(151.6)	71.3
Total intangible assets		$659.7	$(291.0)	$368.7

Amortization expense was $46.4 million, $46.5 million, and $42.4 million for the fiscal year ended June 30, 2016, June 30, 2015, and June 30, 2014, respectively. Future amortization expense for the next five years is estimated to be:

(Dollars in millions)	2017	2018	2019	2020	2021
Amortization expense	$45.0	$44.9	$39.1	$24.8	$24.8

The Company impaired definite lived intangible assets of $0.7 million, $3.4 million and zero in the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

5. RESTRUCTURING AND OTHER COSTS

The Company has implemented plans to restructure certain operations, both domestically and internationally. The restructuring plans focused on various aspects of operations, including closing and consolidating certain manufacturing operations, rationalizing headcount and aligning operations in a strategic and more cost-efficient structure. In addition, the Company may incur restructuring charges in the future in cases where a material change in the scope of operation with its business occurs.

The following table summarizes the significant costs recorded within restructuring costs:

	Year ended June 30,		
(Dollars in millions)	2016	2015	2014
Restructuring costs:			
Employee-related reorganization [1]	$3.7	$11.5	$16.5
Asset impairments	0.4	—	—
Facility exit and other costs [2]	4.9	1.9	3.2
Total restructuring costs	$9.0	$13.4	$19.7

(1) Employee-related costs consist primarily of severance costs and also include outplacement services provided to employees who have been involuntarily terminated and duplicate payroll costs during transition periods.

(2) Facility exit and other costs consist of accelerated depreciation, equipment relocation costs and costs associated with planned facility expansions and closures to streamline Company operations.

6. LONG-TERM OBLIGATIONS AND OTHER SHORT-TERM BORROWINGS

Long-term obligations and other short-term borrowings consist of the following at June 30, 2016 and June 30, 2015:

(Dollars in millions)	Maturity	June 30, 2016	June 30, 2015 [1]
Senior Secured Credit Facilities			
Term loan facility dollar-denominated	May 2021	$1,454.2	$1,465.9
Term loan facility euro-denominated	May 2021	345.2	353.8
Capital lease obligations	2020 to 2032	51.4	55.5
Other obligations	2016 to 2018	9.7	5.6
Total		1,860.5	1,880.8
Less: Current portion of long-term obligations and other short-term borrowings		27.7	23.8
Long-term obligations, less current portion		$1,832.8	$1,857.0

(1) In connection with the Company's adoption of ASU 2015-03, prior year debt balances have been retrospectively adjusted to include a direct deduction of unamortized debt issuance costs, resulting in a reclassification of $7.1 million of debt issuance costs to long-term debt obligation, less current portion. Prior to the adoption of ASU 2015-03, the unamortized debt issuance costs were included in other assets on the Company's consolidated balance sheets. The unamortized debt issuance costs associated with the Company's revolving credit facility continues to be included within other assets.

Senior Secured Credit Facilities

On May 20, 2014, the Operating Company entered into the Amended and Restated Credit Agreement (as amended to date, the "Credit Agreement") to provide senior secured financing consisting of a seven-year $1,400.0 million dollar term loan (the "Dollar Term Loan"), a seven-year €250.0 million euro term loan (the "Euro Term Loan" and, together with the Dollar Term Loan, the "Term Loan Facilities") and a five-year $200.0 million revolving credit facility (the "Revolving Credit Facility"), the proceeds of which were used to prepay in full all outstanding Refinancing Dollar Term-1 Loans, Refinancing Dollar Term-2 Loans and Extended Euro Term Loans under the prior version of the Credit Agreement. The Revolving Credit Facility includes borrowing capacity available for letters of credit and for short-term borrowings, referred to as the swing line borrowings. Borrowings under the Term Loan Facilities and the Revolving Credit Facility bear interest, at the Company's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest published by *The Wall Street Journal* as its "prime lending rate" and (2) the federal funds rate plus one half of 1% or (b) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto). The applicable margin for the Term Loan Facilities and borrowings under the Revolving Credit Facility may be reduced subject to the Company attaining a certain total net leverage ratio. The applicable margin for borrowings is 3.50% for loans based on a LIBOR rate and 2.50% for loans based on base rate. The LIBOR rate for the Term Loan Facilities is subject to a floor of 1.00% and the base rate for the Term Loan Facilities is subject to a floor of 2.00%. Cash paid associated with this financing activity approximated $23.9 million. The Company expensed $7.2 million of unamortized deferred finance costs and debt discounts.

On December 1, 2014, the Operating Company entered into Amendment No. 1 to the Credit Agreement to provide additional senior secured financing of incremental dollar- and euro- denominated term loan facilities of $100 million and €72.8 million ($91 million), respectively. The incremental term loans have substantially similar terms as Catalent's existing Term Loan Facilities. The proceeds of the borrowing were primarily used to pay the remaining $40.5 million outstanding of unsecured term loans, fund acquisitions completed in the second quarter of $111.6 million and general corporate purposes. The Company incurred approximately $2.8 million in

financing costs, of which $1.2 million was recorded in other (income) / expense, net in the consolidated statement of operations.

As of June 30, 2016, there were $13.9 million in outstanding letters of credit that reduced the borrowing capacity under the Revolving Credit Facility.

Redemption of Notes and Unsecured Term Loan Prepayment

In July 2014, the Company provided notice of its election to redeem the entire $350.0 million aggregate principal amount outstanding of Senior Notes and redeemed them in August 2014 at a redemption price of 101.5% of their principal amount plus accrued and unpaid interest. The redemption was funded with proceeds from the IPO. In connection with the redemption the Company recorded $5.3 million in expense related to the call premium and expensed $5.9 million of unamortized debt discount and deferred financing costs, both in other (income) / expense, net in the consolidated statements of operations.

In August 2014, the Company provided notice of its election to redeem the entire €225.0 million aggregate principal amount outstanding of Senior Subordinated Notes and redeemed them in September 2014 at a redemption price of 101.625% of their principal amount plus accrued and unpaid interest. The redemption was funded with proceeds from the IPO. In connection with the redemption the Company recorded $4.5 million in expense related to the call premium and expensed $4.0 million of unamortized debt discount and deferred financing costs, both in other (income) / expense, net in the consolidated statements of operations.

In August 2014, the Company repaid $114.5 million of the outstanding borrowings under unsecured term loans with proceeds from the IPO. In September 2014, the Company repaid $120.0 million of the outstanding borrowings under the unsecured term loans with proceeds from the additional shares purchased by the representatives of the underwriters in connection with the IPO. In connection with the debt payments, the Company expensed $0.9 million of unamortized debt discount and deferred financing costs in other (income) / expense, net in the consolidated statements of operations. In December 2014, the Company paid the remaining $40.5 million outstanding on the unsecured term loans with proceeds from the incremental Term Loan Facility.

Long-Term and Other Obligations

Other obligations consist primarily of capital leases for buildings and other loans for business and working capital needs. Maturities of long-term obligations, including capital leases of $51.4 million, and other short-term borrowings for future fiscal years are:

(Dollars in millions)	2017	2018	2019	2020	2021	Thereafter	Total
Maturities of long-term and other obligations	$27.9	23.2	21.0	21.2	1,747.5	39.3	$1,880.1

Debt Issuance Costs

Debt issuance costs associated with the Company's Term Loan Facilities are presented as a reduction to the carrying value of the debt while the debt issuance costs associated with the Revolving Credit Facility are capitalized within prepaid expenses and other assets on the balance sheet. All debt issuance costs are amortized over the life of the related obligation through charges to interest expense in the Consolidated Statements of Operations. The unamortized total of debt issuance costs were approximately $7.7 million and $9.5 million as of June 30, 2016 and June 30, 2015, respectively. Amortization of debt issuance costs totaled $1.8 million and $2.2 million for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

Guarantees and Security

All obligations under the Credit Agreement, and the guarantees of those obligations, are secured by substantially all of the following assets of the Operating Company and each guarantor, subject to certain exceptions:

- a pledge of 100% of the capital stock of the borrower and 100% of the equity interests directly held by the borrower and each guarantor in any wholly owned material subsidiary of the borrower or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary); and
- a security interest in, and mortgages on, substantially all tangible and intangible assets of the borrower and of each guarantor, subject to certain limited exceptions.

Debt Covenants

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, the Company's (and the Company's restricted subsidiaries') ability to incur additional indebtedness or issue certain preferred shares; create liens on assets; engage in mergers and consolidations; sell assets; pay dividends and distributions or repurchase capital stock; engage in certain transactions with affiliates; make investments, loans or advances; make certain acquisitions; enter into sale and leaseback transactions and change its lines of business.

The Credit Agreement also contains change of control provisions and certain customary affirmative covenants and events of default. The revolving credit facility requires compliance with a net leverage covenant when there is a 30% or more draw outstanding at a period end. As of June 30, 2016, the Company was in compliance with all material covenants related to its long-term obligations.

Subject to certain exceptions, the Credit Agreement permits the Company and its restricted subsidiaries to incur certain additional indebtedness, including secured indebtedness. None of the Company's non-U.S. subsidiaries or Puerto Rico subsidiaries is a guarantor of the loans.

Under the Credit Agreement, the Company's ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "Consolidated EBITDA" in the Credit Agreement). Adjusted EBITDA is based on the definitions in the Credit Agreement and is not defined under U.S. GAAP, and is subject to important limitations.

Fair Value of Debt Measurements

The estimated fair value of the long-term debt, which is considered a Level 2 liability, is based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities and considers collateral, if any. The carrying amounts and the estimated fair values of financial instruments as of June 30, 2016 and June 30, 2015 are as follows:

	June 30, 2016		June 30, 2015	
(Dollars in millions)	**Carrying Value**	**Estimated Fair Value**	**Carrying Value [1]**	**Estimated Fair Value**
Long-term debt and other	$1,860.5	$1,868.8	$1,880.8	$1,854.7

(1) In connection with the Company's adoption of ASU 2015-03, prior year debt balances have been retrospectively adjusted to include a direct deduction of unamortized debt issuance costs, resulting in a reclassification of $7.1 million of debt issuance costs to long-term debt obligation, less current portion. Prior to the adoption of ASU 2015-03, the unamortized debt issuance costs were included in other assets on the Company's consolidated balance sheets. The unamortized debt issuance costs associated with the Company's revolving credit facility continues to be included within other assets.

7. EARNINGS PER SHARE

The reconciliations between basic and diluted earnings per share attributable to Catalent common shareholders for the fiscal years ended June 30, 2016, 2015 and 2014 are as follows (in millions, except share and per share data):

	Year ended June 30,		
	2016	2015	2014
Earnings from continuing operations less net income / (loss) attributable to noncontrolling interest	$ 111.5	$ 212.1	$ 18.9
Earnings / (loss) from discontinued operations	—	0.1	(2.7)
Net earnings attributable to Catalent	$ 111.5	$ 212.2	$ 16.2
Weighted average shares outstanding	124,787,819	119,575,568	75,045,147
Dilutive securities issuable-stock plans	1,082,275	1,773,068	1,078,710
Total weighted average diluted shares outstanding	125,870,094	121,348,636	76,123,857
Basic earnings per share of common stock:			
Earnings from continuing operations	$ 0.89	$ 1.77	$ 0.25
Earnings / (loss) from discontinued operations	—	—	(0.03)
Net earnings attributable to Catalent	$ 0.89	$ 1.77	$ 0.22
Diluted earnings per share of common stock-assuming dilution:			
Earnings from continuing operations	$ 0.89	$ 1.75	$ 0.25
Earnings / (loss) from discontinued operations	—	—	(0.04)
Net earnings attributable to Catalent	$ 0.89	$ 1.75	$ 0.21

The computation of diluted earnings per share for the years ended June 30, 2016, 2015 and 2014 excludes the effect of potential shares issuable under the Company's pre-IPO employee stock option plan of 2.2 million, 2.1 million and 2.3 million options, respectively, because the vesting provisions of those awards specify performance or market-based conditions that had not been met as of the period end. Further, the computation of diluted earnings per share for the year ended June 30, 2016 excludes the effect of potential common shares issuable under the employee stock option plan and restricted stock units of approximately 0.5 million shares each because they are anti-dilutive.

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to fluctuations in the applicable exchange rate on its investments in foreign operations. While the Company does not actively hedge against changes in foreign currency, the Company has mitigated the exposure of its investments in its European operations by denominating a portion of its debt in euros. At June 30, 2016, the Company had euro-denominated debt outstanding of $345.2 million that qualifies as a hedge of a net investment in foreign operations. For non-derivatives designated and qualifying as net investment hedges, the effective portion of the translation gains or losses are reported in accumulated other comprehensive income/(loss) as part of the cumulative translation adjustment. The ineffective portions of the translation gains or losses are reported in the statement of operations. The following table includes net investment hedge activity during fiscal year ended June 30, 2016 and June 30, 2015:

(Dollars in millions)	June 30, 2016	June 30, 2015
Unrealized foreign exchange gain/(loss) within other comprehensive income	$1.8	$30.0
Unrealized foreign exchange gain/(loss) within statement of operations	$3.9	$47.7

The net accumulated gain of this net investment as of June 30, 2016 within other comprehensive income/(loss) was approximately $81.3 million. Amounts are reclassified out of accumulated other comprehensive income/(loss) into earnings when the entity to which the gains and losses reside is either sold or substantially liquidated.

