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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 10, 2022

EMBECTA CORP.
(Exact name of registrant as specified in its charter)

Delaware		
(State or Other Jurisdiction of Incorporation)		
001-41186		**87-1583942**
(Commission File Number)		**(IRS Employer Identification No.)**
1 Becton Drive, Franklin Lakes, New Jersey		**07417-1880**
(Address of principal executive offices)		**(Zip Code)**

Registrant's telephone number, including area code: (201) 847-6880

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**EMBC**	**The Nasdaq Stock Market LLC (Nasdaq Global Select Market)**

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

Emerging growth company ☐

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

Item 1.01 Entry Into a Material Definitive Agreement.

On February 1, 2022, Becton, Dickinson and Company ("BD") announced that its board of directors approved a distribution of 100% of the outstanding shares of common stock of Embecta Corp. ("Embecta") to BD shareholders of record as of the close of business on March 22, 2022 (the "Spin-Off Distribution"). The Spin-Off Distribution is expected to be completed at 12:01 a.m., Eastern time, on April 1, 2022, subject to the satisfaction or waiver of the conditions to the Spin-Off Distribution described in Embecta's registration statement on Form 10 filed with the U.S. Securities and Exchange Commission (as amended, the "Form 10 Registration Statement").

On February 10, 2022, Embecta entered into an Indenture (the "Indenture"), by and between Embecta and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent, pursuant to which Embecta issued $500 million of 5.000% senior secured notes due 2030 (the "Senior Secured Notes"). The Senior Secured Notes were offered and sold to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Senior Secured Notes will mature on February 15, 2030. The Senior Secured Notes will bear interest at a rate of 5.000% per annum, payable semi-annually.

The Senior Secured Notes will not be redeemable until after February 15, 2027, subject to certain limited exceptions. After February 15, 2027, the Senior Secured Notes will be redeemable at Embecta's option in a customary manner and at the prices set forth therein.

Prior to the completion of the Spin-Off Distribution, the Senior Secured Notes will be unsecured, unsubordinated obligations of Embecta and guaranteed on an unsecured, unsubordinated basis solely by BD, which guarantee will automatically and unconditionally terminate and be released upon the earlier to occur of (i) the completion of the Spin-Off Distribution or (ii) the consummation of a defeasance or satisfaction and discharge in accordance with the provisions of the Indenture. From and after the completion of the Spin-Off Distribution, the Senior Secured Notes will be, jointly and severally, guaranteed by certain of Embecta's existing and future direct or indirect wholly owned domestic restricted subsidiaries (subject to certain exceptions).

From and after the completion of the Spin-Off Distribution, the Senior Secured Notes and related guarantees will be secured by a first priority lien on substantially all of the assets of Embecta and its subsidiary guarantors (subject to permitted liens and certain other exceptions), equally and ratably with all existing and future first lien obligations of Embecta and the subsidiary guarantors.

The Senior Secured Notes contain customary affirmative and negative covenants, including among others, limitations on the incurrence of indebtedness, restricted payments, liens, restrictions on distributions from subsidiaries, sales of assets and subsidiary stock, affiliate transactions and certain mergers and consolidations.

The Senior Secured Notes are subject to customary events of default for financings of this type, including, among others, non-payment of principal, interest or premium, failure to comply with certain covenants and certain bankruptcy or insolvency events.

The Indenture and form of Senior Secured Note are attached as Exhibits 4.1 and 4.2, respectively, to this Current Report on Form 8-K and are incorporated in this Item 1.01 by reference. The foregoing descriptions of the Indenture and form of Senior Secured Note are qualified in their entirety by reference to the full text of such documents.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under and Off-Balance Sheet Arrangement of a Registration.

The information set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On February 10, 2022, the Form 10 Registration Statement was declared effective. The Form 10 Registration Statement includes a preliminary information statement that describes the Spin-Off Distribution and provides important information regarding Embecta's business and management.

The final information statement, dated February 11, 2022 (the "Information Statement"), is attached hereto as Exhibit 99.1.

As further described in the Information Statement, BD expects to distribute one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022. Subject to the satisfaction or waiver of the conditions to the Spin-Off Distribution, which are described in the Information Statement, the Spin-Off Distribution is expected to occur at 12:01 a.m., Eastern Time, on April 1, 2022.

Exhibit 99.1 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act, except as otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

4.1	Indenture, dated February 10, 2022, by and between Embecta Corp. and U.S. Bank Trust Company, National Association, as trustee and as notes collateral agent
4.2	Form of 5.000% Senior Secured Note due February 15, 2030 (included as Exhibit A to the Indenture filed as Exhibit 4.1 hereto)
99.1	Information Statement of Embecta Corp., dated February 11, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Date: February 11, 2022

EMBECTA CORP.

By: /s/ Devdatt Kurdikar
Devdatt Kurdikar
President and Chief Executive Officer

Exhibit 4.1

Execution Version

EMBECTA CORP.,
as Issuer,

the Guarantors party hereto from time to time,

AND

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee and as Notes Collateral Agent

5.000% Senior Secured Notes due 2030

INDENTURE

Dated as of February 10, 2022

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INDENTURE dated as of February 10, 2022, by and between Embecta Corp., a Delaware corporation, the Guarantors (as defined below) party hereto from time to time, and U.S. Bank Trust Company, National Association, as Trustee and as Notes Collateral Agent.

W I T N E S S E T H

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of (i) its 5.000% Senior Secured Notes due 2030 issued on the date hereof (the "Initial Notes") and (ii) any additional Notes ("Additional Notes" and, together with the Initial Notes, the "Notes") that may be issued after the Issue Date;

WHEREAS, all things necessary (i) to make the Notes, when executed and duly issued by the Issuer and authenticated and delivered hereunder, the valid obligations of the Issuer, and (ii) to make this Indenture a valid agreement of the Issuer have been done;

WHEREAS, on the date hereof, BD, as the parent of the Issuer, has duly authorized, executed and delivered to the Trustee the parent guaranty agreement, dated as of the Issue Date (as amended, restated, amended and restated, supplemented or otherwise modified or replaced from time to time, the "Parent Guaranty Agreement"); and

WHEREAS, on the Spin-Off Date, pursuant to Section 3.14 hereof (x) each of the Subsidiary Guarantors shall duly authorize, execute and deliver the Supplemental Indenture, to be dated as of the Spin-Off Date, pursuant to which each of the Subsidiary Guarantors shall guarantee on a senior secured basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all the Issuer's obligations under this Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise, (y) each of the Issuer and the Subsidiary Guarantors shall duly authorize, execute and deliver each of the Note Security Documents to which it is a party, each to be dated as of the Spin-Off Date, pursuant to which the Notes will be secured by the Collateral as set forth in the Notes Security Documents and (z) each of the Issuer and the Subsidiary Guarantors, the Trustee, the Notes Collateral Agent, the Credit Agreement Administrative Agent and the Credit Agreement Collateral Agent shall duly execute and deliver the First Lien Pari Passu Intercreditor Agreement, to be dated as of the Spin-Off Date.

NOW, THEREFORE, in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions.

"Acquired EBITDA" means, with respect to any Acquired Entity or Business or any Converted Restricted Subsidiary for any period, the amount for such period of Consolidated EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable, all determined on a consolidated basis for such Acquired Entity or Business or Converted Restricted Subsidiary, as applicable.

"Acquired Indebtedness" means, with respect to any Person, (x) Indebtedness of any other Person or any of its Subsidiaries existing at the time such other Person becomes a Restricted Subsidiary or merges or amalgamates with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary and (y) Indebtedness secured by a Lien encumbering any asset acquired by such Person. Acquired Indebtedness shall be deemed to have been incurred, with respect to clause (x) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary or on the date of the relevant merger, amalgamation, consolidation, acquisition or other combination.

"Acquisition Indebtedness" means any Indebtedness incurred in connection with an acquisition or Investment permitted under this Indenture.

"Additional Assets" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"Additional Notes" has the meaning ascribed to it in the recitals of this Indenture.

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

"AI" means an "accredited investor" as described in Rule 501(a)(4) under the Securities Act.

"Alternative Currency" means any currency (other than Dollars) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars (as determined in good faith by the Issuer).

"Applicable Jurisdiction" means the United States of America, any state thereof or the District of Columbia.

"Applicable Percentage" means 100.0%; *provided* that the Applicable Percentage shall be (1) 50.0% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom the Consolidated First Lien Net Leverage Ratio would be less than or equal to 2.60 to 1.00 but greater than 2.10 to 1.00, or (2) 0.0% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom, the Consolidated First Lien Net Leverage Ratio would be less than or equal to 2.10 to 1.00. Any Net Available Cash in respect of an Asset Disposition that does not constitute Applicable Proceeds as a result of the application of this definition shall collectively constitute "Total Leverage Excess Proceeds."

"Asset Disposition" means:

(a) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction), in each case outside the ordinary course of business, of the Issuer or any of its Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a "disposition"); or

(b) the issuance or sale of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with Section 3.02 hereof or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions;

in each case, other than:

(1) a disposition by the Issuer or a Restricted Subsidiary to the Issuer or a Restricted Subsidiary, including pursuant to any Intercompany License Agreement;

(2) a disposition of cash, Cash Equivalents or Investment Grade Securities, including any marketable securities portfolio owned by the Issuer and its Subsidiaries on the Spin-Off Date;

(3) a disposition of inventory, goods or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

(4) a disposition of obsolete, worn-out, uneconomic, damaged, non-core or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and its Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer or its Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer or any Restricted Subsidiary determines in its reasonable judgment that such action or inaction is desirable);

(5) transactions permitted under Section 4.01 hereof or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of (i) $75.0 million and (ii) 15.0% of LTM EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under Section 3.03 and the making of any Permitted Payment or Permitted Investment, or solely for purposes of Section 3.05(a)(3), asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens, Permitted Intercompany Activities, Permitted Tax Restructurings and related transactions;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) conveyances, sales, transfers, licenses, sublicenses, cross-licenses or other dispositions of intellectual property, software or other general intangibles and licenses, sublicenses, cross-licenses (including the provision of software under an open source license), leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that result from such agreement;

(12) the lease, assignment, license, sublease or sublicense of any real or personal property in the ordinary course of business or consistent with industry practice;

(13) foreclosure, condemnation, expropriation, forced disposition or any similar action with respect to any property or other assets or the granting of Liens not prohibited by this Indenture;

(14) the sale, discount or other disposition (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of inventory, accounts receivable or notes receivable in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

(15) any issuance or sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) (i) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased, (ii) dispositions of property to the extent that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased) and (iii) to the extent treated as tax-free under Section 1031 of the Code or comparable law or regulation, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(18) any disposition of assets of the type specified in the definitions of “Securitization Assets” or “Receivables Assets,” or participations therein, including in connection with any Qualified Securitization Financing or Receivables Facility;

(19) any financing transaction with respect to property constructed, acquired, leased, renewed, relocated, expanded, replaced, repaired, maintained, upgraded or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary after the Spin-Off Date, including Sale and Leaseback Transactions and asset securitizations, not prohibited by this Indenture;

(20) sales, transfers or other dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties set forth in joint venture arrangements and similar binding arrangements;

(21) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind;

(22) the unwinding of any Cash Management Obligations or Hedging Obligations;

(23) transfers of property or assets subject to Casualty Events upon receipt of the net proceeds of such Casualty Event; *provided* that any Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of such Casualty Event shall be deemed to be Net Available Cash of an Asset Disposition, and such Net Available Cash shall be applied in accordance with Section 3.05;

(24) any disposition to a Captive Insurance Subsidiary;

(25) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions and the proceeds of such sale are used to make a Restricted Payment pursuant to Section 3.03(b)(10)(b);

(26) the disposition of any assets (including Capital Stock) (i) acquired in a transaction after the Spin-Off Date, which assets are not useful in the core or principal business of the Issuer and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the reasonable determination of the Issuer to consummate any acquisition;

(27) any sale, transfer or other disposition to affect the formation of any Subsidiary that is a Divided LLC; *provided* that upon formation of such Divided LLC, such Divided LLC shall be a Restricted Subsidiary if the entity was a Restricted Subsidiary prior to the formation of such Divided LLC;

(28) any disposition of (i) non-revenue producing assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person, (ii) *de minimis* amounts of equipment provided to employees of the Issuer or any Subsidiary or (iii) samples, including time-limited evaluation software, provided to customer or prospective customers;

(29) [reserved];

(30) any disposition to effect the Transactions; and

(31) other sales or dispositions in an amount not to exceed the greater of (i) $175.0 million and (ii) 35.0% of LTM EBITDA.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under Section 3.03, the Issuer, in its sole discretion, will be entitled to divide, classify and reclassify such transaction (or a portion thereof) as one or more types of Asset Dispositions and/or one or more of the types of Permitted Investments or Investments permitted under Section 3.03.

"Associate" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Bankruptcy Law" means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

"BD" means Becton, Dickinson and Company, a New Jersey corporation and the parent of the Issuer.