9. INCOME TAXES

Earnings/(loss) from continuing operations before income taxes and discontinued operations are as follows for the fiscal years ended 2016, 2015, and 2014:

	Fiscal Year Ended June 30,		
(Dollars in millions)	**2016**	**2015**	**2014**
U.S. Operations	$ 60.0	$ 25.8	$ (75.6)
Non-U.S. Operation	$ 84.9	$ 86.7	$143.0
	$144.9	$112.5	$ 67.4

The provision /(benefit) for income taxes consists of the following for the fiscal years ended 2016, 2015, and 2014:

	Fiscal Year Ended June 30,		
(Dollars in millions)	**2016**	**2015**	**2014**
Current:			
Federal	$ (0.6)	$ —	$ —
State and local	(0.2)	(0.8)	(1.2)
Non-U.S.	26.3	31.9	55.7
Total	$25.5	$ 31.1	$ 54.5
Deferred:			
Federal	$19.6	$(125.3)	$ 5.3
State and local	(4.8)	(1.1)	0.4
Non-U.S.	(6.6)	(2.4)	(10.7)
Total	8.2	(128.8)	(5.0)
Total provision/(benefit)	$33.7	$ (97.7)	$ 49.5

A reconciliation of the provision/(benefit) based on the federal statutory income tax rate to the Company's effective income tax rate is as follows for the fiscal years ended 2016, 2015, and 2014:

	Fiscal Year Ended June 30,		
(Dollars in millions)	**2016**	**2015**	**2014**
Provision at U.S. federal statutory tax rate	$ 50.7	$ 39.4	$ 23.6
State and local income taxes	(3.0)	(2.4)	0.6
Foreign tax rate differential	(21.7)	(23.9)	(25.5)
Permanent items	(2.3)	1.7	24.6
Unrecognized tax positions	5.6	14.7	34.2
Tax valuation allowance	7.2	(133.2)	(9.5)
Withholding tax and other foreign taxes	0.6	1.4	6.2
Change in tax rate	(3.2)	1.3	(5.0)
Foreign currency impact on permanently reinvested loans	—	2.7	—
R&D Tax Credit	(1.4)	(1.3)	(0.8)
Other	1.2	1.9	1.1
	$ 33.7	$ (97.7)	$ 49.5

The income tax benefit for the current period is not comparable to the same period of the prior year due to changes in pretax income over many jurisdictions and the impact of discrete items. Generally, fluctuations in the effective tax rate are primarily due to changes in the geographic mix of pretax income and changes in the tax impact of permanent differences and other discrete tax items, which may have unique tax implications depending on the nature of the item. The effective tax rate at June 30, 2015 reflects the release of the U.S. federal valuation allowance and an increase in a tax reserve related to an adjustment to inter-company interest income in Germany, partially offset by a corresponding deduction in the United Kingdom due to enacted tax rate changes. The effective tax rate for the fiscal year ended June 30, 2016 reflects the impact of benefits of a valuation allowance release for utilized capital losses prior to expiration this year, a current year deduction related to stock compensation, as well as a deduction related to a further U.K. rate reduction enacted during the current year, countered by valuation allowance builds on current year losses.

As of June 30, 2016, the Company had $471.9 million of undistributed earnings from non-U.S. subsidiaries that are intended to be permanently reinvested in non-U.S. operations. As these earnings are considered permanently reinvested, no U.S. tax provision has been accrued related to the repatriation of these earnings. It is not feasible to estimate the amount of U.S. tax that might be payable on the eventual remittance of such earnings.

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities, and operating loss and tax credit carryforwards for tax purposes. The components of the deferred income tax assets and liabilities are as follows at June 30, 2016 and 2015:

	Fiscal Year Ended June 30,	
(Dollars in millions)	2016	2015
Deferred income tax assets:		
Accrued liabilities	$ 21.6	$ 24.0
Equity compensation	10.7	8.4
Loss and tax credit carryforwards	155.0	204.0
Foreign currency	18.8	16.2
Pension	45.9	42.9
Property-related	9.3	9.7
Intangibles	8.0	10.5
Other	22.9	17.1
Total deferred income tax assets	292.2	332.8
Valuation allowance	(69.9)	(82.4)
Net deferred income tax assets	$222.3	$250.4

	Fiscal Year Ended June 30,	
(Dollars in millions)	2016	2015
Deferred income tax liabilities:		
Accrued liabilities	(0.6)	(0.6)
Equity compensation	—	—
Foreign currency	(0.9)	(0.4)
Property-related	(53.9)	(44.5)
Goodwill and other intangibles	(142.2)	(156.1)
Other	(1.0)	(1.8)
Euro Denominated Debt	(27.6)	(21.0)
Total deferred income tax liabilities	$(226.2)	(224.4)
Net deferred tax asset/(liability)	$ (3.9)	$ 26.0

Deferred tax assets and liabilities in the preceding table are in the following captions in the balance sheet at June 30, 2016 and 2015:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015
Current deferred tax asset	$ —	$19.7
Non-current deferred tax asset	37.5	64.1
Current deferred tax liability	—	1.5
Non-current deferred tax liability	41.4	56.3
Net deferred tax asset/(liability)	$ (3.9)	$26.0

The Company adopted ASU 2015-17 in the fourth quarter of fiscal 2016 on a prospective basis; accordingly, all deferred tax assets and liabilities as of June 30, 2016, are classified as noncurrent in the balance sheet, and the prior period balances were not retrospectively adjusted.

At June 30, 2016, the Company has federal net operating loss carryforwards of $230.2 million, all of which are subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"); $13.2 million of which, because they were generated in years prior to April 10, 2007, when the Company was owned by Cardinal, and the remainder due to a change in ownership event when Blackstone, Genstar Capital, and Aisling Capital completed a secondary offering of the Company's stock in March 2015. The federal loss carryforwards will expire in fiscal years 2022 through 2033.

The Company adopted ASU 2016-09, during the fourth quarter of fiscal 2016 on a modified retrospective basis; accordingly, the Company recognized the previously unrecognized excess tax benefits, which resulted in a cumulative-effect adjustment tax benefit of $19.9 million recorded as part of accumulated deficit, with the tax effects recorded as deferred tax assets at the beginning of the 2016 fiscal year.

At June 30, 2016, the Company has state tax loss carryforwards of $376.2 million. Approximately $181.5 million of these losses are state tax losses generated in periods prior to the period ending June 30, 2007. Substantially all state carryforwards have a twenty-year carryforward period. At June 30, 2016, the Company has international tax loss carryforwards of $129.8 million. Substantially all of these carryforwards are available for at least three years or have an indefinite carryforward period.

The Company had valuation allowances of $69.9 million and $82.4 million as of June 30, 2016 and 2015, respectively, against our deferred tax assets.

The Company considered all available evidence, both positive and negative, in assessing the need for a valuation allowance for deferred tax assets. Three possible sources of taxable income were evaluated when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Tax planning strategies; and
- Future taxable income exclusive of reversing temporary differences and carryforwards.

The Company considered the need to maintain a valuation allowance on deferred tax assets based on management's assessment of whether it is more likely than not that deferred tax assets would be realized based on future reversals of existing taxable temporary differences and the ability to generate sufficient taxable income within the carryforward period available under the applicable tax law. The deferred tax liabilities are expected to reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to a portion of the deferred tax assets.

During the fiscal year ended June 30, 2015, the Company released the majority of its U.S. federal valuation allowance of $136.7 million based on projected U.S. future earnings in excess of the $294.1 million required to realize its net U.S. federal deferred tax assets. Of the $294.1 million, $329.5 million relates to the federal net operating loss carryforward (NOL) which expires in the years 2028 to 2032. The remaining $35.4 million relates to other net deferred tax liabilities. A valuation allowance of $10.4 million was retained on U.S. federal deferred tax assets for capital losses, which have expired in the current period.

The reversal of the valuation allowance was the result of a continuing trend of U.S. taxable income and the expectation that this trend will continue, rather than relying on tax planning strategies to support the realization of deferred tax assets. We had experienced three consecutive years of positive U.S. taxable earnings as of the current quarter and expect to sustain this position in the future, due to the positive impact on U.S. earnings from reduced interest expense resulting from a reduction in our external debt, among other factors.

While the U.S. federal valuation allowance was reversed, the U.S. state valuation allowance on $375.7 million of pre-apportioned state net operating losses were maintained. Due to uncertainty around earnings, apportionment, certain restrictions at the state level, and the history of tax losses, anticipated utilization rates were not sufficient to overcome the negative evidence and allow a release.

As part of the 2007 acquisition from Cardinal, the Company has been indemnified by Cardinal for tax liabilities that may arise in the future that relate to tax periods prior to April 10, 2007 (the "Formation Date"). The indemnification agreement includes, among other taxes, any and all Federal, state and international income based taxes as well as any interest and penalties that may be related thereto.

Similarly, as part of the 2012 purchase of the CTS business from Aptuit, Inc., the Company has been indemnified by Aptuit, Inc. for tax liabilities relating to the CTS business that may arise in the future that relate to tax periods prior to February 17, 2012. The indemnification agreement includes, among other taxes, any and all Federal, state and international income based taxes as well as any interest and penalties that may be related thereto.

The amount of income taxes the Company may pay is subject to ongoing audits by federal, state and foreign tax authorities, which may result in proposed assessments. The Company's estimate for the potential outcome for any uncertain tax issue is highly judgmental. The Company assesses its income tax positions and record benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions for which it is more likely than not that a tax benefit will be sustained, the Company records the amount that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Interest and penalties are accrued, where applicable.

ASC 740 includes guidance on the accounting for uncertainty in income taxes recognized in the financial statements. This standard also provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. As of June 30, 2016, the Company had a total of $61.5 million of unrecognized tax benefits. A reconciliation of our unrecognized tax benefits, excluding accrued interest, for June 30, 2016, June 30, 2015 and June 30, 2014 are as follows:

(Dollars in millions)	
Balance at June 30, 2014	**$ 60.6**
Additions based on tax positions related to the current year	7.3
Additions for tax positions of prior years	5.5
Reductions for tax positions of prior years	(5.4)
Settlements	(0.5)
Lapse of the applicable statute of limitations	(0.6)
Balance at June 30, 2015	**$ 66.9**
Additions based on tax positions related to the current year	6.2
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	(11.0)
Settlements	—
Lapse of the applicable statute of limitations	(0.6)
Balance at June 30, 2016	**$ 61.5**

Of this amount, $45.7 million and $46.7 million represent the amount of unrecognized tax benefits that, if recognized, would favorably impact the effective income tax rate as of June 30, 2016 and June 30, 2015, respectively. An additional $15.8 million represents the amount of unrecognized tax benefits that, if recognized, would not impact the effective income tax rate due to a full valuation allowance.

In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including major jurisdictions such as Germany, United Kingdom, France, the United States, and various states. The Company is no longer subject to examinations by the relevant tax authorities for years prior to fiscal 2005.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of June 30, 2016, the Company has approximately $5.6 million of accrued interest related to uncertain tax positions, a decrease of $0.7 million from the prior year. The Company had approximately $6.3 million and $5.1 million of accrued interest related to uncertain tax positions as of June 30, 2015 and 2014, respectively. The portion of such interest and penalties subject to indemnification by Cardinal is $2.1 million, a decrease of $0.2 million from the prior year.

10. EMPLOYEE RETIREMENT BENEFIT PLANS

The Company sponsors various retirement plans, including defined benefit pension plans and defined contribution plans. Substantially all of the Company's domestic non-union employees are eligible to participate in employer-sponsored retirement savings plans, which include plans covered under Section 401(k) of the Internal Revenue Code, and provide for company matching contributions. The Company's contributions to the plans are discretionary but are subject to certain minimum requirements as specified in the plans under law. The Company uses a measurement date of June 30 for all of its retirement and postretirement benefit plans.

In addition, the Company has recorded obligations related to its withdrawal from a multi-employer pension plan related to a former commercial packaging site, a clinical services site and a former printed components operation. The Company's withdrawal from these multi-employer pension plans has been classified as a mass

withdrawal under the Multiemployer Pension Plan Amendments Act of 1980, and, as amended, under the Pension Protection Act of 2006. The withdrawal from the plan resulted in the recognition of liabilities associated with the Company's long-term obligations in prior year periods not presented, which were primarily recorded as an expense within discontinued operations. The estimated discounted value of the projected contributions related to these plans is $39.3 million and $39.5 million as of June 30, 2016 and June 30, 2015, respectively. The annual cash impact associated with the Company's long-term obligation approximates $1.7 million per year.

The following table provides a reconciliation of the change in projected benefit obligation and fair value of plan assets for the defined benefit retirement and other retirement plans, excluding the multi-employer pension plan liability:

At June 30,	Retirement Benefits		Other Post-Retirement Benefits	
(Dollars in millions)	2016	2015	2016	2015
Accumulated Benefit Obligation	$ 328.1	$ 316.0	$ 3.6	$ 3.7
Change in Benefit Obligation				
Benefit obligation at beginning of year	323.7	333.8	3.7	4.4
Company service cost	2.8	2.7	—	—
Interest cost	10.4	11.4	0.1	0.2
Employee contributions	—	—	—	—
Plan amendments	(0.7)	—	—	—
Curtailments	—	(1.6)	—	—
Settlements	—	—	—	—
Special termination benefits	—	—	—	—
Divestitures	—	—	—	—
Business combinations	—	—	—	—
Benefits paid	(11.6)	(9.6)	(0.2)	(0.2)
Actual expenses	—	—	—	—
Actuarial (gain)/loss	40.5	20.8	—	(0.7)
Exchange rate gain/(loss)	(28.5)	(33.8)	—	—
Benefit obligation at end of year	336.6	323.7	3.6	3.7
Change in Plan Assets				
Fair value of plan assets at beginning of year	222.0	222.2	—	—
Actual return on plan assets	33.8	18.4	—	—
Company contributions	9.2	9.0	0.2	0.2
Employee contributions	—	—	—	—
Settlements	—	—	—	—
Special company contributions to fund termination benefits	—	—	—	—
Divestitures	—	—	—	—
Business combinations	—	—	—	—
Benefits paid	(11.6)	(9.6)	(0.2)	(0.2)
Actual expenses	—	—	—	—
Exchange rate gain/(loss)	(25.8)	(18.0)	—	—
Fair value of plan assets at end of year	227.6	222.0	—	—
Funded Status				
Funded status at end of year	(109.0)	(101.7)	(3.6)	(3.7)
Employer contributions between measurement date and reporting date	—	—	—	—
Net pension asset (liability)	(109.0)	(101.7)	(3.6)	(3.7)

The following table provides a reconciliation of the net amount recognized in the Consolidated Balance Sheets:

At June 30, (Dollars in millions)	Retirement Benefits 2016	Retirement Benefits 2015	Other Post-Retirement Benefits 2016	Other Post-Retirement Benefits 2015
Amounts Recognized in Statement of Financial Position				
Noncurrent assets	$ —	$ 0.6	$ —	$ —
Current liabilities	(0.8)	(0.9)	—	(0.8)
Noncurrent liabilities	(108.2)	(101.4)	(3.6)	(2.9)
Total asset/(liability)	(109.0)	(101.7)	(3.6)	(3.7)
Amounts Recognized in Accumulated Other Comprehensive Income				
Transition (asset)/obligation	—	—	—	—
Prior service cost	(0.5)	0.1	—	—
Net (gain)/loss	76.9	63.2	(1.5)	(1.6)
Total accumulated other comprehensive income at the end of the year	76.4	63.3	(1.5)	(1.6)
Additional Information for Plan with ABO in Excess of Plan Assets				
Projected benefit obligation	321.0	309.6	3.6	3.7
Accumulated benefit obligation	315.7	304.1	3.6	3.7
Fair value of plan assets	213.3	207.3	—	—
Additional Information for Plan with PBO in Excess of Plan Assets				
Projected benefit obligation	336.6	309.6	3.6	3.7
Accumulated benefit obligation	328.1	304.1	3.6	3.7
Fair value of plan assets	227.6	207.3	—	—
Components of Net Periodic Benefit Cost				
Service Cost	2.8	2.7	—	—
Interest Cost	10.4	11.4	0.1	0.2
Expected return on plan assets	(9.8)	(10.5)	—	—
Amortization of unrecognized:				
Transition (asset)/obligation	—	—	—	—
Prior service cost	—	—	—	—
Net (gain)/loss	2.9	1.8	(0.1)	(0.1)
Ongoing periodic cost	6.3	5.4	—	0.1
Settlement/curtailment expense/(income)	—	(0.2)	—	—
Net periodic benefit cost	6.3	5.2	—	0.1

At June 30, (Dollars in millions)	Retirement Benefits 2016	Retirement Benefits 2015	Other Post-Retirement Benefits 2016	Other Post-Retirement Benefits 2015
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income				
Net (gain)/loss arising during the year	$16.4	$13.0	—	(0.7)
Prior service cost (credit) during the year	(0.7)	—	—	—
Transition asset/(obligation) recognized during the year	—	—	—	—
Prior service cost recognized during the year	—	—	—	—
Net gain/(loss) recognized during the year	(2.8)	(3.2)	0.1	0.1
Exchange rate gain/(loss) recognized during the year	0.2	(0.6)	—	—
Total recognized in other comprehensive income	$13.1	$ 9.2	$ 0.1	$ (0.6)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income				
Total recognized in net periodic benefit cost and other comprehensive income	$19.3	$14.4	$ 0.1	$ (0.5)
Estimated Amounts to be Amortized from Accumulated Other Comprehensive Income into Net Periodic Benefit Cost				
Amortization of:				
Transition (asset)/obligation	$ —	$ —	$ —	$ —
Prior service cost/(credit)	—	—	—	—
Net (gain)/loss	4.5	2.9	(0.1)	(0.1)
Financial Assumptions Used to Determine Benefit Obligations at the Balance Sheet Date				
Discount rate (%)	2.33%	3.38%	2.89%	3.69%
Rate of compensation increases (%)	2.10%	2.06%	n/a	n/a
Financial Assumptions Used to Determine Net Periodic Benefit Cost for Financial Year				
Discount rate (%)	3.38%	3.73%	3.69%	3.67%
Rate of compensation increases (%)	2.10%	2.10%	n/a	n/a
Expected long-term rate of return (%)	4.93%	5.11%	n/a	n/a
Expected Future Contributions				
Financial Year				
2017	$ 8.4		$ 0.3	

At June 30, (Dollars in millions)	Retirement Benefits 2016	Retirement Benefits 2015	Other Post-Retirement Benefits 2016	Other Post-Retirement Benefits 2015
Expected Future Benefit Payments				
Financial Year				
2017	9.0	10.5	0.8	0.8
2018	9.4	9.5	0.3	0.3
2019	10.8	11.1	0.3	0.3
2020	11.1	11.2	0.2	0.3
2021	12.0	13.9	0.2	0.3
2022-2026	67.4	72.0	1.0	1.1
Actual Asset Allocation (%)				
Equities	23.6%	34.2%	—%	—%
Government Bonds	29.9%	28.2%	—%	—%
Corporate Bonds	12.3%	17.3%	—%	—%
Property	2.5%	3.1%	—%	—%
Insurance Contracts	9.0%	8.5%	—%	—%
Other	22.7%	8.7%	—%	—%
Total	100.0%	100.0%	—%	—%
Actual Asset Allocation (Amount)				
Equities	53.7	75.7	—	—
Government Bonds	68.1	62.7	—	—
Corporate Bonds	28.0	38.5	—	—
Property	5.8	6.9	—	—
Insurance Contracts	20.4	18.9	—	—
Other	51.6	19.3	—	—
Total	227.6	222.0	—	—
Target Asset Allocation (%)				
Equities	24.1%	34.5%	—%	—%
Government Bonds	29.8%	24.8%	—%	—%
Corporate Bonds	12.3%	22.1%	—%	—%
Property	2.7%	3.5%	—%	—%
Insurance Contracts	8.9%	6.3%	—%	—%
Other	22.2%	8.8%	—%	—%
Total	100.0%	100.0%	—%	—%

The Company employs a building block approach in determining the long-term rate of return for plan assets, with proper consideration of diversification and rebalancing. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data are reviewed to check for reasonability and appropriateness.

Plan assets are recognized and measured at fair value in accordance with the accounting standards regarding fair value measurements. The following are valuation techniques used to determine the fair value of each major category of assets:

- Short-term investments, equity securities, fixed-income securities, and real estate are valued using quoted market prices or other valuation methods, and thus are classified within Level 1 or Level 2.

- Insurance contracts and other types of investments include investments with some observable and unobservable prices that are adjusted by cash contributions and distributions, and thus are classified within Level 2 or Level 3.
- Other assets as of June 30, 2016 include $28.0 million of investments in hedge funds related to our U.K. pension plan and are classified as Level 2.

The following table provides a summary of plan assets that are measured in fair value as of June 30, 2016, aggregated by the level in the fair value hierarchy within which those measurements fall:

(Dollars in millions)	Total Assets	Level 1	Level 2	Level 3
Equity Securities	$ 53.7	$—	$ 53.7	—
Debt Securities	96.1	—	96.1	—
Real Estate	5.8	—	5.8	—
Other	72.0	—	52.4	19.6
Total	$227.6	$—	$208.0	$19.6

Level 3 other assets consist of an insurance contract in the UK to fulfill the benefit obligations for a portion of the participant benefits. The value of this commitment is determined using the same assumptions and methods used to value the UK Retirement & Death Benefit Plan pension liability. Level 3 other assets also include the partial funding of a pension liability relating to current and former employees of the Company's Eberbach facility through a Company promissory note or loan with an annual rate of interest of 5%. The value of this commitment fluctuates due to contributions and benefit payments in addition to loan interest.

The following table provides a summary of plan assets that are measured in fair value as of June 30, 2015, aggregated by the level in the fair value hierarchy within which those measurements fall:

(Dollars in millions)	Total Assets	Level 1	Level 2	Level 3
Equity Securities	$ 75.7	$—	$ 75.7	—
Debt Securities	101.2	—	101.2	—
Real Estate	6.9	—	0.3	6.6
Other	38.2	—	17.3	20.9
Total	$222.0	$—	$194.5	$27.5

Level 3 real estate assets consist of a U.K. Property fund ("UBS Life Triton Property Fund") that directly invests in properties that are held in the U.K. The funds are priced using the Net Asset Value ("NAV") of the fund and investors also get Bid and Offer prices on a monthly basis. Investment properties are measured at fair value as determined by third-party independent appraisers. Their value is ascertained by reference to the market value, having regard to whether they are let or un-let at the date of valuation, in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

The following table provides a reconciliation of the beginning and ending balances of level 3 assets as well as the changes during the period attributable to assets held and those purchases, sales, settlements, contributions and benefits that were paid:

Asset Category Allocations—June 30, 2016

Total (Level 3) (Dollars in millions)	Fair Value Measurement Using Significant Unobservable Inputs Total (Level 3)	Fair Value Measurement Using Significant Unobservable Inputs Insurance Contracts	Fair Value Measurement Using Significant Unobservable Inputs Other
Beginning Balance at June 30, 2015	$27.5	$ 4.7	$22.8
Actual return on plan assets:			
Relating to assets still held at the reporting date	(0.9)	(1.3)	0.4
Relating to assets sold during the period	—	—	—
Purchases, sales, settlements, contributions and benefits paid	(7.0)	(0.2)	(6.8)
Transfers in and/or out of Level 3	—	—	—
Ending Balance at June 30, 2016	$19.6	$ 3.2	$16.4

The investment policy reflects the long-term nature of the plans' funding obligations. The assets are invested to provide the opportunity for both income and growth of principal. This objective is pursued as a long-term goal designed to provide required benefits for participants without undue risk. It is expected that this objective can be achieved through a well-diversified asset portfolio. All equity investments are made within the guidelines of quality, marketability and diversification mandated by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (for plans subject to ERISA) and other relevant legal requirements. Investment managers are directed to maintain equity portfolios at a risk level approximately equivalent to that of the specific benchmark established for that portfolio. Assets invested in fixed income securities and pooled fixed-income portfolios are managed actively to pursue opportunities presented by changes in interest rates, credit ratings or maturity premiums.

At June 30, (Actual dollar amounts)	Other Post-Retirement Benefits 2016	2015
Assumed Healthcare Cost Trend Rates at the Balance Sheet Date		
Healthcare cost trend rate – initial (%)		
Pre-65	n/a	n/a
Post-65	10.35%	11.35%
Healthcare cost trend rate – ultimate (%)		
Pre-65	n/a	n/a
Post-65	4.84%	4.64%
Year in which ultimate rates are reached		
Pre-65	n/a	n/a
Post-65	2022	2022
Effect of 1% Change in Healthcare Cost Trend Rate		
Healthcare cost trend rate up 1%		
on APBO at balance sheet date	$ 169,433	$ 171,309
on total service and interest cost	5,721	8,181
Effect of 1% Change in Healthcare Cost Trend Rate		
Healthcare cost trend rate down 1%		
on APBO at balance sheet date	$(151,184)	$(152,189)
on total service and interest cost	(5,106)	(7,282)
Expected Future Contributions		
Financial Year		
2017	$ 259,942	

11. RELATED PARTY TRANSACTIONS

Advisor Transaction and Management Fees

Prior to the IPO, the Company was party to a transaction and advisory fee agreement with affiliates of Blackstone and certain other investors in BHP PTS Holdings L.L.C. (the "Investors"), pursuant to which the Company historically paid an annual sponsor advisory fee to Blackstone and the other Investors for certain monitoring, advisory and consulting services to the Company. In connection with the IPO, the Company paid the Investors an advisory agreement termination fee of $29.8 million in August 2014, which was recorded within other (income)/expense, net in the Consolidated Statements of Operations, and terminated the agreement. As a result, the Company did not have management fees for the fiscal years ended June 30, 2016 and 2015. For the fiscal year ended June 30, 2014, this management fee was approximately $12.9 million. This fee was recorded within selling, general and administrative expenses in the Consolidated Statements of Operations.

In connection with each of the secondary offerings of our common stock demanded by Blackstone during fiscal 2015 and 2016 following the IPO, we entered into underwriting agreements with Blackstone, the other shareholders selling in the offerings, and the underwriters managing the offerings setting forth the terms of the offerings and making various representations to the underwriters regarding various facts and circumstances relating to the offerings. The underwriting agreements required us to pay certain expenses relating to the offerings and to indemnify Blackstone, the other sellers, and the underwriters for the offerings against liabilities arising from breaches of our representations and certain other matters relating to the offerings.

Other Related Party Transactions

The Company participates in an employer health program agreement with Equity Healthcare LLC ("Equity Healthcare"). Equity Healthcare negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts and quality of service monitoring capability by Equity Healthcare. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. In consideration for these services, the Company paid Equity Healthcare a fee of $3.00 and $2.80 per participating employee per month in calendar years 2016 and 2015, respectively. As of June 30, 2016, the Company had approximately 2,700 employees enrolled in its health benefit plans in the United States. Equity Healthcare is an affiliate of Blackstone.

12. EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Description of Capital Stock and Initial Public Offering

The Company is authorized to issue 1,000,000,000 shares of common stock, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share. In accordance with the Company's amended and restated certificate of incorporation, each share of common stock has one vote, and the common stock votes together as a single class. In July 2014, the Company's board of directors and holders of the requisite number of outstanding shares of its capital stock approved an amendment to the Company's amended and restated certificate of incorporation to effect a 70-for-1 stock split. The stock split became effective on July 17, 2014 upon the filing with the Delaware Secretary of State of the amendment. Refer to Note 1 for further discussion of the Company's July 2014 recapitalization and discussion of the Company's public offerings of common stock.

Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) by component and changes for the fiscal years June 30, 2016, June 30, 2015 and June 30, 2014 consists of:

(Dollars in millions)	Foreign Currency Translation Adjustments	Deferred Compensation	Pension Liability Adjustments	Other Comprehensive Income/(Loss)
Balance at June 30, 2013	$ (18.4)	$ 1.5	$(25.9)	$ (42.8)
Activity, net of tax	32.4	1.7	(15.5)	18.6
Balance at June 30, 2014	14.0	3.2	(41.4)	(24.2)
Activity, net of tax	(144.0)	0.6	(6.4)	(149.8)
Balance at June 30, 2015	(130.0)	3.8	(47.8)	(174.0)
Activity, net of tax	(118.8)	(3.8)	(9.1)	(131.7)
Balance at June 30, 2016	$(248.8)	$ —	$(56.9)	$(305.7)

Current year activity within deferred compensation includes realized gains associated with the sale of available for sale investments. The components of the changes in the cumulative translation adjustment and minimum pension liability for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014 consists of:

	Year Ended June 30,		
	2016	2015	2014
Foreign currency translation adjustments:			
Net investment hedge	$ 1.8	$ 30.0	$(13.6)
Long term inter-company loans	(65.0)	(9.0)	28.3
Translation adjustments	(54.9)	(152.7)	17.7
Total foreign currency translation adjustments, pretax	(118.1)	(131.7)	32.4
Tax [1]	(0.7)	(12.3)	—
Total foreign currency translation adjustments, net of tax	$(118.8)	$(144.0)	$ 32.4
Net change in minimum pension liability			
Net gain/(loss) arising during the year	$ (16.4)	$ (12.3)	$(20.4)
Net (gain)/loss recognized during the year	3.4	3.1	1.5
Foreign Exchange Translation and Other	(0.2)	0.6	(0.5)
Total Pension, pretax	(13.2)	(8.6)	(19.4)
Tax	4.1	2.2	3.9
Net change in minimum pension liability, net of tax	$ (9.1)	$ (6.4)	$(15.5)

(1) Tax related to foreign currency translation adjustments primarily relates to the Net investment hedge activity.