"BD Guarantee" means BD's Guarantee of Obligations under the Notes pursuant to the Parent Guaranty Agreement.

"Board of Directors" means (i) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function.

Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Issuer.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, United States or in the jurisdiction of the place of payment are authorized or required by law to close. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day and such extension of time shall not be reflected in computing interest or fees, as the case may be.

"Business Successor" means (i) any former Subsidiary of the Issuer and (ii) any Person that, after the Spin-Off Date, has acquired, merged or consolidated with a Subsidiary of the Issuer (that results in such Subsidiary ceasing to be a Subsidiary of the Issuer), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Issuer.

"Canadian Dollars" means freely transferable lawful money of Canada (expressed in Canadian dollars).

"Capital Stock" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of, or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease (in accordance with GAAP) (and, for the avoidance of doubt, not a straight-line or operating lease) for financial reporting purposes. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty; *provided* that all obligations of the Issuer and its Restricted Subsidiaries that are or would be characterized as an operating lease as determined in accordance with GAAP as in effect on January 1, 2015 (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a Capitalized Lease Obligation) for purposes of this Indenture regardless of any change in GAAP following January 1, 2015 (in each case, that would otherwise require such obligation to be recharacterized as a Capitalized Lease Obligation).

"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 the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"Captive Insurance Subsidiary" means (i) any Subsidiary of the Issuer operating for the purpose of (a) insuring the businesses, operations or properties owned or operated by the Issuer or any of its Subsidiaries, including their future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members), and related benefits and/or (b) conducting any activities or business incidental thereto (it being understood and agreed that activities which are relevant or appropriate to qualify as an insurance company for U.S. federal or state tax purposes shall be considered "activities or business incidental thereto") or (ii) any Subsidiary of any such insurance subsidiary operating for the same purpose described in clause (i) above.

"Cash Equivalents" means:

(1) (a) Dollars, Canadian Dollars, Pounds Sterling, Yen, Euro, any national currency of any member state of the European Union or any Alternative Currency; or (b) any other foreign currency held by the Issuer and its Restricted Subsidiaries from time to time in the ordinary course of business or consistent with past practice;

(2) securities issued or directly and fully guaranteed or insured by the United States, Canadian, United Kingdom or Japanese governments, a member state of the European Union or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit obligation of such country or such member state is pledged in support thereof), with maturities of 36 months or less from the date of acquisition;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits, demand deposits or bankers' acceptances having maturities of not more than two years from the date of acquisition thereof issued by any bank, trust company or other financial institution (a) whose commercial paper is rated at least "P-2" or the equivalent thereof by S&P or at least "A-2" or the equivalent thereof by Moody's (or, if at the time, neither S&P or Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) or (b) having combined capital and surplus in excess of $100.0 million;

(4) repurchase obligations for underlying securities of the types described in clauses (2), (3), (7) and (8) entered into with any Person meeting the qualifications specified in clause (3) above;

(5) securities with maturities of two years or less from the date of acquisition backed by standby letters of credit issued by any Person meeting the qualifications in clause (3) above;

(6) commercial paper and variable or fixed rate notes issued by any Person meeting the qualifications specified in clause (3) above (or by the parent company thereof) maturing within two years after the date of creation thereof, or if no rating is available in respect of the commercial paper or variable or fixed rate notes, the issuer of which has an equivalent rating in respect of its long-term debt;

(7) marketable short-term money market and similar securities having a rating of at least "P-2" or "A-2" from either S&P or Moody's, respectively (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer);

(8) readily marketable direct obligations issued by any state, province, commonwealth or territory of the United States of America or any political subdivision, taxing authority or any agency or instrumentality thereof, rated BBB- (or the equivalent) or better by S&P or Baa3 (or the equivalent) or better by Moody's (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(9) readily marketable direct obligations issued by any foreign government or any political subdivision, taxing authority or agency or instrumentality thereof, with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(10) Investments with average maturities of 24 months or less from the date of acquisition in money market funds with a rating of "A" or higher from S&P or "A-2" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer);

(11) with respect to any Non-U.S. Subsidiary: (i) obligations of the national government of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business; *provided* such country is a member of the Organization for Economic Cooperation and Development, in each case maturing within one year after the date of investment therein, (ii) certificates of deposit of, bankers' acceptance of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, and whose short-term commercial paper rating from S&P is at least "P-2" or the equivalent thereof or from Moody's is at least "A-2" or the equivalent thereof (any such bank being an "Approved Foreign Bank"), and in each case with maturities of not more than 270 days from the date of acquisition and (iii) the equivalent of demand deposit accounts which are maintained with an Approved Foreign Bank;

(12) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization (or, if at the time, neither S&P nor Moody's is rating such obligations, then a comparable rating from another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;

(13) bills of exchange issued in the United States of America, Canada, the United Kingdom, Japan, a member state of the European Union eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(14) investments in industrial development revenue bonds that (i) "re-set" interest rates not less frequently than quarterly, (ii) are entitled to the benefit of a remarketing arrangement with an established broker dealer and (iii) are supported by a direct pay letter of credit covering principal and accrued interest that is issued by any bank meeting the qualifications specified in clause (3) above;

(15) investments in pooled funds or investment accounts consisting of investments in the nature described in the foregoing clause (14);

(16) investments in money market funds access to which is provided as part of "sweep" accounts maintained with any bank meeting the qualifications specified in clause (3) above;

(17) Cash Equivalents or instruments similar to those referred to in clauses (1) through (16) above denominated in Dollars or any Alternative Currency; and

(18) any investment company, money market, enhanced high yield, pooled or other investment fund investing 90% or more of its assets in instruments of the types specified in clauses (1) through (17) above.

In the case of Investments by any Non-U.S. Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States of America, Cash Equivalents shall also include (a) investments of the type and maturity described in the clauses 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 Non-U.S. Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in the clauses above and in this paragraph.

In addition, in the case of Investments by any Captive Insurance Subsidiary, Cash Equivalents shall also include (a) such Investments with average maturities of 12 months or less from the date of acquisition in issuers rated BBB- (or the equivalent thereof) or better by S&P or Baa3 (or the equivalent thereof) or better by Moody's, in each case at the time of such Investment and (b) any Investment with a maturity of more than 12 months that would otherwise constitute Cash Equivalents of the kind described in any of clauses of this definition above or clause (a) in this paragraph, if the maturity of such Investment was 12 months or less; *provided* that the effective maturity of such Investment does not exceed 15 years.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clause (1) above; *provided* that such amounts are converted into any currency listed in clause (1) as promptly as practicable and in any event within ten (10) Business Days following the receipt of such amounts.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under this Indenture regardless of the treatment of such items under GAAP.

"Cash Management Obligations" means (1) obligations in respect of any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements, electronic fund transfer, treasury services and cash management services, including controlled disbursement services, working capital lines, lines of credit, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services, or other cash management arrangements or any automated clearing house arrangements, (2) other obligations in respect of netting or setting off arrangements, credit, debit or purchase card programs, stored value card and similar arrangements and (3) obligations in respect of any other services related, ancillary or complementary to the foregoing (including any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management services, corporate credit and purchasing cards and related programs or any automated clearing house transfers of funds).

"Casualty Event" means any event that gives rise to the receipt by the Issuer or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, assets or real property (including any improvements thereon) to replace or repair such equipment, assets or real property.

"CFC" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Change of Control" means (x) prior to the Spin-Off Date, BD ceases to own, directly or indirectly, 100% of the Equity Interests of the Issuer, and (y) at any time, (1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than a Parent Entity (or, prior to the Spin-Off Date, BD or any of its Subsidiaries), that is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that, so long as the Issuer is a Subsidiary of any Parent Entity, no person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity); or (2) the sale or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to a Person (other than the Issuer or any of its Restricted Subsidiaries) and any "person" (as defined in clause (1) above), other than any Parent Entity, is or becomes the "beneficial owner" (as so defined) of more than 50% of the total voting power of the Voting Stock of the transferee person in such sale or transfer of assets, as the case may be; *provided* that, so long as the Issuer is a Subsidiary of any Parent Entity, no Person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such Person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity).

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock

in connection with the transactions contemplated by such agreement, (ii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity, (iii) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner and (iv) a passive holding company or special purpose acquisition vehicle shall not be considered a "person" and instead the equityholders of such passive holding company or special purpose acquisition vehicle shall be considered for purposes of the foregoing.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all property subject or purported to be subject, from time to time, to a Lien under any Notes Security Documents.

"Consolidated Depreciation and Amortization Expense" means, with respect to any Person for any period, the total amount of depreciation and amortization expense and capitalized fees, including amortization or write-off of:

(i) intangible assets and non-cash organization costs,

(ii) deferred financing and debt issuance fees, costs and expenses,

(iii) property, plant and equipment consisting of leasehold improvements, freehold improvements, office equipment and fittings,

(iv) right-of-use assets consisting of property and office equipment,

(v) capitalized expenditures (including Capitalized Software Expenditures), customer acquisition costs and incentive payments and signing bonuses, upfront payments related to any contract signing, media development costs, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, and

(vi) capitalized fees related to any Qualified Securitization Financing or Receivables Facility, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP and any write-down of assets or asset value carried on the balance sheet.

"Consolidated 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:

(a) Fixed Charges of such Person for such period (including (w) non-cash rent expense and the implied interest component of synthetic leases with respect to such period, (x) net payments and losses or any obligations on any Hedging Obligations or other derivative instruments, (y) bank, letter of credit and other financing fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of "Consolidated Interest Expense" and any non-cash interest expense), to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) (x) provision for taxes based on income, profits, revenue or capital, including federal, foreign, state, provincial, territorial, local, unitary, excise, property, franchise, value added and similar taxes and withholding taxes (including any future taxes or other levies which replace or are intended to be in lieu of such taxes and any penalties, additions to tax and interest related to such taxes or arising from tax examinations), state taxes in lieu of business fees (including business license fees), payroll tax credits, income tax credits and similar credits, and similar taxes of such Person paid or accrued during such period (including in respect of repatriated funds), (y) any distributions made to a direct or indirect parent of the Issuer with respect to the foregoing and (z) the net tax expense associated with any adjustments made pursuant to the definition of "Consolidated Net Income" in each case, to the extent 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 deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transaction costs associated with becoming or being a stand-alone entity or a public company, including Public Company Costs), Permitted Investment, Restricted Payment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful and including any such transaction consummated prior to the Issue Date), including (i) such fees, expenses or charges (including rating agency fees, consulting fees and other related expenses and/or letter of credit or similar fees) related to the offering or incurrence of, or ongoing administration of the Notes, the Credit Agreement, any other Credit Facilities or notes, any Securitization Fees and the Transactions, including Transaction Costs, and (ii) any amendment, waiver or other modification of the Notes, the Credit Agreement, Receivables Facilities, Securitization Facilities, any other Credit Facilities or notes, any Securitization Fees, any other Indebtedness or any Equity Offering, in each case, whether or not consummated, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) (i) the amount of any restructuring charge, accrual, reserve (and adjustments to existing reserves) or expense, integration cost, inventory optimization programs or other business optimization expense or cost (including charges directly related to the implementation of operating expense reductions, platform consolidations and migrations, transitions, insourcing initiatives, operating improvements, cost-savings initiatives and tax restructurings) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any costs incurred in connection with acquisitions or divestitures after the Issue Date, any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), costs related to entry into new markets (including unused office or warehouse space costs) and new product design, development and introductions (including intellectual property development, labor costs, scrap costs and lower absorption of costs, including due to decreased productivity and greater inefficiencies), systems and/or software development and establishment costs, operational and reporting systems, technology initiatives, contract termination costs, costs related to customer disputes, distribution networks or sales channels, the implementation, replacement, development

or upgrade of operational, reporting and information technology systems and technology initiatives, contract termination, retention, recruiting, severance, signing, consulting and transition services arrangements, future lease commitments, lease breakage and costs related to the pre-opening, opening and closure and/or consolidation of facilities (including severance, rent termination, moving and legal costs) and to exiting lines of business and consulting fees incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlement thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including (i) non-cash losses on the sale of assets and any write-offs or write-downs, deferred revenue or impairment charges, (ii) impairment charges, amortization (or write offs) of financing costs (including debt discount, debt issuance costs and commissions and other fees associated with Indebtedness, including the Notes and the Credit Agreement) of such Person and its Subsidiaries and/or (iii) the impact of acquisition method accounting adjustment and any non-cash write-up, write-down or write-off with respect to re-valuing assets and liabilities in connection with the Transactions or any Investment, deferred revenue or any effects of adjustments resulting from the application of purchase accounting, purchase price accounting (including any step-up in inventory and loss of profit on the acquired inventory) (*provided* that if any such non-cash charge, write-down, expense, loss or item represents an accrual or reserve for potential cash items in any future period, (A) the Issuer may elect not to add back such non-cash charge, expense or loss in the current period and (B) to the extent the Issuer elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA when paid), or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any amortization of a prepaid cash item that was paid in a prior period or such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of pro forma "run rate" cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target's Public Company Costs), operating expense reductions, other operating improvements (including the entry into material contracts or arrangements), revenue enhancements, and initiatives and synergies (including, to the extent applicable, from (i) the Transactions, (ii) mergers or other business combinations, acquisitions or other investments, divestitures, restructurings, integration, insourcing initiatives, operating improvements, cost savings initiatives or any other initiative, action or event, (iii) the effect of new customer contracts or projects and/or (iv) increased pricing or volume in existing contracts) (it is understood and agreed that "run rate" means the full recurring benefit for a period that is associated with any action taken, committed to be taken or expected to be taken, net of the amount of actual benefits realized during such period form such actions) projected by the Issuer in good faith to be reasonably anticipated to be realizable or a plan for realization shall have been established within 36 months of the date thereof (including from any actions taken in whole or in part prior to such date), which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target's Public Company Costs), operating expense reductions, other operating improvements, revenue enhancements and initiatives and synergies had been realized on the first day of such period, net of the amount of actual benefits realized prior to or during such period from such actions; *plus*

(h) any costs or expenses incurred by the Issuer or a Restricted Subsidiary or a Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan, profits interests or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement, and any costs or expenses in connection with the roll-over, acceleration or payout of Capital Stock held by management, to the extent that such costs or expenses are non-cash or otherwise funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer; *plus*

(i) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(j) any net loss included in the Consolidated Net Income attributable to non-controlling or minority interests pursuant to the application of Accounting Standards Codification Topic 810-10-45 (or any successor provision or other financial accounting standard having a similar result or effect); *plus*

(k) the amount of any non-controlling or minority interest expense consisting of Subsidiary income attributable to non-controlling or minority equity interests of third parties in any non-Wholly Owned Subsidiary; *plus*

(l) (i) unrealized or realized foreign exchange losses resulting from the impact of foreign currency changes and (ii) gains and losses due to fluctuations in currency values and related tax effects determined in accordance with GAAP; *plus*

(m) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a), (b) and (c) above relating to such joint venture corresponding to the Issuer's and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

(n) the amount of any costs, charges or expenses relating to payments made to stock appreciation or similar rights, stock option, restricted stock, phantom equity, profits interests or other interests or rights holders of the Issuer or any of its Subsidiaries or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or any of its Subsidiaries or any Parent Entities, which payments are being made to compensate such holders as though they were equityholders at the time of, and entitled to share in, such distribution; *plus*

(o) adjustments of the nature or type used in (i) connection with the calculation of "Adjusted EBITDA" as set forth in footnote (3) of "Summary Historical and Unaudited Pro Forma Financial Information" contained in the Offering Memorandum and other adjustments of a similar nature to the foregoing, (ii) at the option of the Issuer, any adjustments (including pro forma adjustments) of the type reflected in any quality of earnings report obtained in connection with the Transactions or from time to time prepared with respect to the target of an acquisition or Investment by a nationally recognized financial advisor or accounting firm; *plus*

(p) [reserved]; *plus*

(q) losses, charges and expenses related to the pre-opening and opening of new locations, and start-up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; *plus*

(r) rent expense as determined in accordance with GAAP not actually paid in cash during such period (net of rent expense paid in case during such period over and above rent expense as determined in accordance with GAAP); *plus*

(s) losses, charges and expenses related to a new location, plant or facility until the date that is 24 months after the date of commencement of construction or the date of acquisition thereof, as applicable; *plus*

(t) any non-cash increase in expense resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances) or other inventory adjustments; *plus*

(u) (1) the net increase (which, for the avoidance of doubt, shall not be negative), if any, of the difference between: (i) the deferred revenue of such Person and its Restricted Subsidiaries, as of the last day of such period (the "Determination Date") and (ii) the deferred revenue of such Person and its Restricted Subsidiaries as of the date that is 12 months prior to the Determination Date, and (2) without duplication of any adjustment pursuant to clause (1), the net adjustment for the annualized full-year gross profit contribution from new customer contracts signed during the 12 months prior to the Determination Date; *plus*

(v) the amount of incremental contract value of the Issuer and its Restricted Subsidiaries that the Issuer in good faith reasonably believes would have been realized or achieved as Consolidated EBITDA contribution from (i) increased pricing or volume initiatives and/or (ii) the entry into (and performance under) binding and effective new agreements with new customers or, if generating incremental contract value, new agreements (or amendments to existing agreements) with existing customers (collectively, "New Contracts") during such period had such New Contracts been effective and had performance thereunder commenced as of the beginning of such period (including, without limitation, such incremental contract value attributable to New Contracts that are in excess of (but without duplication of) contract value attributable to New Contracts that has been actually realized as Consolidated EBITDA contribution during such period) as long as such incremental contract value is reasonably identifiable and factually supportable; *provided* that such incremental contract value shall be calculated on a pro forma basis as though the full run rate effect of such incremental contract value had been realized as Consolidated EBITDA contributed on the first day of such period; *plus*

(w) any fees, costs and expenses incurred in connection with the adoption or implementation of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect), and any non-cash losses or charges resulting from the application of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect); *plus*

(x) any fees, costs, expenses or charges related to or recorded in cost of sales to recognize cost on a last-in-first-out basis; *plus*

(y) earn-out obligations incurred in connection with any acquisition or other Investment and paid or accrued during the applicable period, including any mark-to-market adjustments; and

(2) decreased (without duplication) by 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 Consolidated EBITDA in any prior period (other than non-cash gains relating to the application of Accounting Standards Codification Topic 842—Leases) (or any successor provision or other financial accounting standard having a similar result or effect).

There shall be included in determining Consolidated EBITDA for any period, without duplication, (A) the Acquired EBITDA of any Person, property, business or asset acquired by the Issuer or any Restricted Subsidiary (including, as applicable, the property, businesses and assets acquired by (or contributed to) the Issuer and its Restricted Subsidiaries as part of the Transactions) during such period to the extent not subsequently sold, transferred or otherwise disposed of by the Issuer or such Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "Acquired Entity or Business"), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition) and (B) pro forma adjustments in respect of each Acquired Entity or Business as are consistent with the definition of "Pro Forma Basis."

For purposes of determining the Consolidated EBITDA for any period, there shall be excluded in determining Consolidated EBITDA for any period the Disposed EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by the Issuer or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a "Sold Entity or Business") and the Disposed EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a "Converted Unrestricted Subsidiary"), based on the actual Disposed EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer or disposition); *provided* that for the avoidance of doubt, at the Issuer's option, notwithstanding any classification under GAAP of any Person, property, business or asset as discontinued operations, the Disposed EBITDA of such Person, property, business or asset shall not be excluded for any purposes hereunder until such disposition shall have been consummated.

Notwithstanding the foregoing, Consolidated EBITDA (a) for the fiscal quarter ended September 30, 2021, shall be deemed to be $115.0 million, (b) for the fiscal quarter ended June 30, 2021, shall be deemed to be $123.0 million and (c) for the fiscal quarter ended March 31, 2021, shall be deemed to be $126.0 million, in each case, as may be subject to addbacks and adjustments (without duplication) pursuant to clauses (1) and (2) above upon the occurrence of a "pro forma" event that occurs after the Issue Date and which is deemed to have occurred as of the first day of a period that includes any of the foregoing fiscal quarters.

"Consolidated First Lien Net Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded First Lien Indebtedness of the Issuer and its Restricted Subsidiaries as of such date to (b) LTM EBITDA.

"Consolidated Funded First Lien Indebtedness" means Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by a Lien on the Collateral on an equivalent priority basis (but, in each case, without regard to control of remedies) with the Liens on the Collateral securing the Obligations in respect of the Notes. For the avoidance of doubt, Consolidated Funded First Lien Indebtedness shall not include Capitalized Lease Obligations or Purchase Money Obligations.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication, the sum of:

(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, which shall include:

(a) amortization of original issue discount or premium 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 mark-to-market valuation of any 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 which shall exclude:

(i) Securitization Fees,

(ii) penalties and interest relating to taxes,

(iii) annual agency or similar fees paid to the administrative agents, collateral agents and other agents under any Credit Facility,

(iv) any additional interest or liquidated damages owing pursuant to any registration rights obligations,

(v) costs associated with obtaining Hedging Obligations,

(vi) accretion or accrual of discounted liabilities other than Indebtedness,

(vii) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Transactions or any acquisition,

(viii) amortization, expensing or write-off of deferred financing fees, amendment and consent fees, debt issuance costs, debt discount or premium, terminated hedging obligations and other commissions, fees and expenses, discounted liabilities, original issue discount and any other amounts of non-cash interest and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program,

(ix) any expensing of bridge, arrangement, structuring, commitment, agency, consent and other financing fees and any other fees related to the Transactions or any acquisitions after the Issue Date,

(x) any accretion of accrued interest on discounted liabilities and any prepayment, make-whole or breakage premium, penalty or cost,

(xi) interest expense with respect to Indebtedness of any direct or indirect parent of such Person resulting from push-down accounting,

(xii) any lease, rental or other expense in connection with a Non-Financing Lease Obligations, and

(xiii) any interest expense attributable to any actual or prospective legal settlement, fine, judgment or order; *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *less*

(3) 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 net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted into cash or Cash Equivalents) or that (as determined by the Issuer in its reasonable discretion) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (A) of the Available Amount Builder Basket, any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or any Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (a) restrictions that have been waived or otherwise released (or such Person reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release), (b) restrictions pursuant to the Credit Agreement, the Notes, this Indenture or other similar indebtedness and (c) restrictions specified in Section 3.04(b)(14)(i)), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted, or having the ability to be converted, into cash or Cash Equivalents) or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss) (a) in respect of facilities no longer used or useful in the conduct of the business of the Issuer or its Restricted Subsidiaries, abandoned, transferred, closed, disposed or discontinued operations, (b) on disposal, abandonment or discontinuance of disposed, abandoned, transferred, closed or discontinued operations, and (c) attributable to asset dispositions, abandonments, sales or other dispositions of any asset (including pursuant to any Sale and Leaseback Transaction) or the designation of an Unrestricted Subsidiary other than in the ordinary course of business;

(4) (a) any extraordinary, exceptional, unusual, infrequently occurring or nonrecurring loss, charge or expense, as well as Transaction Costs, Public Company Costs, restructuring and duplicative running costs, restructuring charges or reserves (whether or not classified as restructuring expense on the consolidated financial statements), relocation costs, start-up or initial costs for any project or new production line, division or new line of business, integration and facilities' or bases' opening costs, facility consolidation and closing costs, severance costs and expenses, one-time charges (including compensation charges), payments made pursuant to the terms of change in control agreements that the Issuer or a Subsidiary or a Parent Entity had entered into with employees of the Issuer or a Subsidiary or a Parent Entity, costs relating to pre-opening, opening and conversion costs for facilities, losses, costs or cost inefficiencies related to project terminations, facility or property disruptions or shutdowns (including due to work stoppages, natural disasters and epidemics), signing, retention and completion bonuses (including management bonus pools), recruiting costs, costs incurred in connection with any strategic or cost savings initiatives, transition costs, contract terminations, litigation and arbitration fees, costs and charges, expenses in connection with one-time rate changes, costs incurred with acquisitions, investments and dispositions (including travel and out-of-pocket costs), human resources costs (including relocation bonuses), litigation and arbitration costs, charges, fees and expenses (including settlements), management transition costs, advertising costs, losses associated with temporary decreases in work volume and expenses related to maintain underutilized personnel and non-recurring product and intellectual property development, other business optimization expenses or reserves (including costs and expenses relating to business optimization programs and new systems design and costs or reserves associated with improvements to IT and accounting functions), retention charges (including charges or expenses in respect of incentive plans), system establishment costs and implementation costs, and operating expenses attributable to the implementation of strategic or cost-savings initiatives, and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments) and professional, legal, accounting, consulting and other service fees incurred with any of the foregoing (in each case, as applicable, whether or not consummated) and (b) any charge, expense, cost, accrual or reserve of any kind associated with acquisition related litigation and settlements thereof;

(5) (a) at the election of the Issuer with respect to any quarterly period, the cumulative effect (including charges, accruals, expenses and reserves) of a change in law, regulation or accounting principles and changes as a result of the adoption, implementation or modification of accounting policies, including the adoption, (b) subject to the last paragraph of the definition of "GAAP," 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 (including any impact resulting from an election by the Issuer to apply IFRS or other Accounting Changes) and (c) any costs, charges, losses, fees or expenses in connection with the implementation or tracking of such changes or modifications specified in the foregoing clauses (a) and (b), in each case as reasonably determined by the Issuer;