13. EQUITY-BASED COMPENSATION

The Company's stock-based compensation is comprised of stock options and restricted stock units.

2007 Stock Incentive Plan

Awards issued under the Company's pre-IPO incentive compensation plan, known as the 2007 PTS Holdings Corp. Stock Incentive Plan, as amended (the "2007 Plan"), were generally issued for the purpose of retaining key employees and directors.

2014 Omnibus Incentive Plan

In connection with the IPO, the Company's Board of Directors adopted, and the holder of a majority of the shares approved, the 2014 Omnibus Incentive Plan effective July 31, 2014 (the "2014 Plan"). The 2014 Plan provides certain members of management, employees and directors of the Company and its subsidiaries with the opportunity to obtain various incentives, including grants of stock options and restricted stock units. A maximum of 6,700,000 shares of common stock may be issued under the 2014 Plan.

Stock Compensation Expense

Stock compensation expense recognized in the consolidated statements of income was $10.8 million, $9.0 million and $4.5 million in fiscal 2016, 2015 and 2014, respectively. All stock compensation expense is classified in selling, general and administrative expenses along with the wages and benefits of the option participants. Stock compensation expense was based on awards expected to vest, and therefore was reduced by estimated forfeitures in fiscal years 2015 and 2014 prior to the adoption of ASU 2016-09, whereby the Company elected to account for forfeitures as they occur. The Company recognized a cumulative-effect adjustment charge relating to prior periods of approximately $0.7 million, net of income taxes to accumulated deficit for the impact of electing to account for a forfeiture as it occurs. The Company recorded $0.3 million related to the first nine months of fiscal 2016 to adjust for previously estimated forfeitures for the interim periods. See Note 1.

Stock Options

The Company adopted two forms of non-qualified stock option agreements (each, a "Form Option Agreement") for awards granted under the 2007 Plan. Under the Company's Form Option Agreement adopted in 2009, a portion of the stock option awards vest in equal annual installments over a five-year period contingent solely upon the participant's continued employment with the Company, or one of its subsidiaries, another portion of the stock option awards vest over a specified performance period upon achievement of pre-determined operating performance targets over time and the remaining portion of the stock option awards vest upon realization of certain internal rates of return or multiple of investment goals. Under the Company's other Form Option Agreement, adopted in 2013, a portion of the stock option awards vest over a specified performance period upon achievement of pre-determined operating performance targets over time while the other portion of the stock option awards vest upon realization of a specified multiple of investment goal. The Form Option Agreements include certain forfeiture provisions upon a participant's separation from service with the Company. Following the IPO, the Company decided not to grant any further awards under the 2007 Plan; however, all outstanding awards granted prior to the IPO remained outstanding in accordance with the terms of the 2007 Plan.

Stock options were also granted under the 2014 Plan during fiscal 2016 and fiscal 2015 for selected executives of the Company, with an aggregate intrinsic value of $0 and $2.3 million, which represents approximately 369,000 and 509,000 shares of common stock for the fiscal 2016 and 2015 grants, respectively. Each stock option vests in equal annual installments over a four-year period from the date of grant, contingent upon the participant's continued employment with the Company.

Methodology and Assumptions

Stock options are granted with an exercise price equal to the fair market value on the date of grant. Stock options granted generally vest in equal annual installments over four or five years from the grant date. All outstanding stock options have a contractual term of 10 years, subject to forfeiture under certain conditions upon separation of employment. The grant-date fair value, adjusted for estimated forfeitures, is recognized as expense on a graded-vesting basis over the vesting period. The fair value of stock options is determined using the Black-Scholes-Merton option pricing model for service and performance based awards, and an adaptation of the Black-Scholes-Merton option valuation model, which takes into consideration the internal rate of return thresholds, for market-based awards. This model adaptation is essentially equivalent to the use of path dependent-lattice model.

The weighted average of assumptions used in estimating the fair value of stock options granted during each year were as follows:

	Year Ended June 30,		
	2016	2015	2014
Expected volatility	28% – 31%	32%	31%
Expected life (in years)	6.25	6.25	5.66 – 6.50
Risk-free interest rates	1.5% – 1.7%	2%	0.3% – 2.2%
Dividend yield	None	None	None

The Company ended fiscal 2016 in its second year of being public, and as a result has limited relevant historical volatility experience; therefore, the expected volatility assumption is based on the historical volatility of the closing share prices of a comparable peer group. The Company selected peer companies from the pharmaceutical industry with similar characteristics, including market capitalization, number of employees and product focus. In addition, since the Company does not have a pattern of exercise behavior of option holders, the Company used the simplified method to determine the expected life of each option, which is the mid-point between the vesting date and the end of the contractual term. The risk-free interest-rate for the expected life of the option is based on the comparable U.S. Treasury yield curve in effect at the time of grant. The weighted-average grant-date fair value of stock options in fiscal 2016, 2015, and 2014 was $10.68 per share, $7.23 per share and $5.41 per share, respectively.

The following table summarizes stock option activity and shares subject to outstanding options for the year ended June 30, 2016:

		Time			Performance			Market		
	Weighted Average Exercise Price	Number of shares	Weighted Average Contractual Term	Aggregate Intrinsic Value	Number of shares	Weighted Average Contractual Term	Aggregate Intrinsic Value	Number of shares	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding as of June 30, 2015	$15.62	2,007,699	6.83	$25,979,873	1,097,250	6.87	$14,296,090	2,073,610	5.81	$30,739,825
Granted	$31.80	368,995	9.17	—	—	—	—	—	—	—
Exercised	$12.64	(416,183)	—	7,700,424	(261,042)	—	4,450,531	—	—	—
Forfeited	$17.26	(135,656)	—	—	(39,690)	—	—	(287,910)	—	—
Expired / Canceled	—	—	—	—	—	—	—	—	—	—
Outstanding as of June 30, 2016	$17.26	1,824,855	6.75	8,841,470	796,518	6.46	4,323,349	1,785,700	5.07	15,130,345
Vest and expected to vest as of June 30, 2016	$17.57	1,824,855	6.75	8,841,470	382,706	5.95	2,528,446	693,440	4.08	7,387,124
Vested and exercisable as of June 30, 2016	$15.23	851,749	5.04	$ 7,056,933	382,706	5.95	$ 2,528,446	—	—	—

In fiscal 2016, participants exercised options to purchase 212 thousand net settled shares, resulting in $6.4 million of cash paid on behalf of participants for withholding taxes. The intrinsic value of the options exercised in fiscal 2016 was $12.2 million. The total fair value of options vested during the period was $3.1 million.

In fiscal 2015, participants exercised options to purchase 623 thousand net settled shares, resulting in $10.3 million of cash paid on behalf of participants for withholding taxes. The intrinsic value of the options exercised in fiscal 2015 was $26.8 million. The total fair value of options vested during the period was $3.6 million.

As of June 30, 2016, $3.3 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over a weighted-average period of approximately 2.7 years.

Restricted Stock Units

Restricted stock units under the 2014 Plan may be granted to members of management and directors. The Company has granted to members of management restricted stock units that vest over specified periods of time as well as restricted stock units that have certain performance-related vesting requirements ("performance share units"). The performance share units granted for fiscal 2016 and 2015 had a grant date fair value of $19.8 million and $14.7 million, respectively, which represents approximately 607,000 and 692,000 shares of common stock, respectively. Under the 2014 Plan, the performance share units vest based on achieving Company financial performance metrics established at the outset of each three-year performance period. The metrics for the fiscal 2015 grant are a mix of cumulative revenue growth and cumulative EBITDA growth targets. The metrics for the fiscal 2016 grant are a mix of earnings-per-share ("EPS") targets and relative total shareholder return ("RTSR") targets. The performance share units vest following the end of the three-year performance period on the third anniversary of the date of grant based on achievement of the targets which are reviewed quarterly to determine the probability of vesting. The time-based restricted stock units awards vest on the third anniversary of the date of grant subject to the participant's continued employment with the Company.

Methodology and Assumptions

The grant-date fair value of restricted stock units is recognized as expense on a graded vesting schedule over the vesting period of three to five years. This fair value is determined based on the number of shares subject to the grant and the fair value of the Company's common stock on the date of grant, as determined by the closing market price.

Time-Based Restricted Stock Units

The following table summarizes non-vested activity in time-based restricted stock units for the year ended June 30, 2016:

	Time-Based Units	Weighted Average Grant-Date Fair Value
Non-vested as of June 30, 2015	354,153	$20.75
Granted	283,976	31.12
Vested	57,543	21.20
Forfeited	76,490	24.57
Non-vested as of June 30, 2016	504,096	$25.96

EPS Performance Share Units

The following table summarizes non-vested EPS performance share unit activity for the year ended June 30, 2016:

	EPS Units	Weighted Average Grant-Date Fair Value
Non-vested as of June 30, 2015	419,147	$22.16
Granted	174,031	31.8
Vested	—	—
Forfeited	87,753	23.99
Non-vested as of June 30, 2016	505,425	$25.16

RTSR Performance Share Units

The fair value of the RTSR performance share units is determined using the Monte Carlo pricing model because the number of shares to be awarded is subject to a market condition. The Monte Carlo simulation is a generally accepted statistical technique used to simulate a range of possible future unit prices. Compensation cost is recognized regardless if the market condition is actually satisfied.

The assumptions used in estimating the fair value of the RTSR performance share units granted for the year ended June 30, 2016 are as follows:

Expected volatility	25%
Expected life (in years)	2.84
Risk-free interest rates	0.94%
Dividend yield	None

The following table summarizes non-vested RTSR unit activity for the year ended June 30, 2016:

	RTSR Units	Weighted Average Grant-Date Fair Value
Non-vested as of June 30, 2015	—	$ —
Granted	148,982	37.21
Vested	—	—
Forfeited	16,326	37.61
Non-vested as of June 30, 2016	132,656	$37.17

In fiscal 2016, participants vested and settled 181 thousand net settled shares, resulting in $2.3 million of cash paid on behalf of participants for withholding taxes.

As of June 30, 2016, $17.2 million of unrecognized compensation cost related to restricted stock units is expected to be recognized as expense over a weighted-average period of approximately 1.9 years. The weighted-average grant-date fair value of restricted stock units in fiscal years 2016, 2015 and 2014 was $32.82, $21.49 and $21.64, respectively. The fair value of restricted stock units vested in fiscal 2016, 2015 and 2014 was $1.2 million, $0.6 million and $0.6 million, respectively.

14. OTHER (INCOME) / EXPENSE, NET

The components of Other (Income) / Expense, net for the twelve months ended June 30, 2016, 2015 and 2014 are as follows:

	Twelve Months Ended June 30,		
(Dollars in millions)	2016	2015	2014
Other (Income) / Expense, net			
Debt extinguishment costs	$ —	$21.8	$11.1
Gain on acquisition, net [1]	—	(8.9)	—
Sponsor advisory agreement termination fee [2]	—	29.8	—
Foreign currency (gains) and losses	(12.6)	(2.4)	(2.5)
Other [3]	(3.0)	2.1	1.8
Total Other (Income) / Expense	$(15.6)	$42.4	$10.4

(1) Included within Other (income) / expense, net are gains associated with acquisitions completed during the respective periods. Such income events are non-standard in nature and not reflective of the Company's core

operating results. During the twelve months ended June 30, 2015, the Company recorded a gain of $3.2 million on the re-measurement of a cost investment in an entity that became a wholly owned subsidiary as of October 2014, a $7.0 million bargain purchase gain for an acquisition completed in July 2014, and a $1.3 million loss on the redeemable noncontrolling interest in June 2015.

(2) The Company paid a sponsor advisory agreement termination fee of $29.8 million in connection with its IPO.

(3) Included within Other (income) / expense, net are realized gains associated with the sale of available for sale investments of approximately $3.8 million during the fiscal year ended June 30, 2016.

15. REDEEMABLE NONCONTROLLING INTEREST

In July 2013, the Company acquired a 67% controlling interest in a softgel manufacturing facility located in Haining, China. The noncontrolling interest shareholders had the right to jointly sell the remaining 33% interest to Catalent during the 30-day period following the third anniversary of closing for a price based on the greater of (1) an amount that would provide the noncontrolling interest shareholders a return on their investment of a predetermined amount per annum on their pro rata share of the initial valuation or (2) a multiple of the sum of the target's earnings before interest, taxes, depreciation and amortization less net debt for the four quarters immediately preceding such sale. Noncontrolling interest with redemption features, such as the arrangement described above, that are not solely within the Company's control are considered redeemable noncontrolling interests, which is considered temporary equity and is therefore reported outside of permanent equity on the Company's consolidated balance sheet at the greater of the initial carrying amount adjusted for the noncontrolling interest's share of net income/(loss) or its redemption value.

In June 2015, the Company reached an agreement to acquire the remaining 33% from the noncontrolling interest shareholders for purchase consideration of $5.8 million. As a result of the purchase agreement, the Company recorded a $1.3 million loss in Other Income/Expense, net to reflect the current redemption value as of June 30, 2015. The transaction closed in December 2015.