(6) (a) any equity-based or non-cash compensation or similar charge, cost or expense or reduction of revenue, including any such charge, cost, expense or reduction arising from any grant of stock, stock appreciation or similar rights, stock options, restricted stock, phantom equity, profits interests or other interests, or other rights or equity- or equity-based incentive programs ("equity incentives"), any income (loss) associated with the equity incentives or other long-term incentive compensation plans (including under deferred compensation arrangements of the Issuer or any Parent Entity or any Subsidiary and any positive investment income with respect to funded deferred compensation account balances), roll-over, acceleration or payout of Capital Stock by employees, directors, officers, managers, contractors, consultants, advisors or business partners (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any Parent Entity or any Subsidiary, and any cash awards granted to employees of the Issuer and its Subsidiaries in replacement for forfeited awards, (b) any non-cash losses attributable to deferred compensations plans or trusts or realized in such period in connection with adjustments to any employee benefit plan due to changes in estimates, actuarial assumptions, valuations, studies or judgments, (c) non-cash compensation expense resulting from the application of Accounting Standards Codification Topic 718, Compensation—Stock Compensation or Accounting Standards Codification Topics 505-50, Equity-Based Payments to Non-Employees (or any successor provision or other financial accounting standard having a similar result or effect), and (d) any net pension or post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, amortization of such amounts arising in prior periods, amortization of the unrecognized obligation (and loss or cost) existing at the date of initial application of Statement of Financial Accounting Standards No. 87, 106 and 112—Employee Benefits (or any successor provision or other financial accounting standard having a similar result or effect), and any other item of a similar nature;

(7) any income (loss) from the extinguishment, conversion or cancellation of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off, premiums paid or other expenses incurred);

(8) any unrealized or realized gains or losses in respect of any Hedging Obligations or any ineffectiveness recognized in earnings related to hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions;

(9) any fees, losses, costs, expenses or charges incurred during such period (including any transaction, retention bonus or similar payment), or any amortization thereof for such period, in connection with (a) any acquisition, recapitalization, Investment, Asset Disposition, disposition, issuance or repayment of Indebtedness (including such fees, expense or charges related to the offering, issuance and rating of the Notes, other securities and any Credit Facilities), issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Notes, other securities and any Credit Facilities), in each case, including the Transactions, any such transaction consummated prior to, on or after 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, in each case whether or not successful (including, for the avoidance of doubt, the effects of expensing all transaction-related expenses in accordance with Accounting Standards Codification Topic 805—Business Combinations (or any successor provision or other financial accounting standard having a similar result or effect) and (if applicable) any adjustments resulting from the application of Accounting Standards Codification Topic 460—Guarantees (or any successor provision or other financial accounting standard having a similar result or effect) or any related pronouncements) and (b) complying with the requirements under, or making elections permitted by, the documentation governing any Indebtedness;

(10) any unrealized or realized gain or loss resulting in such period from currency translation increases or decreases or transaction gains or losses, including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency risk), intercompany loans, accounts receivables, accounts payable, intercompany balances, other balance sheet items, Hedging Obligations or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any other realized or unrealized foreign exchange gains or losses relating to the translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized income (loss) or non-cash expense attributable to movement in mark-to-market valuation of foreign currencies, Indebtedness or derivative instruments pursuant to GAAP;

(12) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person's consolidated financial statements pursuant to GAAP (including, if applicable, those required or permitted by Accounting Standards Codification Topic 805—Business Combinations and (if applicable) Accounting Standards Codification Topic 350—Intangibles-Goodwill and Other (or any successor provision or other financial accounting standard having a similar result or effect) and related pronouncements), including in the inventory (including any impact of changes to inventory valuation policy methods, including changes in capitalization of variances), property and equipment, software, loans, leases, goodwill, intangible assets, in-process research and development, deferred revenue (including deferred costs related thereto and deferred rent) and debt line items thereof, resulting from the application of acquisition method accounting, recapitalization accounting or purchase accounting, as applicable, in relation to the Transactions or any consummated acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment or the amortization or write-off or write-down of any amounts thereof;

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and investments recorded using the equity method or as a result of a change in law or regulation, in connection with any disposition of assets and the amortization of intangibles arising pursuant to GAAP;

(14) (a) accruals and reserves (including contingent liabilities) that are established or adjusted in connection with the Transactions or within 24 months after the closing of any acquisition or disposition that are so required to be established or adjusted as a result of such acquisition or disposition in accordance with GAAP, or changes as a result of adoption or modification of accounting policies, and (b) earn-out, non-compete and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise (and including deferred performance incentives in connection with any acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment whether or not a service component is required from the transferor or its related party)) and adjustments thereof and purchase price adjustments, including any mark-to-mark adjustments;

(15) any income (loss) related to any realized or unrealized gains and losses resulting from Hedging Obligations or embedded derivatives that require similar accounting treatment (including embedded derivatives in customer contracts), and the application of Accounting Standards Codification Topic 815—Derivatives and Hedging (or any successor provision or other financial accounting standard having a similar result or effect) and its related pronouncements or mark to market movement of non-U.S. currencies, Indebtedness, derivatives instruments or other financial instruments pursuant to GAAP, including (if applicable) Accounting Standards Codification Topic 825—Financial Instruments (or any successor provision or other financial accounting standard having a similar result or effect) or an alternative basis of accounting applied in lieu of GAAP;

(16) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(17) the amount of (x) Board of Directors (or equivalent thereof) fees, management, monitoring, consulting, refinancing, transaction, advisory and other fees (including exit and termination fees) and indemnities, costs and expenses paid or accrued in such period to any member of the Board of Directors (or the equivalent thereof) of the Issuer, any of its Subsidiaries or any Parent Entity, and (y) payments made to option holders of the Issuer or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entity, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, including any cash consideration for any repurchase of equity;

(18) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets in connection with a Qualified Securitization Financing or Receivables Facility;

(19) (i) at the election of the Issuer, payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and

(ii) at the election of the Issuer with respect to any quarterly period, effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(20) (i) the non-cash portion of "straight-line" rent expense will be excluded and (ii) the cash portion of "straight-line" rent expense that exceeds the amount expensed in respect of such rent expense will be included; and

(21) non-cash charges relating to increases or decreases of deferred tax asset valuation allowances.

In addition, to the extent not already excluded (or included, as applicable) from the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall be increased by the amount of: (i) any expenses, charges or losses that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period), expenses, charges or losses (including lost profits) with respect to liability or Casualty Events or business interruption. Consolidated Net Income shall be reduced by the amount of distributions for or payments of Permitted Tax Amounts actually made to any Parent Entity of such Person in respect of such period in accordance with Section 3.03(b)(9)(i) as though such amounts had been paid as Taxes directly by such Person for such periods.

"Consolidated Secured Net Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries which are Guarantors secured by a Lien on the Collateral as of such date to (b) LTM EBITDA. For the avoidance of doubt, Consolidated Total Indebtedness secured by a Lien shall not include Capitalized Lease Obligations or Purchase Money Obligations.

"Consolidated Total Indebtedness" means, as of any date of determination, an amount equal to:

(a) the aggregate principal amount of outstanding Indebtedness for borrowed money (excluding (i) Indebtedness with respect to obligations in respect of Cash Management Obligations, intercompany Indebtedness, Subordinated Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries and (ii) Indebtedness outstanding under the Credit Agreement that was used to finance working capital needs of the Issuer and its Restricted Subsidiaries (as reasonably determined by the Issuer) as of such date; *provided* that the aggregate principal amount of Indebtedness that may be excluded pursuant to this clause (ii) shall not exceed $50.0 million), *plus*

(b) the aggregate principal amount of Capitalized Lease Obligations, Purchase Money Obligations and unreimbursed drawings under letters of credit of the Issuer and its Restricted Subsidiaries outstanding on such date (*provided* that any unreimbursed amount under commercial letters of credit shall not be counted as Consolidated Total Indebtedness until five Business Days after such amount is drawn), *minus*

(c) the aggregate amount of Unrestricted Cash and Cash Equivalents (*provided* that the cash proceeds of any proposed incurrence of Indebtedness shall not be included in this clause (c) for purposes of calculating the Consolidated First Lien Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable),

in each case, with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Pro Forma Basis."

For the avoidance of doubt, Consolidated Total Indebtedness shall exclude Indebtedness in respect of any Receivables Facility or Securitization Facility.

"Consolidated Total Net Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries as of such date to (b) LTM EBITDA.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any Non-Financing Lease Obligation, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including 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 the 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.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person, or of any agreement, loan agreement, indenture, mortgage, deed of trust, lease, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Controlled Investment Affiliate" means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"Credit Agreement" means the Credit Agreement, to be dated on or prior to the Spin-Off Date (the date of such effectiveness and initial funding thereunder, the "Credit Agreement Effective Date"), to be entered into by and among the Issuer, as the borrower, the other borrowers from time to time party thereto, the guarantors from time to time party thereto, Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and each lender from time to time party thereto, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any one or more agreements (and related documents) governing Indebtedness, including indentures, incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder, in whole or in part), the borrowings and commitments then outstanding or permitted to be outstanding under the applicable Credit Agreement or one or more successors to such Credit Agreement or one or more new credit agreements.

"Credit Agreement Administrative Agent" means Morgan Stanley Senior Funding, Inc., acting through such of its Affiliates or branches as it may designate, in its capacity as administrative agent under the Credit Agreement, or any successor administrative agent permitted by the terms hereof.

"Credit Agreement Collateral Agent" means Morgan Stanley Senior Funding, Inc., in its capacity as administrative agent and collateral agent under the Credit Agreement, together with its successors and permitted assigns in such capacities.

"Credit Facility" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Credit Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security

agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

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

"Definitive Notes" means certificated Notes.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provisions of this Indenture.

"Derivative Instrument" with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person's investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of the Notes and/or the creditworthiness of the Issuer and/or any one or more of the Guarantors (the "Performance References").

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Disposition as designated by the Issuer, which designation may be made at or after the time of the applicable Asset Disposition, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 3.05 hereof.

"Designated Preferred Stock" means Preferred Stock of the Issuer or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of its employees to the extent funded by the Issuer or such Subsidiary) and that is designated as "Designated Preferred Stock" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the net cash proceeds of which are excluded from the calculation set forth in clause (C) of the Available Amount Builder Basket.

"Disinterested Director" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any Parent Entity or any options, warrants or other rights in respect of such Capital Stock.

"Disposed EBITDA" means, with respect to any Sold Entity or Business or any Converted Unrestricted Subsidiary for any period, the amount for such period of Consolidated EBITDA of such Sold Entity or Business or such Converted Unrestricted Subsidiary, all as determined on a consolidated basis for such Sold Entity or Business or such Converted Unrestricted Subsidiary.

"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 exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 3.03 hereof; *provided*, *further*, that if such Capital Stock is issued to any future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries, any Parent Entity 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 (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), 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.

"Divided LLC" means a limited liability company which has been formed upon the consummation of an LLC Division.

"Dollars" or "$" means the lawful currency of the United States of America.

"DTC" means The Depository Trust Company or any successor securities clearing agency.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding (x) any Capital Stock that arises only by reason of the happening of a contingency that is outside the control of the holder of such Capital Stock or any debt security that is convertible into, or exchangeable for, Capital Stock and (y) Permitted Call Spread Swap Agreements).

"Equity Offering" means (x) a sale of Capital Stock (other than through the issuance of Disqualified Stock or Designated Preferred Stock or through an Excluded Contribution) other than (a) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions or other securities of the Issuer or any Parent Entity and (b) issuances of Capital Stock to any Subsidiary of the Issuer or (y) a cash equity contribution to the Issuer.

"Euro" and "€" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on European Union.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Excluded Accounts" means, any account that is used solely as:

(1) payroll, healthcare and other employee wage and benefit accounts,

(2) tax accounts, including, without limitation, sales, use, payroll, and withholding tax accounts,

(3) escrow, defeasance and redemption accounts, in each case, maintained for the benefit of a Person that is not the Issuer or a Subsidiary Guarantor,

(4) fiduciary or trust accounts, in each case, maintained for the benefit of a Person that is not the Issuer or a Subsidiary Guarantor,

(5) cash collateral accounts subject to Permitted Liens solely to secure reimbursement obligations in respect of letters of credit (other than letters of credit issued pursuant to the Credit Agreement), and

(6) the funds or other property held in or maintained for such purposes in any such account described in clauses (1) through (5).

"Excluded Contribution" means net cash proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer.

"Excluded Property" means:

(a) any fee-owned real property and/or any real property leasehold or subleasehold interests,

(b) motor vehicles and other assets or goods subject to certificates of title to the extent a Lien thereon cannot be perfected by filing a UCC financing statement,

(c) goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets to the extent a security interest in such goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets would result in adverse tax consequences to the Issuer or the Restricted Group or any of their direct or indirect equity owners (including, without limitation, as a result of any law or regulation in any applicable jurisdiction similar to Section 956 of the Code), or material adverse regulatory or accounting consequences, in each case, as reasonably determined by the Issuer,

(d) any goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets, in each case, of or in which pledges or security interests in favor of the Notes Collateral Agent are prohibited by applicable Law (including any requirement to obtain the consent of any Governmental Authority or third person under such applicable Law, unless such consent has been obtained) or by any contract binding on such assets at the time of its acquisition and not entered into in contemplation thereof, in each case, as reasonably determined by the Issuer; *provided* that (i) any such limitation described in this clause (d) on the security interests granted under the Notes Security Documents shall only apply to the extent that any such prohibition could not be rendered ineffective pursuant to the UCC or any other applicable Law or principles of equity and shall not apply to any proceeds or receivables thereof, the assignment of which is expressly deemed effective under the UCC or other applicable Law (respectively) notwithstanding such prohibition and (ii) in the event of the termination or elimination of any such prohibition contained in any applicable Law, a security interest in such goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets shall be automatically and simultaneously granted under the applicable Notes Security Documents and shall be included as Collateral,

(e) any governmental licenses or state or local franchises, charters and authorizations (but not the proceeds thereof), to the extent security interests in favor of the Notes Collateral Agent in such licenses, franchises, charters or authorizations are prohibited or restricted thereby; provided that (i) any such limitation described in this clause (e) on the security interests granted shall only apply to the extent that any such prohibition or restriction could not be rendered ineffective pursuant to the Uniform Commercial Code of any applicable jurisdiction or any other applicable Law or principles of equity and shall not apply to any proceeds or receivables thereof, the assignment of which is expressly deemed effective under the UCC or other applicable Law (respectively) notwithstanding such prohibition and (ii) in the event of the termination or elimination of any such prohibition or restriction contained in any applicable license, franchise, charter or authorization, a security interest in such licenses, franchises, charters or authorizations shall be automatically and simultaneously granted under the applicable Notes Security Documents and such licenses, franchises, charters or authorizations shall be included as Collateral,

(f) Equity Interests in (A) any Person (other than the Issuer and Wholly Owned Restricted Subsidiaries of the Issuer) to the extent and for so long as the pledge thereof in favor of the Notes Collateral Agent is not permitted by the terms of such Person's joint venture agreement or other applicable organizational documents; *provided* that such prohibition exists on the Spin-Off Date or at the time such Equity Interests are acquired (so long as such prohibition did not arise in contemplation of the Spin-Off Date or such acquisition), (B) any not-for-profit Subsidiary, (C) any Captive Insurance Subsidiary, (D) any special purpose securitization vehicle (or similar entity), (E) any Unrestricted Subsidiary, (F) any Person which is acquired after the Spin-Off Date to the extent and for so long as such Equity Interests are pledged in respect of Acquired Indebtedness permitted under this Indenture and such pledge constitutes a Permitted Lien and (G) (except to the extent perfected through the filing of a UCC financing statement) any Immaterial Subsidiary,

(g) any lease, license or other agreement or any goods or other property subject to a purchase money security interest, Capitalized Lease Obligation or similar arrangement, in each case, permitted under this Indenture, to the extent that a grant of a security interest therein would violate or invalidate such lease, license, capital lease or agreement or purchase money arrangement or create a right of termination in favor of any other party thereto (other than the Issuer, the Subsidiary Guarantors or their respective Wholly Owned Subsidiaries), in each case, except to the extent such prohibition is unenforceable after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code of any applicable jurisdiction, other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code of any applicable jurisdiction notwithstanding such prohibition,

(h) “intent-to-use” trademark applications prior to the filing of a “Statement of Use” or “Amendment to Allege Use,”

(i) any goods or assets sold pursuant to a Qualified Securitization Financing or Receivables Facility or other factoring or receivables arrangement permitted by this Indenture,

(j) Margin Stock,

(k) cash pledged solely to secure letter of credit reimbursement obligations to the extent such letters of credit and such pledge are permitted by this Indenture,

(l) Excluded Accounts,

(m) (A) Voting Stock in excess of 65.0% of the total combined voting power of all Voting Stock of any CFC, of any Non-U.S. Subsidiary or of any FSHCO, (B) any Equity Interests of any Subsidiary not directly owned by the Issuer or a Subsidiary Guarantor and (C) the Equity Interests in any Immaterial Subsidiary (except to the extent perfected through the filing of a UCC financing statement), and

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

Other goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets shall be deemed to be “Excluded Property” if, in the Issuer’s reasonable judgment, as notified to the Trustee in writing, the cost or other consequences of obtaining or perfecting a security interest in such goods, chattel paper, investment property, documents of title, instruments, money, intangibles or other assets is excessive in relation to either the value of such goods, chattel paper, investment property, documents of title, instruments, money, intangibles and other assets as Collateral or to the benefit of the Holders of the Notes of the security afforded thereby. Notwithstanding anything herein or the Notes Security Documents to the contrary, Excluded Property shall not include any Proceeds (as defined in the UCC), substitutions or replacements of any Excluded Property (unless such Proceeds, substitutions or replacements would otherwise constitute Excluded Property referred to above).

“Excluded Subsidiary” means any direct or indirect Subsidiary of the Issuer that is:

(a) an Unrestricted Subsidiary,

(b) not a Wholly Owned Restricted Subsidiary of the Issuer (other than a Subsidiary that was a Wholly Owned Restricted Subsidiary and that ceases to be a Wholly Owned Restricted Subsidiary as a result of (x) a transaction that is not bona fide or (y) the sale of its Equity Interests with sole intention to release such Subsidiary from its Guarantee of the Obligations),

(c) an Immaterial Subsidiary,

(d) a FSHCO or a CFC (or any direct or indirect Subsidiary of a Subsidiary that is a FSHCO or CFC),

(e) [reserved],

(f) a Non-U.S. Subsidiary or any direct or indirect Subsidiary of a Non-U.S. Subsidiary,

(g) prohibited or restricted by applicable Law from guaranteeing the Notes, or which would require governmental (including regulatory) consent, approval, license or authorization to provide a guarantee unless, such consent, approval, license or authorization has been received,

(h) prohibited or restricted from guaranteeing the Notes by any Contractual Obligation in existence on the Spin-Off Date (but not entered into in contemplation thereof) and for so long as any such Contractual Obligation exists (or, in the case of any newly-acquired Subsidiary, in existence at the time of acquisition thereof but not entered into in contemplation thereof and for so long as any such Contractual Obligation exists),

(i) a Subsidiary with respect to which a guarantee by it of the Notes would result in an adverse tax consequence to the Issuer or the Restricted Group or any of their Subsidiaries or direct or indirect equity owners (including, without limitation, as a result of any law or regulation in any applicable jurisdiction similar to Section 956 of the Code), or material adverse regulatory consequences, in each case, as reasonably determined by the Issuer,

(j) [reserved],

(k) a not-for-profit subsidiary,

(l) an employee benefit trust or similar construct or a trust company,

(m) a special purpose entity,

(n) a Captive Insurance Subsidiary, or

(o) in the reasonable judgment of the Issuer, a Subsidiary as to which the cost or other consequences of guaranteeing the Obligations in respect of the Notes would be excessive in view of the benefits to be obtained by the Holders therefrom, which such designation shall be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such Subsidiary has been so designated.

Notwithstanding the foregoing, no Subsidiary of the Issuer that is a guarantor in respect of the Issuer's Obligations in respect of Indebtedness for borrowed money of the Issuer under the Credit Agreement shall be deemed to be an Excluded Subsidiary.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length transaction, for cash, between a willing seller and a willing and able buyer; for purposes of this Indenture, fair market value may be conclusively established by means of an Officer's Certificate or resolutions of the Board of Directors setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"First Lien Obligations" means, collectively, (i) the Credit Agreement Obligations (as defined in the First Lien Pari Passu Intercreditor Agreement) and (ii) each Series of Other First Lien Obligations (each as defined in the First Lien Pari Passu Intercreditor Agreement) permitted to be incurred under this Indenture.

"First Lien Pari Passu Intercreditor Agreement" means that certain intercreditor agreement, to be entered into on the Spin-Off Date by and among the Trustee, the Notes Collateral Agent, the Credit Agreement Administrative Agent and the Credit Agreement Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified or replaced from time to time).

"Fitch" means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Fixed Charge Coverage Ratio" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date (the "reference period") for which consolidated financial statements are available (which may be internal consolidated financial statements) to the Fixed Charges of such Person for the reference period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), has caused any Reserved Indebtedness Amount to be deemed to be incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the reference period 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, deemed incurrence, assumption, guarantee, redemption, defeasance, 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.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated with respect to such incurrence, issuance or other transaction without giving effect to amounts being utilized under any other exceptions, thresholds or baskets (other than ratio based baskets) on the same date. Each item of Indebtedness that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant ratio based test.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility immediately prior to or in connection therewith.

Any calculation or measure that is determined with reference to the Issuer's financial statements (including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Fixed Charges, Fixed Charge Coverage Ratio, Consolidated First Lien Net Leverage Ratio, Consolidated Secured Net Leverage Ratio and Consolidated Total Net Leverage Ratio) may be determined with reference to the financial statements of a Parent Entity instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Capital Stock of the Issuer.

For purposes of making the computation referred to above, the Issuer shall make pro forma adjustments as are consistent with the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio".

"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 of any Restricted Subsidiary of such Person during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock of such Person during such period.

"FSHCO" means any direct or indirect Subsidiary of the Issuer that owns no material assets (directly or indirectly) other than (i) Equity Interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes (as determined by the Issuer)) and (ii) indebtedness, in either case of clauses (i) and (ii), in one or more Subsidiaries that are Non-U.S. Subsidiaries, CFCs and/or one or more other FSHCOs.

"GAAP" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time; *provided* that (a) all terms of an accounting or financial nature used in this Indenture shall be construed, and all computations of amounts and ratios referred to in this Indenture shall be made, without giving effect to any election under Accounting Standards Codification Topic 825—Financial Instruments (if applicable), or any successor thereto or comparable accounting principle (including pursuant to the Accounting Standards Codification), to value any Indebtedness of the Issuer or any Subsidiary at "fair value," as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of "Capitalized Lease Obligation." At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture); *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, that any calculation or determination in this Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give written notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

If there occurs a change in IFRS or GAAP, as applicable, and such change would cause a change in the method of calculation of any standards, terms or measures (including all computations of amounts and ratios) used in this Indenture (an "Accounting Change"), then the Issuer may elect that such standards, terms or measures shall be calculated as if such Accounting Change had or had not occurred.

All references to an accounting rule, regulation, standard, principal, term or measure, as applicable, in this Indenture (x) with respect to GAAP shall be deemed to refer to the equivalent rule, regulation, standard, principal, term or measure with respect to IFRS (if applicable) and (y) with respect to IFRS shall be deemed to refer to the equivalent rule, regulation, standard, principal, term or measure with respect to GAAP (if applicable).

"Governmental Authority" means any nation or government, any state, province, territory or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any applicable supranational bodies (such as the European Union or the European Central Bank).

"Guarantee" means, any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided, further*, that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor" means (i) as of the Spin-Off Date, the Subsidiary Guarantors that execute and deliver the Supplemental Indenture, and (ii) on and after the Spin-Off Date, any other Restricted Subsidiary that Guarantees the Notes, in each case, until such Note Guarantee is released in accordance with the terms of this Indenture. For the avoidance of doubt, no Excluded Subsidiary shall be a Guarantor, except as provided under Section 3.07.

"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 contracts, 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 each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of DTC.

"IAI" means an institutional "accredited investor" as described in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"IFRS" means the international financial reporting standards as issued by the International Accounting Standards Board and adopted by the European Union as in effect from time to time.

"Immaterial Subsidiary" means, at any date of determination, each Restricted Subsidiary of the Issuer that (i) has not guaranteed any other Indebtedness of the Issuer and (ii) (A) has Total Assets and revenues of less than 5.0% of Total Assets and revenues of the Issuer and its Restricted Subsidiaries on a consolidated basis and (B) together with all other Immaterial Subsidiaries, has Total Assets and revenues of less than 10.0% of Total Assets and revenues of the Issuer and its Restricted Subsidiaries on a

consolidated basis, in each case for clauses (A) and (B), measured at the end of the most recent fiscal period for which consolidated financial statements are available (which may, at the election of the Issuer, be internal financial statements) on a pro forma basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

"Immediate Family Members" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships, the estate of such individual and such other individuals above) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"Increased Amount" means, with respect to any Indebtedness, any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

"incur" means to issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "incurred" and "incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "incurred" at the time any funds are borrowed thereunder.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligations, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in clauses (1), (2), (3), (4), (5) and (9) of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement);

with respect to clauses (1), (2), (3), (4), (5) and (9) above, 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.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness. Indebtedness shall be calculated without giving effect to the effects of Accounting Standards Codification Topic 815—Derivatives and Hedging and related pronouncements to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(ii) Cash Management Obligations;

(iii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date, Non-Financing Lease Obligations, Sale and Leaseback Transactions or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Spin-Off Date or in the ordinary course of business or consistent with past practice;

(v) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any deferred or prepaid revenue, post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(vi) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(vii) obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;

(viii) Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under GAAP;

(ix) Capital Stock (other than in the case of clause (6) above, Disqualified Stock); or

(x) amounts owed to dissenting stockholders (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, amalgamation, merger or transfer of assets that complies with Section 4.01.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"Initial Notes" has the meaning ascribed to it in the recitals of this Indenture.