16. COMMITMENTS AND CONTINGENCIES

Rental Payments and Expense

The future minimum rental payments for operating leases having initial or remaining non-cancelable lease terms in excess of one year at June 30, 2016 are:

(Dollars in millions)	2017	2018	2019	2020	2021	Thereafter	Total
Minimum rental payments	$9.2	$6.6	$6.0	$4.2	$3.7	$4.4	$34.1

Rental expense relating to operating leases was approximately $9.5 million, $10.0 million, and $9.5 million for the fiscal years ended June 30, 2016, 2015 and 2014, respectively. Sublease rental income was not material for any period presented.

Other Matters

During the period November 2015 through April 2016, the primary French drug regulatory agency (the "ANSM") temporarily suspended operations at the Company's softgel manufacturing facility in Beinheim, France, subject to exemptions for certain types of operations. Due to the temporary suspension, the Company was unable to use certain raw materials, work in process and finished goods, and took a charge of $1.0 million, net of insurance recoveries, during the year ended June 30, 2016, in connection with such loss of use and recorded remediation associated costs of $6.0 million. Further, certain of the customers of the facility have presented claims against the Company for losses they have allegedly suffered due to the temporary suspension or have reserved their right to do so subsequently. The Company is unable to estimate at this time either the total value of

these claims or the likely cost to resolve them. Changes to the operations at the facility to address the issues leading to the suspension have increased and may in the future additionally increase the cost and therefore decrease the profitability of its operation and may also require the Company to incur additional costs.

From time to time, we may be involved in legal proceedings arising in the ordinary course of business, including, without limitation, inquiries and claims concerning environmental contamination as well as litigation and allegations in connection with acquisitions, product liability, manufacturing or packaging defects, claims for reimbursement for the cost of lost or damaged active pharmaceutical ingredients and employment-related claims, the cost of any of which could be significant. We intend to vigorously defend ourselves against any such litigation and do not currently believe that the outcome of any such litigation will have a material adverse effect on our financial condition or result of operation. In addition, the healthcare industry is highly regulated and government agencies continue to scrutinize certain practices affecting government programs and otherwise.

From time to time, we receive subpoenas or requests for information from private parties and various governmental agencies, including from state attorneys general and the U.S. Department of Justice, relating to the business practices of customers or suppliers. We generally respond to such subpoenas and requests in a timely and thorough manner, which responses sometimes require considerable time and effort and can result in considerable costs being incurred by us. We expect to incur costs in the future in connection with future requests.

17. SEGMENT INFORMATION

As discussed in Note 1, the Company conducts its business within the following operating segments: Softgel Technologies, Drug Delivery Solutions, and Clinical Supply Services. The Company evaluates the performance of its segments based on segment earnings before noncontrolling interest, other (income) expense, impairments, restructuring costs, interest expense, income tax (benefit)/expense, and depreciation and amortization ("Segment EBITDA"). EBITDA from continuing operations is consolidated earnings from continuing operations before interest expense, income tax (benefit)/expense, depreciation and amortization and is adjusted for the income or loss attributable to noncontrolling interest. The Company's presentation of Segment EBITDA and EBITDA from continuing operations may not be comparable to similarly titled measures used by other companies.

All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with *ASC 280 Segment Reporting* as discussed in Note 1. The following tables include net revenue and Segment EBITDA during the fiscal years ended June 30, 2016, June 30, 2015, and June 30, 2014:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015	2014
Softgel Technologies			
Net revenue	$ 775.0	$ 787.5	$ 857.5
Segment EBITDA	$ 163.8	$ 173.6	$ 214.8
Drug Delivery Solutions			
Net revenue	806.4	798.3	719.2
Segment EBITDA	215.2	230.7	182.2
Clinical Supply Services			
Net revenue	307.5	288.4	291.7
Segment EBITDA	53.2	56.7	59.5
Inter-segment revenue elimination	(40.8)	(43.4)	(40.7)
Unallocated costs [1]	(57.9)	(100.8)	(82.1)
Combined Total			
Net revenue	$1,848.1	$1,830.8	$1,827.7
EBITDA from continuing operations	$ 374.3	$ 360.2	$ 374.4

(1) Unallocated costs include restructuring and special items, equity-based compensation, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015	2014
Impairment charges and gain/(loss) on sale of assets	$ (2.7)	$ (4.7)	$ (3.2)
Equity compensation	(10.8)	(9.0)	(4.5)
Restructuring and other items [2]	(27.2)	(27.2)	(29.4)
Sponsor advisory fee	—	—	(12.9)
Noncontrolling interest	0.3	1.9	1.0
Other income/(expense), net [3]	15.6	(42.4)	(10.4)
Non-allocated corporate costs, net	(33.1)	(19.4)	(22.7)
Total unallocated costs	$(57.9)	$(100.8)	$(82.1)

(2) Segment results do not include restructuring and certain acquisition-related costs.

(3) Refer to Note 14 for details.

Provided below is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations:

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015	2014
Earnings/(loss) from continuing operations	$111.2	$210.2	$ 17.9
Depreciation and amortization	140.6	140.8	142.9
Interest expense, net	88.5	105.0	163.1
Income tax (benefit)/expense	33.7	(97.7)	49.5
Noncontrolling interest	0.3	1.9	1.0
EBITDA from continuing operations	$374.3	$360.2	$374.4

The following table includes total assets for each segment, as well as reconciling items necessary to total the amounts reported in the Consolidated Financial Statements:

(Dollars in millions)	June 30, 2016	June 30, 2015
Assets		
Softgel Technologies	$1,446.4	$1,438.8
Drug Delivery Solutions	1,475.7	1,254.0
Clinical Supply Services	578.9	575.7
Corporate and eliminations	(409.9)	(130.2)
Total assets	$3,091.1	$3,138.3

The following tables include depreciation and amortization expense and capital expenditures for the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014 for each segment, as well as reconciling items necessary to total the amounts reported in the Consolidated Financial statements:

Depreciation and Amortization Expense

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015	2014
Softgel Technologies	$ 36.7	$ 42.8	$ 48.3
Drug Delivery Solutions	72.9	66.9	63.7
Clinical Supply Services	21.1	24.1	22.3
Corporate	9.9	7.0	8.6
Total depreciation and amortization expense	$140.6	$140.8	$142.9

Capital Expenditures

(Dollars in millions)	Fiscal Year Ended June 30, 2016	2015	2014
Softgel Technologies	$ 20.6	$ 29.6	$ 24.9
Drug Delivery Solutions	92.4	86.2	68.7
Clinical Supply Services	5.1	6.4	15.7
Corporate	21.5	18.8	13.1
Total capital expenditure	$139.6	$141.0	$122.4

The following table presents revenue and long-lived assets by geographic area:

(Dollars in millions)	Net Revenue Fiscal Year Ended June 30, 2016	2015	2014	Long-Lived Assets[1] June 30, 2016	June 30, 2015
United States	$ 858.6	$ 799.3	$ 682.3	$538.9	$479.0
Europe	733.2	795.4	888.8	280.2	314.6
International Other	313.5	268.6	278.8	86.7	91.6
Eliminations	(57.2)	(32.5)	(22.2)	—	—
Total	$1,848.1	$1,830.8	$1,827.7	$905.8	$885.2

(1) Long-lived assets include property and equipment, net of accumulated depreciation.

18. SUPPLEMENTAL BALANCE SHEET INFORMATION

Supplementary balance sheet information at June 30, 2016 and June 30, 2015 is detailed in the following tables.

Inventories

Work-in-process and finished goods inventories include raw materials, labor and overhead. Total inventories consisted of the following:

(Dollars in millions)	June 30, 2016	June 30, 2015
Raw materials and supplies	$ 88.7	$ 76.9
Work-in-process	30.7	26.3
Finished goods	55.2	43.8
Total inventory, gross	174.6	147.0
Inventory reserve	(19.8)	(14.1)
Inventories	$154.8	$132.9

Prepaid expenses and other

Prepaid expenses and other current assets consist of the following:

(Dollars in millions)	June 30, 2016	June 30, 2015
Prepaid expenses	$29.3	$22.0
Spare parts supplies	10.8	11.5
Deferred income taxes [1]	—	19.7
Long term tax asset (current portion) [2]	6.8	—
Other current assets	42.1	27.7
Prepaid expenses and other	$89.0	$80.9

(1) The Company early adopted *ASU 2015-17* in the year ended June 30, 2016 and accordingly deferred income taxes are now presented as non-current. The prior period was not retrospectively adjusted based on the adoption method.

(2) The Company transferred certain intellectual property assets between jurisdictions in the year ended June 30, 2016 resulting in a deferred tax charge which will be amortized over the remaining 10-year useful life of the asset.

Property, plant, and equipment, net

Property, plant, and equipment, net consist of the following:

(Dollars in millions)	June 30, 2016	June 30, 2015
Land, buildings and improvements	$ 649.6	$ 637.6
Machinery, equipment and capitalized software	757.1	727.9
Furniture and fixtures	9.9	10.1
Construction in progress	134.1	97.6
Property and equipment, at cost	1,550.7	1,473.2
Accumulated depreciation	(644.9)	(588.0)
Property, plant, and equipment, net	$ 905.8	$ 885.2

Other assets

Other assets consist of the following:

(Dollars in millions)	June 30, 2016	June 30, 2015
Long term tax asset [1]	$45.4	$ —
Deferred compensation investments	11.1	10.1
Deferred long-term debt financing costs	1.8	2.4
Other	8.8	8.8
Total other assets	$67.1	$21.3

(1) The Company transferred certain intellectual property assets between jurisdictions in the year ended June 30, 2016 resulting in a deferred tax charge which will be amortized over the remaining 10-year useful life of the asset.

Other accrued liabilities

Other accrued liabilities consist of the following:

(Dollars in millions)	June 30, 2016	June 30, 2015
Accrued employee-related expenses	$ 82.8	$ 87.8
Restructuring accrual	6.1	7.3
Deferred income taxes [1]	—	1.5
Accrued interest	0.1	0.2
Deferred revenue and fees	46.2	39.0
Accrued income tax	38.8	55.8
Other accrued liabilities and expenses	45.8	55.4
Other accrued liabilities	$219.8	$247.0

(1) The Company early adopted *ASU 2015-17* in the year ended June 30, 2016 and accordingly deferred income taxes are now presented as non-current. The prior period was not retrospectively adjusted based on the adoption method.

Allowance for doubtful accounts

Trade receivables allowance for doubtful accounts activity is as follows:

(Dollars in millions)	June 30, 2016	June 30, 2015	June 30, 2014
Trade receivables allowance for doubtful accounts			
Beginning balance	$ 6.6	$ 5.4	$ 5.7
Charged to cost and expenses (recoveries)	(0.5)	2.7	0.5
Deductions	(1.8)	(1.1)	(1.0)
Impact of foreign exchange	(0.4)	(0.4)	0.2
Closing balance	$ 3.9	$ 6.6	$ 5.4

Inventory reserve

Inventory reserve activity is as follows:

(Dollars in millions)	June 30, 2016	June 30, 2015	June 30, 2014
Inventory reserve			
Beginning balance	$14.1	$12.9	$11.8
Charged to cost and expenses	13.6	9.5	10.2
Write offs	(7.2)	(6.5)	(9.5)
Impact of foreign exchange	(0.7)	(1.8)	0.4
Closing balance	$19.8	$14.1	$12.9

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes the Company's unaudited quarterly results of operation.

	Fiscal Year 2016, By Quarters (as adjusted) [1]			
(Dollars in millions, except per share data)	First	Second	Third	Fourth
Net revenue	$423.0	$454.9	$438.0	$532.2
Gross margin	121.5	152.1	126.2	187.8
Earnings from continuing operations less net income (loss) attributable to noncontrolling interest	11.9	30.8	10.7	58.1
Net earnings from discontinued operations, net of tax	—	—	—	—
Net earnings attributable to Catalent	$ 11.9	$ 30.8	$ 10.7	$ 58.1
Earnings per share attributable to Catalent:				
Basic				
Earnings from continuing operations	$ 0.10	$ 0.25	$ 0.09	$ 0.47
Net earnings	$ 0.10	$ 0.25	$ 0.09	$ 0.47
Diluted				
Earnings from continuing operations	$ 0.09	$ 0.24	$ 0.09	$ 0.46
Net earnings	$ 0.09	$ 0.24	$ 0.09	$ 0.46

(1) With the adoption of ASU 2016-09, the previously filed quarterly data has been updated. The changes to Net Earnings/(loss) attributable to Catalent during the first, second and third quarter reflected above include additional income of $2.8 million, $0.1 million and $0.9 million, respectively. The changes to Basic and Diluted Earnings per share attributable to Catalent during the first, second and third quarter reflected above reflects a change of $0.02, $0, and $0.01, respectively.