"Initial Purchasers" means Morgan Stanley & Co. LLC, BNP Paribas Securities Corp., Citigroup Global Markets Inc., J.P. Morgan Securities LLC, MUFG Securities Americas Inc., U.S. Bancorp Investments, Inc., Wells Fargo Securities, LLC, Citizens Capital Markets, Inc., Loop Capital Markets LLC, PNC Capital Markets LLC, Santander Investment Securities Inc. and Siebert Williams Shank & Co., LLC.

"Intercompany License Agreement" means any cost sharing agreement, commission or royalty agreement, license or sublicense agreement, distribution agreement, services agreement, intellectual property rights transfer agreement, any related agreements or similar agreements, in each case where all parties to such agreement are one or more of the Issuer or a Restricted Subsidiary.

"Intercreditor Agreements" means (a) the First Lien Pari Passu Intercreditor Agreement and (b) the Junior Lien Intercreditor Agreement, if any.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans or other extensions of credit (excluding (i) accounts receivable, trade credit, advances or extensions of credit to customers, suppliers, future, present or former employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Person in the ordinary course of business or consistent with past practice, (ii) any debt or extension of credit represented by a bank deposit other than a time deposit, (iii) intercompany advances arising from cash management, tax and accounting

operations and (iv) intercompany loans, advances or Indebtedness having a term not exceeding 364 days (exclusive of any roll-over or extensions of terms)) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment.

For purposes of Section 3.03 and Section 3.20 hereof:

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in such Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will 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 (as determined by the Issuer) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary;

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined by the Issuer; and

(3) if the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be an Investment at such time.

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 and Cash Equivalents by the Issuer or a Restricted Subsidiary in respect of such Investment to the extent such amounts do not increase any other baskets under this Indenture.

"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) securities issued or directly and fully guaranteed or insured by the Canadian, United Kingdom or Japanese governments, a member state of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB-" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

"Investment Grade Status" shall occur when the Notes receive two of the following:

(1) a rating of "BBB-" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB-" or higher from Fitch;

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"Issue Date" means February 10, 2022.

"Issuer" means Embecta Corp., a Delaware corporation, and its successors.

"joint venture" means any joint venture or similar arrangement (in each case, regardless of legal formation), including collaboration arrangements, profit sharing arrangements or other contractual arrangements.

"Junior Lien Priority Indebtedness" means Indebtedness or obligations of the Issuer and/or the Guarantors that is secured by Liens on the Collateral ranking on a junior basis to the Liens securing the Notes.

"Law" means, collectively, all applicable international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided* that in no event shall Non-Financing Lease Obligations be deemed to constitute a Lien.

"Limited Condition Transaction" means (1) any Investment or acquisition (whether by merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise and which may include, for the avoidance of doubt, a transaction that may constitute a Change of Control) in or of any assets, business or Person, (2) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment, (3) any Restricted Payment requiring irrevocable notice in advance thereof, (4) any asset sale or a disposition and (5) a "Change of Control."

"LLC Conversion" means the conversion of any Restricted Subsidiary of the Issuer that is a U.S. Subsidiary from a corporation into a limited liability company.

"LLC Division" means the statutory division of any limited liability company into two or more limited liability companies pursuant to Section 18-217 of the Delaware Limited Liability Company Act or a comparable provision of any other Law.

"Long Derivative Instrument" means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

"LTM EBITDA" means Consolidated EBITDA of the Issuer measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements are available (which may, at the election of the Issuer, be internal financial statements), in each case with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio."

"Management Advances" means loans or advances made to, or Guarantees with respect to loans or advances made to, future, present or former employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Parent Entity, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment, relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person's purchase of Capital Stock (or similar obligations) of the Issuer, its Subsidiaries or any Parent Entity with (in the case of this clause (1)(b)) the approval of the Board of Directors of the Issuer;

(2) in respect of relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding the greater of (i) $25.0 million and (ii) 5.0% of LTM EBITDA in the aggregate outstanding at the time of incurrence.

"Margin Stock" has the meaning assigned to such term in Regulation U of the FRB as from time to time in effect.

"Material Intellectual Property" shall mean intellectual property that is material to the business of the Issuer and its Restricted Subsidiaries, taken as a whole, as determined by the Issuer in good faith.

"Material Subsidiary" means any Restricted Subsidiary of the Issuer constituting, or group of Restricted Subsidiaries of the Issuer in the aggregate constituting (as if such Restricted Subsidiaries constituted a single Subsidiary), a "significant subsidiary" in accordance with Rule 1-02 under Regulation S-X.

"Moody's" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Nationally Recognized Statistical Rating Organization" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"Net Available Cash" with respect to any Asset Disposition, means cash proceeds received (including any cash proceeds received from the sale or other disposition of any Designated Non-Cash Consideration received in any Asset Disposition, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, consulting, investment banking, survey costs, title and recording expenses, title insurance premiums, payments made in order to obtain a necessary consent or required by applicable law, brokerage and sales commissions, relocation expenses, commissions, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such transaction;

(2) all Taxes paid, reasonably estimated to be payable, Tax reserves set aside or payable or accrued as a liability under GAAP (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution or deemed distribution of such proceeds to the Issuer or any of its Subsidiaries, transfer Taxes, deed or mortgage recording Taxes and Taxes that would be payable in connection with any repatriation of such proceeds), as a consequence of such transaction, including distributions and payments for Permitted Tax Amounts, made as a result of or in connection with such transaction or any transactions occurring or deemed to occur to effectuate a payment under this Indenture;

(3) all payments made on any Indebtedness which is (x) secured by any assets subject to such transaction, in accordance with the terms of any Lien upon such assets, (y) is owed by a Non-Guarantor or (z) which is required by applicable law be repaid out of the proceeds from such transaction;

(4) all distributions and other payments required to be made to non-controlling interest or minority interest holders (other than any Parent Entity, the Issuer or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such transaction;

(5) all costs associated with unwinding any related Hedging Obligations in connection with such transaction;

(6) the deduction of appropriate amounts required to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such transaction and retained by the Issuer or any Restricted Subsidiary after such transaction, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction;

(7) any portion of the purchase price from such transaction placed in escrow, whether for the satisfaction of any indemnification obligations in respect of such transaction, as a reserve for adjustments to the purchase price associated with any such transaction or otherwise in connection with such transaction; and

(8) the amount of any liabilities (other than Indebtedness in respect of the Credit Agreement and the Notes) directly associated with such asset being sold and retained by the Issuer or any of its Restricted Subsidiaries; and

(9) the amount of any Restricted Payment made with the proceeds of any such transaction pursuant to Section 3.03(b)(12).

"Net Short" means, with respect to a Holder or beneficial owner, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of the (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 ISDA Credit Derivatives Definitions) to have occurred with respect to the Issuer or any Guarantor immediately prior to such date of determination.

"Non-Financing Lease Obligation" means a lease obligation that is not required to be accounted for as a financing or capital lease in accordance with GAAP; *provided* that all obligations of the Issuer and its Restricted Subsidiaries that are or would be characterized as an operating lease as determined in accordance with GAAP as in effect on January 1, 2015 (whether or not such operating lease was in effect on such date) shall continue to be accounted for as an operating lease (and not as a Capitalized Lease Obligation) for purposes of this Indenture regardless of any change in GAAP following January 1, 2015 (that would otherwise require such obligation to be recharacterized as a Capitalized Lease Obligation). For the avoidance of doubt, a straight-line or operating lease shall be considered a Non-Financing Lease Obligation.

"Non-Guarantor" means any Restricted Subsidiary that is not a Guarantor.

"Non-U.S. Person" means a Person who is not a U.S. Person (as defined in Regulation S).

"Non-U.S. Subsidiary" means any direct or indirect Subsidiary of the Issuer that is not a U.S. Subsidiary.

"Note Documents" means the Notes (including Additional Notes), the Parent Guaranty Agreement, the BD Guarantee, the Note Guarantees, the Security Agreement, the Notes Security Documents, the First Lien Pari Passu Intercreditor Agreement, any Junior Lien Intercreditor Agreement, any other Intercreditor Agreement entered into pursuant to the terms hereof, and this Indenture (including the Supplemental Indenture)

"Note Guarantees" means the Guarantees of the Initial Notes and any Additional Notes.

"Notes" has the meaning ascribed to it in the recitals of this Indenture.

"Notes Collateral Agent" means U.S. Bank Trust Company, National Association, as collateral agent under this Indenture, together with its successors and assigns.

"Notes Custodian" means the custodian with respect to the Global Notes (as appointed by DTC) or any successor Person thereto, and shall initially be the Trustee.

"Notes Obligations" means Obligations in respect of the Notes, this Indenture, the Guarantees and the Notes Security Documents.

"Notes Secured Parties" means the Trustee, the Notes Collateral Agent and the Holders of the Notes.

"Notes Security Documents" means, collectively, the Security Agreement, the Intellectual Property Security Agreements, collateral assignments, Security Agreement Supplements, Intellectual Property Security Agreement Supplements, security agreements, pledge agreements or other similar agreements delivered to the Notes Collateral Agent that creates or purports to create a Lien in favor of the Notes Collateral Agent, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Notes Collateral Agent for the benefit of the Notes Secured Parties.

"Obligations" means any principal, interest (including Post-Petition Interest (as defined in the First Lien Pari Passu Intercreditor Agreement) accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the final offering memorandum dated January 27, 2022, relating to the offering by the Issuer of $500,000,000 principal amount of the Initial Notes and any future offering memorandum relating to Additional Notes.

"Officer" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer, any Assistant Treasurer, any Managing Director, any Authorized Person, the Secretary or any Assistant Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of this Indenture by the Board of Directors of such Person.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"Parent Entity" means any direct or indirect parent of the Issuer which holds directly or indirectly 100.0% of the equity interests of the Issuer and which does not hold Capital Stock in any other Person (except for any other Parent Entity).

"Parent Entity Expenses" means:

(1) fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) incurred or paid by any Parent Entity in connection with reporting obligations under or otherwise incurred or paid in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Indenture or any other agreement or instrument relating to the Notes, the Guarantees or any other Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary salary, bonus, severance, indemnity, insurance (including premiums therefor) and other benefits payable to any employee, director, officer, manager, contractor, consultant or advisor of any Parent Entity or other Persons under its articles, charter, by-laws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) (x) general corporate operating and overhead fees, costs and expenses, (including all legal, accounting and other professional fees, costs and expenses, and director and officer insurance (including premiums therefor)) and, following the first public offering of the Capital Stock of any Parent Entity, listing fees and other costs and expenses attributable to being a publicly traded company of any Parent Entity and (y) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of the Restricted Subsidiaries;

(4) expenses incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Capital Stock or Indebtedness (whether or not successful) and (ii) any related compensation paid to employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates or Immediate Family Members) of such Parent Entity;

(5) amounts payable pursuant to any management services or similar agreements or the management services provisions in an investor rights agreement or other equityholders' agreement (including any amendment thereto or replacement thereof so long as any such amendment or replacement is not materially disadvantageous in the reasonable determination of the Issuer to the Holders when taken as a whole, as compared to the management services or similar agreements as in effect immediately prior to such amendment or replacement), solely to the extent such amounts are not paid directly by the Issuer or its Subsidiaries; and

(6) amounts to finance Investments that would otherwise be permitted to be made pursuant to Section 3.03 hereof if made by the Issuer or a Restricted Subsidiary; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such Parent Entity shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired by or merged or consolidated with the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by Section 4.01 hereof) in order to consummate such Investment, (C) such Parent Entity 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 this Indenture and such consideration or other payment is included as a Restricted Payment under this Indenture, (D) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to the Available Amount Builder Basket and (E) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to a provision of the covenant described in Section 3.03 or pursuant to the definition of "Permitted Investments."

"Parent Guaranty Agreement" has the meaning ascribed to it in the recitals of this Indenture.

"Pari Passu Indebtedness" means Indebtedness of the Issuer which ranks equally in right of payment to the Notes or of any Guarantor if such Indebtedness ranks equally in right of payment to the Guarantees of the Notes.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"Perfection Exceptions" means the Issuer and Subsidiary Guarantors shall not be required to:

(i) enter into control agreements with respect to, or otherwise perfect any security interest by "control" (or similar arrangements) over, commodities accounts, securities accounts, deposit accounts, futures accounts, other bank accounts, cash and cash equivalents and accounts related to the clearing, payment processing and similar operations of the Restricted Group,

(ii) perfect the security interest in the following other than by the filing of a UCC financing statement: (1) letter-of-credit rights (as defined in the UCC), (2) commercial tort claims (as defined in the UCC), (3) Fixtures (as defined in the UCC), except to the extent that the same are Equipment (as defined in the UCC) and (4) Assigned Agreements (as defined in the Security Agreement),

(iii) send notices to account debtors or other contractual third-parties unless an Event of Default has occurred,

(iv) enter into, make or obtain any (x) security documents to be governed by the law of any jurisdiction outside of the United States or (y) other non-U.S. law filings or non-U.S. consents or corporate or organizational action in respect of security, including with respect to any share pledges and any intellectual property registered in any non-U.S. jurisdiction; provided, however, that the foregoing clause (iv) shall not affect the requirements to deliver certificates and related stock powers in respect of Equity Interest of Non-U.S. Subsidiaries constituting Collateral that would otherwise be required to be delivered pursuant to the Notes Security Documents,

(v) deliver landlord waivers, estoppels or collateral access letters,

(vi) enter into any source code escrow arrangement or be obligated to register intellectual property, or

(vi) make any filings or take any other actions to perfect or evidence any Lien on and security interest in any intellectual property except for filings in the United States Patent and Trademark Office of the United States Copyright Office and the filing of UCC financing statements.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with Section 3.05 hereof.