(Dollars in millions, except per share data)	Fiscal Year 2015, By Quarters			
	First	Second	Third	Fourth
Net revenue	$418.3	$455.8	$446.6	$510.1
Gross margin	125.3	156.1	152.2	181.7
Earnings/(loss) from continuing operations less net income (loss) attributable to noncontrolling interest	(19.9)	46.7	31.5	153.8
Net earnings/(loss) from discontinued operations, net of tax	0.4	(0.2)	—	(0.1)
Net earnings/(loss) attributable to Catalent	$ (19.5)	$ 46.5	$ 31.5	$153.7
Earnings per share attributable to Catalent:				
Basic				
Earnings/(loss) from continuing operations	$ (0.19)	$ 0.38	$ 0.25	$ 1.23
Net earnings/(loss)	$ (0.18)	$ 0.37	$ 0.25	$ 1.23
Diluted				
Earnings/(loss) from continuing operations	$ (0.19)	$ 0.37	$ 0.25	$ 1.22
Net earnings/(loss)	$ (0.18)	$ 0.37	$ 0.25	$ 1.22

SCHEDULE OF DEFERRED TAX ASSETS—VALUATION ALLOWANCE

(Dollars in millions)	Beginning Balance	Current Period (Charge) / Benefit	Deductions and Other	Ending Balance
Year ended June 30, 2014				
Tax Valuation Allowance	$(208.4)	$ (16.1)	$ 6.3	$(218.2)
Year ended June 30, 2015				
Tax Valuation Allowance	$(218.2)	$107.7	$28.1	$ (82.4)
Year ended June 30, 2016				
Tax Valuation Allowance	$ (82.4)	$ (2.1)	$14.6	$ (69.9)

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; Dollars in millions, except per share data)

	Three Months Ended September 30,	
	2016	2015
Net revenue	$442.2	$423.0
Cost of sales	318.1	301.5
Gross margin	124.1	121.5
Selling, general and administrative expenses	98.2	82.3
Impairment charges and (gain)/loss on sale of assets	—	1.2
Restructuring and other	1.1	1.0
Operating earnings	24.8	37.0
Interest expense, net	22.1	22.7
Other (income)/expense, net	(2.1)	0.6
Earnings from continuing operations before income taxes	4.8	13.7
Income tax expense/(benefit)	0.2	2.0
Earnings from continuing operations	4.6	11.7
Net earnings/(loss) from discontinued operations, net of tax	—	—
Net earnings	4.6	11.7
Less: Net (loss) attributable to noncontrolling interest, net of tax	—	(0.2)
Net earnings attributable to Catalent	$ 4.6	$ 11.9
Amounts attributable to Catalent:		
Earnings from continuing operations less net (loss) attributable to noncontrolling interest	4.6	11.9
Net earnings attributable to Catalent	4.6	11.9
Earnings per share attributable to Catalent:		
Basic		
Earnings from continuing operations	0.04	0.10
Net earnings	0.04	0.10
Diluted		
Earnings from continuing operations	0.04	0.09
Net earnings	0.04	0.09

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Unaudited; Dollars in millions)

	Three Months Ended September 30,	
	2016	**2015**
Net earnings	$4.6	$ 11.7
Other comprehensive income/(loss), net of tax		
Foreign currency translation adjustments	0.6	(42.4)
Pension and Other Post-Retirement adjustments	0.8	0.5
Deferred compensation	—	(0.7)
Other comprehensive income/(loss), net of tax	1.4	(42.6)
Comprehensive income/(loss)	6.0	(30.9)
Comprehensive income/(loss) attributable to noncontrolling interest	—	(0.2)
Comprehensive income/(loss) attributable to Catalent	$6.0	$(30.7)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in millions, except per share data)

	September 30, 2016	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 132.1	$ 131.6
Trade receivables, net	376.3	414.8
Inventories	177.5	154.8
Prepaid expenses and other	83.0	89.0
Total current assets	768.9	790.2
Property, plant, and equipment, net	926.5	905.8
Other assets:		
Goodwill	1,045.4	996.5
Other intangibles, net	306.1	294.0
Deferred income taxes	59.6	37.5
Other	21.6	67.1
Total assets	$ 3,128.1	$ 3,091.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations and other short-term borrowings	$ 99.3	$ 27.7
Accounts payable	145.7	143.7
Other accrued liabilities	203.6	219.8
Total current liabilities	448.6	391.2
Long-term obligations, less current portion	1,838.0	1,832.8
Pension liability	149.8	151.0
Deferred income taxes	37.7	41.4
Other liabilities	39.5	38.8
Commitment and contingencies (see Note 10)	—	—
Shareholders' equity/(deficit):		
Common stock $0.01 par value; 1.0 billion and 1.0 billion shares authorized on September 30, 2016 and June 30, 2016, 124,748,251 and 124,712,240 issued and outstanding on September 30, 2016 and June 30, 2016, respectively.	1.2	1.2
Preferred stock $0.01 par value; 100 million and 100 million authorized on September 30, 2016 and June 30, 2016, respectively, 0 issued and outstanding on September 30, 2016 and June 30, 2016.	—	—
Additional paid in capital	1,983.3	1,976.5
Accumulated deficit	(1,065.7)	(1,036.1)
Accumulated other comprehensive income/(loss)	(304.3)	(305.7)
Total shareholders' equity	614.5	635.9
Total liabilities and shareholders' equity	$ 3,128.1	$ 3,091.1

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT)
(Unaudited; Dollars in millions, share counts in thousands)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity/ (Deficit)
Balance at June 30, 2016	**124,712.2**	**$1.2**	**$1,976.5**	**$(1,036.1)**	**$(305.7)**	**$635.9**
Cumulative effect of a change in accounting for income taxes (Note 1)				(34.2)		(34.2)
Share issuances related to equity based compensation	36.1					
Equity compensation			6.9			6.9
Cash paid, in lieu of equity, for tax withholding			(0.1)			(0.1)
Net earnings/(loss)				4.6		4.6
Other comprehensive income/(loss), net of tax					1.4	1.4
Balance at September 30, 2016	**124,748.3**	**$1.2**	**$1,983.3**	**$(1,065.7)**	**$(304.3)**	**$614.5**

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Dollars in millions)

	Three Months Ended September 30,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 4.6	$ 11.7
Net earnings/(loss) from discontinued operations	—	—
Earnings from continuing operations	4.6	11.7
Adjustments to reconcile (loss)/earnings from continued operations to net cash from operations:		
Depreciation and amortization	35.8	35.5
Non-cash foreign currency transaction (gain)/loss, net	(0.7)	(0.1)
Amortization and write off of debt financing costs	1.1	1.1
Asset impairments and (gain)/loss on sale of assets	—	1.2
Equity compensation	6.9	2.6
Provision/(benefit) for deferred income taxes	(4.1)	(4.1)
Provision for bad debts and inventory	2.0	0.9
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	43.9	59.7
Decrease/(increase) in inventories	(16.4)	(20.4)
Increase/(decrease) in accounts payable	(1.2)	1.6
Other assets/accrued liabilities, net—current and non-current	(23.6)	(44.8)
Net cash provided by/(used in) operating activities from continuing operations	48.3	44.9
Net cash provided by/(used in) operating activities from discontinued operations	—	—
Net cash provided by/(used in) operating activities	48.3	44.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment and other productive assets	(27.7)	(33.2)
Payment for acquisitions, net of cash acquired	(86.9)	—
Net cash provided by/(used in) investing activities	(114.6)	(33.2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in other borrowings	(4.3)	—
Proceeds from borrowing, net	75.0	—
Payments related to long-term obligations	(4.7)	(4.7)
Cash paid, in lieu of equity, for tax withholding obligations	(0.1)	(5.6)
Net cash provided by/(used in) financing activities	65.9	(10.3)
Effect of foreign currency on cash	0.9	(1.3)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	0.5	0.1
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	131.6	151.3
CASH AND EQUIVALENTS AT END OF PERIOD	$ 132.1	$151.4
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest paid	$ 20.2	$ 20.8
Income taxes paid, net	$ 10.9	$ 10.0

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CATALENT, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Catalent, Inc. ("Catalent" or the "Company") directly and wholly owns PTS Intermediate Holdings LLC ("Intermediate Holdings"). Intermediate Holdings directly and wholly owns Catalent Pharma Solutions, Inc. ("Operating Company"). The financial results of Catalent are comprised of the financial results of Operating Company and its subsidiaries on a consolidated basis.

On July 31, 2014, the Company commenced an initial public offering of its common stock (the "IPO") and its common stock began trading on the New York Stock Exchange (the "NYSE") under the symbol "CTLT."

On March 9, 2015, an affiliate of The Blackstone Group, L.P. that owned shares in the Company ("Blackstone"), Genstar Capital and Aisling Capital (collectively, the "selling stockholders") completed a secondary offering of 27.3 million shares of the Company's common stock, including 3.6 million shares sold pursuant to an over-allotment option, at a price of $29.50 per share before underwriting discounts and commissions. On June 2, 2015, the selling stockholders completed an additional secondary offering of 16.1 million shares, including 2.1 million shares sold pursuant to the over-allotment option, at a price of $29.00 per share before underwriting discounts and commissions. On June 6, 2016, the selling stockholders completed a secondary offering of 10.0 million shares of the Company's common stock at a price of $24.85 per share before underwriting discounts and commissions. On September 6, 2016, two of the selling stockholders completed a secondary offering of their remaining shares totaling approximately 19.0 million shares, at a price of $23.85 per share before underwriting discounts and commissions. The Company did not sell stock in any of the secondary offerings and did not receive any proceeds of the sales.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the year ending June 30, 2017. The consolidated balance sheet at June 30, 2016 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information on the Company's accounting policies and footnotes, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2016 filed with the Securities and Exchange Commission ("SEC").

In the fourth quarter of fiscal 2016, we engaged in a business reorganization to better align our internal business unit structure with our "Follow the Molecule" strategy. Under the revised structure, we have created a Drug Delivery Solutions ("DDS") operating segment, which encompasses all of our modified release technologies; prefilled syringes and other injectable formats; blow-fill-seal unit dose development and manufacturing; biologic cell line development; analytical services; micronization technologies; and other conventional oral dose forms under a single DDS management team. Additionally, as part of the re-alignment, we have created a stand-alone Clinical Supply Services ("CSS") operating segment and management team with a sole focus on providing global clinical supply chain management services that aim to speed our customers' drugs

to market. Further, as a result of the business unit re-alignment, our Softgel Technologies business now reports as a distinct operating segment. Our operating segments are the same as our reporting segments. All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with *Accounting Standard Codification* ("*ASC") 280 Segment Reporting.*

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, allowance for doubtful accounts, inventory and long-lived asset valuation, goodwill and other intangible asset valuation and impairment, equity-based compensation, income taxes, and pension plan asset and liability valuation. Actual amounts may differ from these estimated amounts.

Foreign Currency Translation

The financial statements of the Company's operations outside the U.S. are generally measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign operations into U.S. dollars are accumulated as a component of other comprehensive income/(loss) utilizing period-end exchange rates. The currency fluctuations related to certain long-term inter-company loans deemed to not be repayable in the foreseeable future have been recorded within cumulative translation adjustment, a component of other comprehensive income/(loss). In addition, the currency fluctuation associated with the portion of the Company's euro-denominated debt designated as a net investment hedge is included as a component of other comprehensive income/(loss). Foreign currency transaction gains and losses calculated by utilizing weighted average exchange rates for the period are included in the consolidated statements of operations in the other (income) expense, net line item. Foreign currency translation gains and losses generated from inter-company loans that are long-term in nature, but may be repayable in the foreseeable future, are also recorded within the other (income)/expense, net line item on the consolidated statements of operations.

Revenue Recognition

In accordance with *ASC 605 Revenue Recognition,* the Company recognizes revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable and collectability is reasonably assured. In cases where the Company has multiple contracts with the same customer, the Company evaluates those contracts to assess if the contracts are linked or are separate arrangements. Factors the Company considers include the timing of negotiation, interdependency with other contracts or elements and payment terms. The Company and its customers generally view each contract discussion as a separate arrangement.

Manufacturing and packaging service revenue is recognized upon delivery of the product in accordance with the terms of the contract, which specify when transfer of title and risk of loss occurs. Some of the Company's manufacturing contracts with its customers have annual minimum purchase requirements. At the end of the contract year, revenue is recognized for the unfilled purchase obligation in accordance with the contract terms. Development service contracts generally take the form of a fee-for-service arrangement. After the Company has evidence of an arrangement, the price is determinable and there is a reasonable expectation regarding payment, the Company recognizes revenue at the point in time the service obligation is completed and accepted by the customer. Examples of output measures include a formulation report, analytical and stability testing, clinical batch production or packaging and the storage and distribution of a customer's clinical trial material. Development service revenue is primarily driven by the Company's DDS segment.

Arrangements containing multiple elements, including service arrangements, are accounted for in accordance with the provisions of *ASC 605-25 Revenue Recognition—Multiple-Element Arrangements*. The Company determines the separate units of account in accordance with ASC 605-25. If the deliverable meets the

criteria of a separate unit of accounting, the arrangement consideration is allocated to each element based upon its relative selling price. In determining the best evidence of selling price of a unit of account, the Company utilizes vendor-specific objective evidence ("VSOE"), which is the price the Company charges when the deliverable is sold separately. When VSOE is not available, management uses relevant third-party evidence ("TPE") of selling price, if available. When neither VSOE nor TPE of selling price exists, management uses its best estimate of selling price.

Goodwill

The Company accounts for purchased goodwill and intangible assets with indefinite lives in accordance with *ASC 350 Goodwill, Intangible and Other Assets*. Under ASC 350, goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment at least annually. The Company's annual goodwill impairment test was conducted as of April 1, 2016. The Company assesses goodwill for possible impairment by comparing the carrying value of its reporting units to their fair values. The Company determines the fair value of its reporting units utilizing estimated future discounted cash flows and incorporates assumptions that it believes marketplace participants would utilize. In addition, the Company uses comparative market information and other factors to corroborate the discounted cash flow results.

Property and Equipment and Other Definite Lived Intangible Assets

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, including capital lease assets that are amortized over the shorter of their useful lives or the terms of the respective leases. The Company generally uses the following ranges of useful lives for its property and equipment categories: buildings and improvements—5 to 50 years; machinery and equipment—3 to 10 years; and furniture and fixtures—3 to 7 years. Depreciation expense was $24.8 million for the three months ended September 30, 2016 and $23.6 million for the three months ended September 30, 2015. Depreciation expense includes amortization of assets related to capital leases. The Company charges repairs and maintenance costs to expense as incurred. The amount of capitalized interest was immaterial for all periods presented.

Intangible assets with finite lives, primarily including customer relationships and patents and trademarks continue to be amortized over their useful lives. The Company evaluates the recoverability of its other long-lived assets, including amortizing intangible assets, if circumstances indicate impairment may have occurred pursuant to *ASC 360 Property, Plant and Equipment*. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an un-discounted basis, to be generated from such assets. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value through a charge to the consolidated statements of operations. Fair value is determined based on assumptions the Company believes marketplace participants would utilize and comparable marketplace information in similar arm's length transactions.

Research and Development Costs

The Company expenses research and development costs as incurred. Costs incurred in connection with the development of new offerings and manufacturing process improvements are recorded within selling, general and administrative expenses. Such research and development costs included in selling, general and administrative expenses amounted to $1.5 million for the three months ended September 30, 2016, and $1.6 million for the three months ended September 30, 2015. Costs incurred in connection with research and development services the Company provides to customers and services performed in support of the commercial manufacturing process for customers are recorded within cost of sales. Such research and development costs included in cost of sales amounted to $10.3 million for the three months ended September 30, 2016 and $11.8 million for the three months ended September 30, 2015.