"Permitted Call Spread Swap Agreements" shall mean (a) a Swap Contract pursuant to which a Person acquires a call or a capped call option requiring the counterparty thereto to deliver to such Person shares of common stock of Person (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of such Person generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), the cash value thereof or a combination thereof from time to time upon exercise of such option and (b) if entered into by such Person in connection with any Swap Contract described in clause (a) above, a Swap Contract pursuant to which such Person issues to the counterparty thereto warrants or other rights to acquire common stock of such Person (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of such Person generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), whether such warrant or other right is settled in shares (or such other Equity Interests, securities, property or assets), cash or a combination thereof, in each case entered into by such Person in connection with the issuance of Permitted Convertible Notes; *provided* that the terms, conditions and covenants of each such Swap Contract shall be customary or more favorable than customary for Swap Contracts of such type (as determined by the Issuer in good faith).

"Permitted Convertible Notes" shall mean any notes issued by the Issuer or any direct or indirect parent of the Issuer that are convertible into common stock of the Issuer or any direct or indirect parent of the Issuer (or other Equity Interests, securities, property or assets following a merger event or other event or circumstance resulting in the common stock of the Issuer or any direct or indirect parent of the Issuer generally being converted into, or exchanged for, other Equity Interests, securities, property or assets), cash (the amount of such cash being determined by reference to the price of such common stock or such other Equity Interests, securities, property or assets), or any combination of any of the foregoing, and cash in lieu of fractional shares of common stock; *provided* that the issuance of such notes is permitted under Section 3.02.

"Permitted Intercompany Activities" means any transactions (A) between or among the Issuer and its Restricted Subsidiaries that are entered into in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries and, in the reasonable determination of the Issuer are necessary or advisable in connection with the ownership or operation of the business of the Issuer and its Restricted Subsidiaries, including (i) payroll, cash management, purchasing, insurance and hedging arrangements; (ii) management, technology and licensing arrangements; and (iii) customary loyalty and rewards programs; and (B) between or among the Issuer, its Restricted Subsidiaries and any Captive Insurance Subsidiary.

"Permitted Investments" means (in each case, by the Issuer or any of the Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of, or guarantees of obligations of, a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged, directly or through entities that will be Restricted Subsidiaries, in any Similar Business and as a result of such Investment such other Person, in one transaction or a series of transactions, is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets (or such division, business unit, product line or business) to, or is liquidated into, the Issuer or a Restricted Subsidiary, and any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation, combination, transfer or conveyance;

(3) Investments in cash, Cash Equivalents or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;

(5) Investments in payroll, travel, entertainment, relocation, moving-related and similar advances that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances;

(7) Investments (including debt obligations and equity interests) (a) received in settlement, compromise or resolution of debts created in the ordinary course of business or consistent with past practice, (b) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Issuer or any such Restricted Subsidiary, (c) as a result of foreclosure, perfection or enforcement of any Lien, (d) in satisfaction of judgments or (e) pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or litigation, arbitration or other disputes or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Investments made as a result of the receipt of promissory notes or other non-cash consideration (including earn-outs) from a sale or other disposition of property or assets, including an Asset Disposition;

(9) Investments (a) existing or pursuant to binding commitments, agreements or arrangements in effect on the Spin-Off Date and any modification, replacement, renewal, reinvestment or extension thereof; *provided* that the amount of any such Investment may not be increased pursuant to this clause (9) except (i) as required by the terms of such Investment or binding commitment as in existence on the Spin-Off Date (including in respect of any unused commitment), plus any accrued but unpaid interest (including any accretion of interest, original issue discount or the issuance of pay-in-kind securities) and premium payable by the terms of such Indebtedness thereon and fees and expenses associated therewith as of the Spin-Off Date or (ii) as otherwise permitted under this Indenture and (b) made after the Spin-Off Date in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Spin-Off Date;

(10) Hedging Obligations, which transactions or obligations are not prohibited by Section 3.02 hereof;

(11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Section 3.06 hereof;

(12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent Entity or any Unrestricted Subsidiary as consideration;

(13) any transaction to the extent constituting an Investment that is permitted by and made in accordance with Section 3.08(b) hereof (except those described in Sections 3.08(b)(1), (4), (8) and (9));

(14) Investments consisting of (i) purchases or other acquisitions of inventory, supplies, materials, equipment and similar assets or (ii) licenses, sublicenses, cross-licenses, leases, subleases, assignments, contributions or other Investments of intellectual property or other intangibles or services in the ordinary course of business pursuant to any joint development, joint venture or marketing arrangements with other Persons or any Intercompany License Agreement and any other Investments made in connection therewith;

(15) (i) Guarantees of Indebtedness not prohibited by Section 3.02 hereof and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business or consistent with past practice, and (ii) performance guarantees and Contingent Obligations with respect to obligations that are not prohibited by this Indenture;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by this Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Spin-Off Date or of an entity merged or amalgamated into or consolidated with the Issuer or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Spin-Off Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) any Investment in any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements, cash pooling arrangements, intercompany loans or activities related thereto);

(19) contributions to a "rabbi" trust for the benefit of any employee, director, officer, manager, contractor, consultant, advisor or other service providers or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer, and Investments relating to non-qualified deferred payment plans in the ordinary course of business or consistent with past practice;

(20) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (i) $175.0 million and (ii) 35.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) 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 is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (i) $300.0 million and (ii) 60.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) 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 is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(22) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of (i) $125.0 million and (ii) 25.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of Section 3.03 of any amounts applied pursuant to the Available Amount Builder Basket) 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 is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

(23) (i) Investments arising in connection with a Qualified Securitization Financing or Receivables Facility and (ii) distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;

(24) Investments in connection with the Transactions;

(25) repurchases of the Notes;

(26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under Section 3.20;

(27) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business or consistent with past practice;

(28) Investments (a) consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice, (b) made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing client, franchisee and customer contracts and loans or (c) advances, loans, extensions of credit (including the creation of receivables) or prepayments made to, and guarantees with respect to obligations of, franchisees, distributors, suppliers, lessors, licensors and licensees in the ordinary course of business or consistent with past practice;

(29) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;

(30) Investments consisting of UCC Article 3 endorsements for collection or deposit and Article 4 trade arrangements with customers (or any comparable or similar provisions in other applicable jurisdictions) in the ordinary course of business or consistent with past practices;

(31) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Issuer or any Subsidiaries, which Investment is made in the ordinary course of business or consistent with past practice of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;

(32) non-cash Investments in connection with tax planning and reorganization activities, and Investments in connection with any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;

(33) Investments made from casualty insurance proceeds in connection with the replacement, substitution, restoration or repair of assets on account of a Casualty Event; and

(34) any other Investment so long as (x) no Default or Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01 exists and (y) immediately after giving pro forma effect to the Investment and the incurrence of any Indebtedness the net proceeds of which are used to make such Investment, the Consolidated Total Net Leverage Ratio shall be no greater than 3.10 to 1.00.

"Permitted Liens" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness and other Obligations of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens (a) in connection with workmen's compensation laws, payroll taxes, unemployment insurance laws, employers' health tax and other social security laws or similar legislation or other insurance related obligations (including in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto), (b) securing liability, reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees or similar instruments) for the benefit of insurance carriers under insurance or self-insurance arrangements or otherwise supporting the payments of items set forth in the foregoing clause (a), or (c) in connection with bids, tenders, completion guarantees, contracts, leases, utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, warranty, release, judgment, customs, appeal, performance bonds, guarantees of government contracts, return of money bonds, bankers' acceptance facilities and obligations of a similar nature (including those to secure health, safety and environmental obligations), and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case incurred in the ordinary course of business or consistent with past practice;

(3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law or regulation, including carriers', warehousemen's, mechanics', landlords', suppliers', materialmen's, repairmen's, architects', construction contractors' or other similar Liens, in each case (x) for amounts not overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith by appropriate proceedings or (y) so long as such Liens do not individually or in the aggregate have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole;

(4) Liens for Taxes, assessments or other governmental charges, in each case (x)(i) that are not overdue for a period of more than 60 days, (ii) that are not yet payable or subject to penalties for nonpayment, (iii) that are being contested in good faith by appropriate proceedings and with respect to which appropriate reserves required pursuant to GAAP (or other applicable accounting principles) have been made in respect thereof or (iv) for property Taxes on property of the Issuer or one of its Subsidiaries that the Issuer (or the applicable Subsidiary) has determined to abandon if the sole recourse for such Tax is to such property or (y) so long as such Liens do not individually or in the aggregate have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole;

(5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects and irregularities in title and similar encumbrances) as to the use of real properties, exceptions on title policies insuring Liens granted on any mortgaged properties or any other collateral or Liens incidental to the conduct of the business of such Person or to the ownership of its properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other similar agreements, charges or encumbrances, which do not in the aggregate materially interfere with the ordinary course conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(6) Liens (a) securing Hedging Obligations, Cash Management Obligations and the costs thereof; (b) that are rights of set-off, rights of pledge or other bankers' Liens (i) relating to treasury, depository and cash management services or any automated clearing house transfers of funds in the ordinary course of business or consistent with past practice, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer or any Subsidiary or consistent with past practice or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice; (c) on cash accounts securing Indebtedness and other Obligations permitted to be incurred under Section 3.02(b)(8)(e) with financial institutions; (d) 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 or consistent with past practice and not for speculative purposes; and (e) (i) of a collection bank arising under Section 4-210 of the UCC or any comparable or successor provision on items in the course of collection, (ii) in favor of a banking or other financial institution or electronic payment service providers arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts and (iii) arising under customary general terms and conditions of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

(7) leases, licenses, subleases and sublicenses of assets (including real property, intellectual property, software and other technology rights), in each case entered into in the ordinary course of business, consistent with past practice or, with respect to intellectual property, software and other technology rights, that are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(8) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default under Section 6.01(a)(5);

(9) Liens (a) securing Capitalized Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other Obligations incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under this Indenture, and (ii) any such Liens may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than the assets or property, the acquisition, leasing, expansion, construction, installation, replacement, repair or improvement and assets and property affixed or appurtenant thereto and accessions, additions, improvements, proceeds, dividends or distributions thereof, including after-acquired property that is (A) affixed or incorporated into the property or assets covered by such Lien, (B) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (C) the proceeds and products thereof and (b) any interest or title of a lessor, sublessor, franchisor, licensor or sublicensor or secured by a lessor's, sublessor's, franchisor's, licensor's or sublicensor's interest under any Capitalized Lease Obligations or Non-Financing Lease Obligations;

(10) Liens arising from UCC financing statements, including precautionary financing statements (or similar filings) regarding operating leases or consignments entered into by the Issuer and its Restricted Subsidiaries;

(11) Liens existing on the Spin-Off Date, including any Liens securing any Refinancing Indebtedness of any Indebtedness secured by Liens but excluding Liens securing the Credit Agreement;

(12) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Subsidiary (or at the time the Issuer or a Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created in anticipation of such other Person becoming a Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including (i) after-acquired property that is affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the Obligations relating to any Indebtedness or other obligations to which such Liens relate;

(13) Liens securing Obligations relating to any Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or a Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary or the Trustee;

(14) Liens securing Refinancing Indebtedness incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under this Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Obligations relating to the Indebtedness or other obligations being refinanced or is in respect of property or assets that is or could be the security for or subject to a Permitted Lien hereunder;

(15) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(16) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture secured financing arrangement, joint venture or similar arrangement pursuant to any joint venture secured financing arrangement, joint venture or similar agreement;

(17) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(18) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale or purchase of goods entered into in the ordinary course of business or consistent with past practice;

(19) Liens securing Indebtedness and other obligations in respect of (a) Credit Facilities, including any letter of credit facility relating thereto, under Section 3.02(b)(1) and (b) obligations of the Issuer or any Subsidiary in respect of any Cash Management Obligation or Hedging Obligation provided by any lender party to any Credit Facility or Affiliate of such lender (or any Person that was a lender or an