Earnings / (Loss) Per Share

The Company reports net earnings/(loss) per share pursuant to *ASC 260 Earnings per Share*. Under ASC 260, basic earnings per share, which excludes dilution, is computed by dividing net earnings or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution caused by securities that could be exercised or converted into common shares, and is computed by dividing net earnings or loss available to common stockholders by the weighted average of common shares outstanding plus the dilutive potential common shares. Diluted earnings per share includes in-the-money stock options, restricted stock units, and unvested restricted stock using the treasury stock method. During a loss period, the assumed exercise of in-the-money stock options has an anti-dilutive effect, and, therefore, these instruments are excluded from the computation of diluted earnings per share.

Equity-Based Compensation

The Company accounts for its equity-based compensation awards pursuant to *ASC 718 Compensation—Stock Compensation*. ASC 718 requires companies to recognize compensation expense using a fair value based method for costs related to share-based payments including stock options and restricted stock units. The expense is measured based on the grant date fair value of the awards that are expected to vest, and the expense is recorded over the applicable requisite service period using the accelerated attribution method. In the absence of an observable market price for a share-based award, the fair value is based upon a valuation methodology that takes into consideration various factors, including the exercise price of the award, the expected term of the award, the current price of the underlying shares, the expected volatility of the underlying share price based on peer companies, the expected dividends on the underlying shares and the risk-free interest rate.

The terms of the Company's equity-based compensation plans permit shares that are issued upon an employee's exercise of an option to be withheld through a net settlement transaction as a means of meeting tax withholding requirements.

Recent Financial Accounting Standards

In October 2016, the Financial Accounting Standards Board ("FASB") issued *Accounting Standards Update ("ASU") 2016-16, Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory*, which reduces the complexity in accounting for income taxes by requiring the recognition of current and deferred income taxes for an intra-entity asset transfer, other than inventory, when the transfer occurs. Historically, the income tax consequence of these transactions was not recognized until the asset was sold to an outside party. The guidance will be applied on a modified retrospective basis with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The ASU will be effective for publicly reporting entities in fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted only in the first interim period of a fiscal year. The Company elected to adopt ASU 2016-16 effective July 1, 2016, which resulted in a cumulative-effect adjustment of $34.2 million charged to the opening balance of the accumulated deficit, reduction to other non-current and current assets of $45.6 million and $6.6 million respectively, increase in deferred tax assets of $14.7 million, and reduction of deferred tax liabilities of $3.2 million. The impact on net earnings and earnings per share in the current period was not material.

In August 2016, the FASB issued *ASU 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides clarification on the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The guidance will be effective for publicly reporting entities in fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In March 2016, the FASB issued *ASU 2016-09 Improvements to Employee Share-Based Payment Accounting*, which simplifies the accounting for share-based payment transactions, requiring all excess tax

benefits and deficiencies to be recognized in income tax expense or benefit in earnings. An entity can make an accounting policy election to either estimate the expected future forfeiture of awards or account for the cost or benefit as forfeitures occur. The guidance will be effective for publicly reporting entities in fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period. The Company early-adopted ASU 2016-09 during the fourth quarter of fiscal 2016 on a modified retrospective basis, which had an effect on the consolidated statements of operations, comprehensive income/(loss), and cash flows for the three months ended September 30, 2015. The consolidated statements of comprehensive income/(loss) and cash flows for the three months ended September 30, 2015 have been adjusted to reflect the changes in net earnings during that period as a result of the adoption of the new guidance. The following table summarizes the Company's As Reported and As Adjusted changes to the consolidated statement of operations for the three months ended September 30, 2015 (in millions):

	September 30, 2015	
(Dollars in millions, except per share amounts)	**As Reported**	**As Adjusted**
Selling, general and administrative expenses	$82.2	$82.3
Earnings from continuing operations before income taxes	13.8	13.7
Income tax expense/(benefit)	4.9	2.0
Earnings from continuing operations	8.9	11.7
Net earnings	8.9	11.7
Net earnings attributable to Catalent	$ 9.1	$11.9
Amounts attributable to Catalent:		
Earnings from continuing operations less net (loss) attributable to noncontrolling interest	9.1	11.9
Net earnings attributable to Catalent	9.1	11.9
Earnings per share attributable to Catalent:		
Basic		
Earnings from continuing operations	0.07	0.10
Net earnings	0.07	0.10
Diluted		
Earnings from continuing operations	0.07	0.09
Net earnings	0.07	0.09

In February 2016, the FASB issued *ASU 2016-02 Leases (Topic 842)*, which will supersede *ASC 840 Leases*. The new guidance requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing and uncertainty of cash flows arising from leases and will be effective for publicly reporting entities in annual reporting periods beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In May 2015, the FASB issued *ASU No. 2015-07 Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent),* which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, such disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This guidance is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company has adopted ASU 2015-07 effective July 1, 2016, the beginning of its fiscal year ending June 30, 2017, in accordance with the FASB's disclosure simplification initiatives. The adoption did not have a material impact on the Company's financial statements.

In May 2014, the FASB issued *ASU No. 2014-09 Revenue from Contracts with Customers,* which will supersede nearly all existing revenue recognition guidance. The new guidance's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, the new guidance creates a five-step model that requires a company to exercise judgment when considering the terms of the contracts and all relevant facts and circumstances. The five steps require a company to identify customer contracts, identify the separate performance obligations, determine the transaction price, allocate the transaction price to the separate performance obligations and recognize revenue when each performance obligation is satisfied. On July 9, 2015, the FASB approved a one-year deferral of the effective date so that the new guidance is effective for public entities for annual and interim periods beginning after December 15, 2017. The new guidance allows for either full retrospective adoption, where the standard is applied to all periods presented, or modified retrospective adoption where the standard is applied only to the most current period presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated results of operations and financial position.

In August 2014, the FASB issued *ASU No. 2014-15 Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* which requires management to evaluate, for each annual and interim reporting period, whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued or are available to be issued. If substantial doubt is raised, additional disclosures around management's plan to alleviate these doubts are required. This update will become effective for all annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. This standard is not expected to have any impact on current disclosures in the financial statements.

2. GOODWILL

The following table summarizes the changes between June 30, 2016 and September 30, 2016 in the carrying amount of goodwill in total and by reporting segment:

(Dollars in millions)	Softgel Technologies	Drug Delivery Solutions	Clinical Supply Services	Total
Balance at June 30, 2016	$405.9	$435.1	$155.5	$ 996.5
Additions/(impairments)	—	47.3	—	47.3
Foreign currency translation adjustments	6.4	(3.0)	(1.8)	1.6
Balance at September 30, 2016	$412.3	$479.4	$153.7	$1,045.4

The $47.3 million addition in goodwill within DDS is associated with the acquisition of Pharmatek Laboratories, Inc. in September 2016 and the preliminary fair value allocation. The Company is in the process of finalizing the valuation of the individual assets acquired and liabilities assumed. The goodwill addition reported above is based on the best current estimate of management. The fair value allocation is expected to be completed upon finalization of an independent appraisal over the next several months, but no later than one year from the acquisition date.

No goodwill impairment charge was required during the current or comparable prior year period. When required, impairment charges are recorded within the consolidated statements of operations as impairment charges and (gain)/loss on sale of assets.

3. DEFINITE LIVED LONG-LIVED ASSETS

The Company's definite-lived long-lived assets include property, plant and equipment as well as other intangible assets with definite lives. Refer to Note 12 Supplemental Balance Sheet Information for details related to property, plant and equipment.

The details of other intangible assets subject to amortization as of September 30, 2016 and June 30, 2016, are as follows:

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
September 30, 2016				
Amortized intangibles:				
Core technology	18 years	$171.4	$ (67.8)	$103.6
Customer relationships	14 years	252.2	(94.1)	158.1
Product relationships	12 years	208.3	(163.9)	44.4
Total intangible assets		$631.9	$(325.8)	$306.1

The increase in customer relationships is associated with the acquisition of Pharmatek Laboratories, Inc. in September 2016 and the preliminary fair value allocation.

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
June 30, 2016				
Amortized intangibles:				
Core technology	18 years	$170.6	$ (64.9)	$105.7
Customer relationships	14 years	230.3	(90.9)	139.4
Product relationships	12 years	208.6	(159.7)	48.9
Total intangible assets		$609.5	$(315.5)	$294.0

Amortization expense was $11.0 million for the three months ended September 30, 2016 and $11.9 million for the three ended September 30, 2015. Future amortization expense for the next five years is estimated to be:

(Dollars in millions)	Remainder Fiscal 2017	2018	2019	2020	2021	2022
Amortization expense	$33.8	$45.1	$39.4	$25.5	$25.5	$25.5

4. LONG-TERM OBLIGATIONS AND OTHER SHORT-TERM BORROWINGS

Long-term obligations and other short-term borrowings consist of the following at September 30, 2016 and June 30, 2016:

(Dollars in millions)	Maturity	September 30, 2016	June 30, 2016
Senior Secured Credit Facilities			
Term loan facility dollar-denominated	May 2021	$1,451.2	$1,454.2
Term loan facility euro-denominated	May 2021	350.5	345.2
$200 million Revolving Credit Facility	May 2019	75.0	—
Capital lease obligations	2020 to 2032	54.7	51.4
Other obligations	2016 to 2018	5.9	9.7
Total		1,937.3	1,860.5
Less: Current portion of long-term obligations and other short-term borrowings		99.3	27.7
Long-term obligations, less current portion		$1,838.0	$1,832.8

Senior Secured Credit Facilities

Borrowings under the term loan facilities and the revolving credit facility bear interest, at the Company's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest published by The Wall Street Journal as its "prime lending rate" and (2) the federal funds rate plus one-half of 1% or (b) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto). The applicable margin for the term loans and borrowings under the revolving credit facility may be reduced subject to the Company attaining a certain total net leverage ratio. The applicable margin for borrowings is 3.25% for loans based on a LIBOR rate and 2.50% for loans based on a base rate. The LIBOR rate for term loans is subject to a floor of 1.00% and the base rate for term loans is subject to a floor of 2.00%.

The $75.0 million outstanding borrowing under the Company's revolving credit facility as of September 30, 2016 was used to fund the acquisition of Pharmatek Laboratories in September 2016.

Debt Covenants

The agreement governing the Company's term loan facilities (as amended the "Credit Agreement") contains a number of covenants that, among other things, restrict, subject to certain exceptions, the Company's (and the Company's restricted subsidiaries') ability to incur additional indebtedness or issue certain preferred shares; create liens on assets; engage in mergers and consolidations; sell assets; pay dividends and distributions or repurchase capital stock; repay subordinated indebtedness; engage in certain transactions with affiliates; make investments, loans or advances; make certain acquisitions; enter into sale and leaseback transactions, amend material agreements governing the Company's subordinated indebtedness and change the Company's lines of business.

The Credit Agreement also contains change of control provisions and certain customary affirmative covenants and events of default. The revolving credit facility requires compliance with a net leverage covenant when there is a 30% or more draw outstanding at a period end. As of September 30, 2016, the Company was in compliance with all material covenants related to its long-term obligations.

Subject to certain exceptions, the Credit Agreement permits the Company and its restricted subsidiaries to incur certain additional indebtedness, including secured indebtedness. None of the Company's non-U.S. subsidiaries or Puerto Rico subsidiaries is a guarantor of the loans.

Under the Credit Agreement, the Company's ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "Consolidated EBITDA" in the Credit Agreement). Adjusted EBITDA is based on the definitions in the Credit Agreement and is not defined under U.S. GAAP, and is subject to important limitations.

Fair Value of Debt Measurements

The estimated fair value of the long-term debt, which is considered a Level 2 liability, is based on the quoted market prices for the same or similar issues or on the current rates offered for debt of the same remaining maturities and considers collateral, if any. The carrying amounts and the estimated fair values of financial instruments as of September 30, 2016 and June 30, 2016 are as follows:

	September 30, 2016		June 30, 2016	
(Dollars in millions)	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Long-term debt and other	$1,937.3	$1,962.3	$1,860.5	$1,868.8

5. EARNINGS PER SHARE

The reconciliations between basic and diluted earnings per share attributable to Catalent common shareholders for the three months ended September 30, 2016 and 2015, respectively, are as follows (dollars in millions, except per share data):

	Three Months Ended September 30,	
	2016	2015
Earnings from continuing operations less net (loss) attributable to noncontrolling interest	$ 4.6	$ 11.9
Earnings / (loss) from discontinued operations	—	—
Net earnings attributable to Catalent	$ 4.6	$ 11.9
Weighted average shares outstanding	124,819,466	124,753,234
Dilutive securities issuable-stock plans	1,440,255	1,437,223
Total weighted average diluted shares outstanding	126,259,721	126,190,457
Basic earnings per share of common stock:		
Earnings from continuing operations	$ 0.04	$ 0.10
Earnings / (loss) from discontinued operations	—	—
Net earnings attributable to Catalent	$ 0.04	$ 0.10
Diluted earnings per share of common stock—assuming dilution:		
Earnings from continuing operations	$ 0.04	$ 0.09
Earnings / (loss) from discontinued operations	—	—
Net earnings attributable to Catalent	$ 0.04	$ 0.09

The computation of diluted earnings per share for the three months ended September 30, 2016 excludes the effect of 0.5 million shares potentially issuable pursuant to awards granted under the 2007 Stock Incentive Plan, because the vesting provisions of those awards specify performance-based conditions that had not been met as of the period end. The computation of diluted earnings per share for the three months ended September 30, 2015 excludes the effect of 2.1 million shares potentially issuable pursuant to awards granted under the 2007 Stock Incentive Plan and the 2014 Omnibus Incentive Plan, because the vesting provisions of those awards specify performance- or market-based conditions that had not been met as of the period end. Further, the computation of diluted earnings per share for the three months ended September 30, 2016 and 2015 excludes the effect of potential common shares issuable under the employee stock option plan and restricted stock units of approximately 1.1 million and 0.9 million shares because they are anti-dilutive.

6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to fluctuations in the applicable exchange rate on its investments in foreign operations. While the Company does not actively hedge against changes in foreign currency, the Company has mitigated the exposure of its investments in its European operations by denominating a portion of its debt in euros. At September 30, 2016, the Company had euro-denominated debt outstanding of $350.5 million that qualifies as a hedge of a net investment in foreign operations. For non-derivatives designated and qualifying as net investment hedges, the effective portions of the translation gains or losses are reported in accumulated other comprehensive income/(loss) as part of the cumulative translation adjustment. The ineffective portions of the

translation gains or losses are reported in the statement of operations. The following table includes net investment hedge activity during the three months ended September 30, 2016 and September 30, 2015.

(Dollars in millions)	Three Months Ended September 30, 2016	2015
Unrealized foreign exchange gain/(loss) within other comprehensive income	$(3.5)	$ —
Unrealized foreign exchange gain/(loss) within statement of operations	$(2.5)	$ —

The net accumulated gain of the instrument designated as the hedge as of September 30, 2016 within other comprehensive income/(loss) was approximately $77.8 million. Amounts are reclassified out of accumulated other comprehensive income/(loss) into earnings when the entity to which the gains and losses relate is either sold or substantially liquidated.

7. INCOME TAXES

The Company accounts for income taxes in accordance with the provision of *ASC 740 Income Taxes*. Generally, fluctuations in the effective tax rate are primarily due to changes in U.S. and non-U.S. pretax income resulting from the Company's business mix and changes in the tax impact of special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Such discrete items include, but are not limited to, changes in foreign statutory tax rates, the amortization of certain assets, and the tax impact of changes in its ASC 740 unrecognized tax benefit reserves. In the normal course of business, the Company is subject to examination by taxing authorities around the world, including such major jurisdictions as the United States, Germany, France, and the United Kingdom. The Company is no longer subject to new non-U.S. income tax examinations for years prior to fiscal year 2007. Under the terms of the 2007 purchase agreement by which the selling stockholders acquired their interest in the Company, the Company is indemnified by its former owner for tax liabilities that may arise after the 2007 purchase that relate to tax periods prior to April 10, 2007. The indemnification agreement applies to, among other taxes, any and all federal, state and international income-based taxes as well as related interest and penalties. As of September 30, 2016 and June 30, 2016, approximately $0.9 million and $1.7 million, respectively, of unrecognized tax benefit is subject to indemnification by the Company's former owner.

ASC 740 includes guidance on the accounting for uncertainty in income taxes recognized in the financial statements. This standard also provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeal or litigation process, based on the technical merits. As of September 30, 2016, the Company had a total of $60.6 million of unrecognized tax benefits. A reconciliation of its reserves for uncertain tax positions, excluding accrued interest and penalties, for September 30, 2016 is as follows:

(Dollars in millions)	
Balance at June 30, 2016	$61.5
Additions for tax positions of prior years	0.2
Reductions for tax positions of prior years	(1.1)
Lapse of the applicable statute of limitations	—
Balance at September 30, 2016	$60.6

As of September 30, 2016 and June 30, 2016, the Company had a total of $66.1 million and $67.1 million, respectively, of uncertain tax positions (including accrued interest and penalties). As of these dates, $44.7 million and $45.7 million, respectively, represent the amount of unrecognized tax benefits, which, if recognized, would favorably affect the effective income tax rate. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of September 30, 2016 and June 30, 2016, the Company has approximately $5.5 million and $5.6 million, respectively, of accrued interest and penalties related to

uncertain tax positions. As of these dates, the portion of such interest and penalties subject to indemnification by its former owner is $1.8 million and $2.1 million, respectively.

8. EMPLOYEE RETIREMENT BENEFIT PLANS

Components of the Company's net periodic benefit costs are as follows:

	Three Months Ended September 30,	
(Dollars in millions)	**2016**	**2015**
Components of net periodic benefit cost:		
Service cost	$ 0.8	$ 0.7
Interest cost	1.7	2.7
Expected return on plan assets	(2.8)	(2.5)
Amortization[1]	1.1	0.7
Net amount recognized	$ 0.8	$ 1.6

(1) Amount represents the amortization of unrecognized actuarial gains/(losses).

As previously disclosed with regard to the Company's participation in a multi-employer pension plan, the Company notified the plan trustees of its withdrawal from such plan in fiscal 2012. The actuarial review process, which is administered by the plan trustees, was completed during the third quarter of fiscal 2015. The liability reported reflects the present value of the Company's expected future long-term obligations. The estimated discounted value of the projected contributions related to these plans is $39.3 million as of September 30, 2016 and $39.3 million as of June 30, 2016 and is included within pension liability on the consolidated balance sheets. The annual cash impact associated with the Company's long-term benefit plan obligation approximates $1.7 million per year.

9. EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

Description of Capital Stock

The Company is authorized to issue 1,000,000,000 shares of common stock, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share. In accordance with the Company's amended and restated certificate of incorporation, each share of common stock has one vote, and the common stock votes together as a single class.

On October 29, 2015, the Company's Board of Directors authorized a share repurchase program to use up to $100.0 million to repurchase shares of its outstanding common stock. Under the program, the Company is authorized to repurchase shares through open market purchases, privately negotiated transactions or otherwise as permitted by applicable federal securities laws. There has been no purchase pursuant to this program as of September 30, 2016.

Accumulated other comprehensive income/(loss)

The components of the changes in the cumulative translation adjustment and minimum pension liability for the three months ended September 30, 2016 and September 30, 2015 are presented below.

(Dollars in millions)	Three Months Ended September 30, 2016	2015
Foreign currency translation adjustments:		
Net investment hedge	$(3.5)	$ —
Long-term intercompany loans	(7.7)	(14.2)
Translation adjustments	10.6	(28.2)
Total foreign currency translation adjustment, pretax	(0.6)	(42.4)
Tax expense/(benefit)	(1.2)	—
Total foreign currency translation adjustment, net of tax	$ 0.6	$(42.4)
Net change in minimum pension liability		
Net gain/(loss) recognized during the period	1.1	0.7
Total pension, pretax	1.1	0.7
Tax expense/(benefit)	(0.3)	(0.2)
Net change in minimum pension liability, net of tax	$ 0.8	$ 0.5

For the three months ended September 30, 2016, the changes in accumulated other comprehensive income net of tax by component are as follows:

(Dollars in millions)	Foreign Exchange Translation Adjustments	Pension and Other Post-Retirement Adjustments	Total
Balance at June 30, 2016	$(248.8)	$(56.9)	$(305.7)
Other comprehensive income/(loss) before reclassifications	0.6	—	0.6
Amounts reclassified from accumulated other comprehensive income	—	0.8	0.8
Net current period other comprehensive income (loss)	0.6	0.8	1.4
Balance at September 30, 2016	$(248.2)	$(56.1)	$(304.3)

10. COMMITMENTS AND CONTINGENCIES

On November 13, 2015, the primary French drug regulatory agency (the "ANSM") issued an order temporarily suspending operations at the Company's softgel manufacturing facility in Beinheim, France. On March 4, 2016, the Company received exemptions from the ANSM that permitted a partial restart of operations, and, on April 28, 2016, the ANSM lifted the suspension. Changes to the operations at the facility to address the issues leading to the suspension have increased and may in the future additionally increase the cost and therefore decrease the profitability of its operation and may also require the Company to incur additional costs.

Certain of the customers of the facility have presented claims against the Company for losses they have allegedly suffered due to the temporary suspension or have reserved their right to do so subsequently. The Company is unable to estimate at this time either the total value of claims that are reasonably possible to be asserted with respect to this matter or the likely cost to resolve them. To date, none of the asserted claims takes into account limitations of liability in the contracts governing these claims or any other defense that the Company may assert. In addition, the Company may have insurance for losses it suffers as a result of such claims, subject to various deductibles and other limitations, but there can be no assurance as to the amount or timing of any insurance recovery against any sustained losses.

From time to time, the Company may be involved in legal proceedings arising in the ordinary course of business, including, without limitation, inquiries and claims concerning environmental contamination as well as litigation and allegations in connection with acquisitions, product liability, manufacturing or packaging defects and claims for reimbursement for the cost of lost or damaged active pharmaceutical ingredients, the cost of which could be significant. The Company intends to vigorously defend itself against any such litigation and does not currently believe that the outcome of any such litigation will have a material adverse effect on the Company's financial statements. In addition, the healthcare industry is highly regulated and government agencies continue to scrutinize certain practices affecting government programs and otherwise.

From time to time, the Company receives subpoenas or requests for information from various government agencies, including from state attorneys general and the U.S. Department of Justice relating to the business practices of customers or suppliers. The Company generally responds to such subpoenas and requests in a timely and thorough manner, which responses sometimes require considerable time and effort and can result in considerable costs being incurred. The Company expects to incur costs in future periods in connection with future requests.

11. SEGMENT INFORMATION

As discussed in Note 1, the Company conducts its business within the following operating segments: Softgel Technologies, Drug Delivery Solutions, and Clinical Supply Services. The Company evaluates the performance of its segments based on segment earnings before noncontrolling interest, other (income) expense, impairments, restructuring costs, interest expense, income tax (benefit)/expense, and depreciation and amortization ("Segment EBITDA"). EBITDA from continuing operations is consolidated earnings from continuing operations before interest expense, income tax (benefit)/expense, depreciation and amortization and is adjusted for the income or loss attributable to noncontrolling interest. The Company's presentation of Segment EBITDA and EBITDA from continuing operations may not be comparable to similarly titled measures used by other companies.

All prior period comparative segment information has been restated to reflect the current reportable segments in accordance with A*SC 280 Segment Reporting*. The following tables include net revenue and Segment EBITDA during the three months ended September 30, 2016 and September 30, 2015:

	Three Months Ended September 30,	
(Dollars in millions)	**2016**	**2015**
Softgel Technologies		
Net revenue	$186.4	$184.0
Segment EBITDA	30.5	34.6
Drug Delivery Solutions		
Net revenue	191.3	173.6
Segment EBITDA	42.0	37.5
Clinical Supply Services		
Net revenue	75.0	77.6
Segment EBITDA	10.5	14.0
Inter-segment revenue elimination	(10.5)	(12.2)
Unallocated Costs[1]	(20.3)	(14.0)
Combined Totals:		
Net revenue	$442.2	$423.0
EBITDA from continuing operations	$ 62.7	$ 72.1

(1) Unallocated costs include restructuring and special items, equity-based compensation, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

(Dollars in millions)	Three Months Ended September 30, 2016	2015
Impairment charges and gain/(loss) on sale of assets	$ —	$ (1.2)
Equity compensation	(6.9)	(2.6)
Restructuring and other special items [2]	(5.9)	(2.0)
Noncontrolling interest	—	0.2
Other income/(expense), net [3]	2.1	(0.6)
Non-allocated corporate costs, net	(9.6)	(7.8)
Total unallocated costs	$(20.3)	$(14.0)

(2) Segment results do not include restructuring and certain acquisition-related costs.
(3) Amounts primarily relate to foreign currency translation gains and losses during all periods presented.

Provided below is a reconciliation of earnings/(loss) from continuing operations to EBITDA from continuing operations:

(Dollars in millions)	Three Months Ended September 30, 2016	2015
Earnings from continuing operations	$ 4.6	$11.7
Depreciation and amortization	35.8	35.5
Interest expense, net	22.1	22.7
Income tax (benefit)/expense	0.2	2.0
Noncontrolling interest	—	0.2
EBITDA from continuing operations	$62.7	$72.1

The following table includes total assets for each segment, as well as reconciling items necessary to total the amounts reported in the consolidated financial statements:

(Dollars in millions)	September 30, 2016	June 30, 2016
Assets		
Softgel Technologies	$1,357.8	$1,446.4
Drug Delivery Solutions	1,593.0	1,475.7
Clinical Supply Services	561.2	578.9
Corporate and eliminations	(383.9)	(409.9)
Total assets	$3,128.1	$3,091.1

12. SUPPLEMENTAL BALANCE SHEET INFORMATION

Supplementary balance sheet information at September 30, 2016 and June 30, 2016 is detailed in the following tables.

Inventories

Work-in-process and finished goods inventories include raw materials, labor, and overhead. Total inventories consist of the following:

(Dollars in millions)	September 30, 2016	June 30, 2016
Raw materials and supplies	$103.3	$ 88.7
Work-in-process	36.2	30.7
Finished goods	53.9	55.2
Total inventories, gross	193.4	174.6
Inventory reserve	(15.9)	(19.8)
Inventories	$177.5	$154.8

Prepaid expenses and other

Prepaid expenses and other current assets consist of the following:

(Dollars in millions)	September 30, 2016	June 30, 2016
Prepaid expenses	$30.7	$29.3
Spare parts supplies	11.1	10.8
Short term investments	7.8	7.0
Long term tax asset (current portion) [1]	—	6.8
Other current assets	33.4	35.1
Prepaid expenses and other	$83.0	$89.0

(1) The company transferred certain intellectual property assets between jurisdictions in the year ended June 30, 2016, resulting in a deferred tax charge which will be amortized over the remaining 10-year useful life of the asset. The Company adopted *ASU 2016-16, Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory* effective July 1, 2016 and subsequently adjusted the long term tax asset. Refer to Note 1 for further information.

Property, plant, and equipment, net

Property, plant, and equipment, net consist of the following:

(Dollars in millions)	September 30, 2016	June 30, 2016
Land, buildings, and improvements	$ 663.6	$ 649.6
Machinery, equipment, and capitalized software	798.4	757.1
Furniture and fixtures	9.5	9.9
Construction in progress	123.2	134.1
Property, plant, and equipment, at cost	1,594.7	1,550.7
Accumulated depreciation	(668.2)	(644.9)
Property, plant, and equipment, net	$ 926.5	$ 905.8

Other accrued liabilities

Other accrued liabilities consist of the following:

(Dollars in millions)	September 30, 2016	June 30, 2016
Accrued employee-related expenses	$ 64.1	$ 82.8
Restructuring accrual	5.2	6.1
Accrued interest	0.1	0.1
Deferred revenue and fees	50.0	46.2
Accrued income tax	27.4	38.8
Other accrued liabilities and expenses	56.8	45.8
Other accrued liabilities	$203.6	$219.8

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