Affiliate of a lender at the time the applicable agreements in respect of such Cash Management Obligation or Hedging Obligation were entered into) or provided by any other Person; *provided* that such obligation is otherwise permitted to be secured under such Credit Facility; *provided*, *further*, that in the case of any such Liens on the Collateral securing Credit Facilities under this clause (19) and (at the option of the Issuer) securing any other obligations under this clause (19) that are *pari passu* with the Liens securing the Notes, the applicable representative for such Credit Facility shall be subject to the First Lien Pari Passu Intercreditor Agreement and, in the case of any such Liens on the Collateral securing Credit Facilities under this clause (19) and (at the option of the Issuer) securing any other obligations under this clause (19) that are junior to the Liens securing the Notes, the applicable representative for such Credit Facility shall be subject to a Junior Lien Intercreditor Agreement;

(20) Liens securing Indebtedness and other obligations under Section 3.02(b)(5); *provided* that such Liens shall only be permitted if such Liens are limited to all or part of the same property or assets, including Capital Stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) acquired, or of any Person acquired or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary, in any transaction to which such Indebtedness or other Obligation relates;

(21) Liens securing Indebtedness and other obligations permitted by Section 3.02(b)(11) (*provided* that, in the case of clause (11), such Liens cover only the assets of such non-Guarantors) or Section 3.02(b)(17);

(22) [reserved];

(23) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(24) Liens deemed to exist in connection with Investments permitted under clause (4) of the definition of "Cash Equivalents";

(25) Liens on (i) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (ii) specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(26) Liens on vehicles or equipment of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice;

(27) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise not prohibited by this Indenture;

(28) (a) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto, and (b) Liens, pledges, deposits made or other security provided to secure liabilities to, or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of), insurance carriers in the ordinary course of business or consistent with past practice;

(29) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under this Indenture;

(30) Liens (i) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under this Indenture to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment (including any letter of intent or purchase agreement with respect to such Investment), and (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in an asset sale, in each case, solely to the extent such Investment or sale, transfer, lease or other disposition, as applicable, would have been permitted on the date of the creation of such Lien;

(31) Liens securing Indebtedness and other obligations in an aggregate principal amount not to exceed the greater of (i) $250.0 million and (ii) 50.0% of LTM EBITDA at the time incurred and any Liens securing any Refinancing Indebtedness of any Indebtedness secured by such Liens;

(32) Liens then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary pursuant to Section 3.20;

(33) Liens securing Indebtedness and other obligations permitted under Section 3.02; *provided* that with respect to liens securing Indebtedness or other obligations permitted under this clause (33), at the time of incurrence and after giving pro forma effect thereto, (x) for any such Indebtedness or other obligations that are secured by a Lien on the Collateral on a *pari passu* basis with the Notes, the Consolidated First Lien Net Leverage Ratio on a pro forma basis does not exceed, at the Issuer's option, (i) 3.10 to 1.00 or (ii) in the case of Acquisition Indebtedness, the Consolidated First Lien Net Leverage Ratio immediately prior to the incurrence of such Indebtedness; and (y) for any such Indebtedness or other obligations that are secured by a Lien on the Collateral on a junior basis to the Notes, the Consolidated Secured Net Leverage Ratio on a pro forma basis does not exceed, at the Issuer's option, (i) 3.10 to 1.00 or (ii) in the case of Acquisition Indebtedness, the Consolidated Secured Net Leverage Ratio immediately prior to the incurrence of such Indebtedness; *provided* that in the case of any such Liens on the Collateral that are *pari passu* with the Liens securing the Notes, the applicable representative shall be subject to a First Lien Pari Passu Intercreditor Agreement and, in the case of Liens that are junior to the Liens securing the Notes, the applicable representative shall be subject to a Junior Lien Intercreditor Agreement;

(34) Liens deemed to exist in connection with Investments in repurchase agreements permitted by the covenant described under Section 3.03, *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(35) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility, and back-up Liens in connection with any other factoring, securitization or similar arrangement;

(36) Settlement Liens;

(37) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;

(38) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Issuer or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(39) restrictive covenants affecting the use to which real property may be put and Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided* that such Liens or covenants do not interfere with the ordinary conduct of the business of the Issuer or any Restricted Subsidiary;

(40) Liens on property, assets or Permitted Investments used to defease or to satisfy or discharge Indebtedness; *provided* that such defeasance, satisfaction or discharge is not prohibited by this Indenture;

(41) Liens relating to escrow arrangements securing Indebtedness, including (i) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters, arrangers, trustee or collateral agent thereof) and (ii) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, in either case to the extent such cash or Cash Equivalents prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose;

(42) Liens securing the Notes outstanding on the Spin-Off Date and the related Guarantees;

(43) Liens on assets securing any Indebtedness owed to any Captive Insurance Subsidiary by the Issuer or any Restricted Subsidiary;

(44) Liens arising in connection with any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions; and

(45) Liens arising in connection with the Transactions.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of "Permitted Liens" to which such Permitted Lien has been classified or reclassified.

"Permitted Tax Amount" means (a) for any taxable period for which the Issuer is a member (or is an entity treated as disregarded from a member) of a group filing a consolidated, group, affiliate, unitary, combined, or similar income or similar tax return with any direct or indirect parent of the Issuer, any income or similar Taxes for which such parent is liable that are attributable to the taxable income of the Issuer and its applicable Subsidiaries up to an amount not to exceed with respect to such taxable period the amount of any such Taxes that the Issuer and such Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Issuer and such Subsidiaries had paid Tax on a consolidated, combined, group, affiliated, unitary or similar basis on behalf of a consolidated, combined, affiliated, unitary or similar group consisting only of the Issuer and such Subsidiaries for all relevant taxable periods; *provided* that such amount attributable to the taxable income of an Unrestricted Subsidiary for each taxable period shall not exceed the amount actually paid by such Unrestricted Subsidiary to the Issuer or a Guarantor for such purposes and (b) franchise and similar taxes required to be paid by any direct or indirect parent of the Issuer to maintain its organizational existence.

"Permitted Tax Restructuring" means any reorganizations, restructuring and other activities related to Tax planning, Tax reorganization, or any Tax restructuring entered into prior to, on or after the date hereof so long as such Permitted Tax Restructuring is not materially adverse to the Holders of the Notes (as determined by the Issuer in good faith). For purposes of clarity, a Permitted Tax Restructuring may include (but is not limited to) reorganizations, restructurings, and other activities related to Tax planning, Tax reorganization, or any Tax restructuring entered into by or among any Parent Entity and any Subsidiary of the Issuer.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"Pounds Sterling" and "£" means freely transferable lawful money of the United Kingdom (expressed in Pounds Sterling).

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.11 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Preferred Stock," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Prepayment Amount" means an amount equal to (A) all voluntary prepayments of Consolidated Funded First Lien Indebtedness, (B) all repurchases and/or cancellations of Consolidated Funded First Lien Indebtedness in an amount equal to the amount of the Indebtedness retired in connection with such repurchase (in the case of any revolving credit facility, solely to the extent accompanied by a corresponding, permanent reduction in the applicable revolving credit commitment) and (C) all voluntary prepayments, repurchases and/or cancellations of any other Consolidated Funded First Lien Indebtedness, in each case (x) including any payments made at a discount to par or via an open-market purchase (with credit given for the actual amount of any cash payment) and (y) to the extent not funded with the proceeds of long-term Indebtedness (it being agreed and understood, for the avoidance of doubt, that Indebtedness incurred pursuant to any revolving credit facility shall not constitute long-term Indebtedness for such purpose).

"Pro Forma Basis" means:

(a) for any events described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation will give pro forma effect to such events as if such events occurred on the first day of the reference period:

(i) the incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), the incurrence of any Reserved Indebtedness Amount and/or the issuance, repurchase or redemption of Disqualified Stock or Preferred Stock;

(ii) the making of any Investments, acquisitions, dispositions, Asset Disposition, mergers, amalgamations, consolidations, operational changes, business expansions and disposed or discontinued operations; *provided* that for the avoidance of doubt, at the Issuer's option, notwithstanding any classification under GAAP of any Person, property, business or asset as discontinued operations, no pro forma effect shall be given to any discontinued operations (and the income or loss attributable to such Person, property, business or asset shall not be excluded for any purposes hereunder) until such disposition shall have been consummated;

(iii) operational changes or restructurings of the business of the Issuer or any of its Subsidiaries that the Issuer or such Subsidiary, as applicable, has determined to make and/or made during or subsequent to such reference period which are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and other operational changes and other cost savings in connection therewith; and

(iv) the designation of any Restricted Subsidiary as an Unrestricted Subsidiary or the designation of any Unrestricted Subsidiary as a Restricted Subsidiary and

(b) for purposes of this definition, whenever pro forma effect is to be given to a transaction (including the Transactions), the pro forma calculations shall be made in good faith by an Officer of the Issuer (and may include, for the avoidance of doubt, cost savings, operating expenses reductions and synergies resulting from such transactions which is being given pro forma effect). 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 date on which the relevant calculation is being made had been the applicable rate for the entire reference 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 an 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 computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the reference period, except to the extent the outstanding Indebtedness thereunder is reasonably expected to increase as a result of any transactions as set forth in clause (a)(i) 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 determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

"Public Company Costs" means, as to any Person, costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and costs relating to compliance with the provisions of the Securities Act and the Exchange Act or any other comparable body of laws, rules or regulations, as companies with listed equity, directors' compensation, fees and expense reimbursement, costs relating to enhanced accounting functions and investor relations, stockholder meetings and reports to stockholders, directors' and officers' insurance and other executive costs, legal and other professional fees, listing fees and other transaction costs, in each case to the extent arising solely by virtue of the listing of such Person's equity securities on a national securities exchange or issuance of public debt securities.

"Purchase Money Obligations" means any Indebtedness incurred to finance or refinance the acquisition, leasing, expansion, construction, installation, replacement, repair or improvement of property (real or personal), equipment or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets, or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"QIB" means any "qualified institutional buyer" as such term is defined in Rule 144A.

"Qualified Securitization Financing" means any Securitization Facility that meets the following conditions:

(i) the Board of Directors 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 its Restricted Subsidiaries,

(ii) all sales of Securitization Assets and related assets by the Issuer or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Issuer), and

(iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

"Receivables Assets" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement.

"Receivables Facility" means (x) the receivables factoring arrangement pursuant to the Master Factoring Agreement to be entered into by and between BD and/or certain of its Subsidiaries, on one hand, and the Issuer and/or certain of its Subsidiaries, on the other hand in connection with the Transactions, (as such agreement may be amended, replaced, supplemented or modified from time to time either (i) in a manner not materially adverse to the interests of the Holders or (ii) on arm's-length terms (as determined in good faith by the Issuer)) and (y) any arrangement between the Issuer or a Subsidiary and a commercial bank, an asset based lender or other financial institution or an Affiliate thereof pursuant to which (a) the Issuer or such Subsidiary, as applicable, sells (directly or indirectly) to such commercial bank, asset based lender or other financial institution (or such Affiliate) Receivables Assets and (b) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements.

"Refinance" or "refinance" means, in respect of any Indebtedness, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other Indebtedness in exchange or replacement for, such Indebtedness in whole or in part and regardless of whether the principal amount of such Refinancing Indebtedness is the same, greater than or less than the principal amount of the Refinanced Indebtedness. "Refinanced," "refinanced," "refinances," "Refinancing" and "refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness (or unutilized commitment in respect of Indebtedness) existing on the Spin-Off Date or incurred (or established) in compliance with this Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or a Restricted Subsidiary), including Indebtedness that refinances Refinancing Indebtedness, and Indebtedness incurred pursuant to a commitment that refinances any Indebtedness or unutilized commitment; *provided*, *however*, that:

(1) (a) such Refinancing Indebtedness (x) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness being refunded, refinanced, replaced, exchanged, renewed, repaid or extended or (y) requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

(2) Refinancing Indebtedness shall not include:

(i) Indebtedness of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor; or

(ii) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of (x) the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus (y) an amount equal to any unutilized commitment relating to the Indebtedness being refinanced or otherwise then outstanding under a Credit Facility or other financing arrangement being refinanced to the extent the unutilized commitment being refinanced could be drawn in compliance with Section 3.02 hereof immediately prior to such refinancing, plus (z) accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing;

provided that clause (1) above will not apply to any extension, replacement, refunding, refinancing, renewal or defeasance of any Credit Facilities or Secured Indebtedness. Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S-X" means Regulation S-X under the Securities Act.

"Responsible Officer" means, when used with respect to the Trustee or the Notes Collateral Agent, any officer within the corporate trust department of the Trustee or the Notes Collateral Agent, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee or Notes Collateral Agent who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter relating to this Indenture is referred because of such Person's knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of this Indenture.

"Restricted Group" means the collective reference to from and after the Spin-Off Date, the Issuer and its Restricted Subsidiaries.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Notes" means Initial Notes and Additional Notes bearing the Restricted Notes Legend.

"Restricted Subsidiary" means any Subsidiary of a Person other than an Unrestricted Subsidiary of such Person. Unless otherwise indicated hereunder, all references to Restricted Subsidiaries hereunder shall mean Restricted Subsidiaries of the Issuer.

"Rule 144A" means Rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"Sale and Leaseback 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.

"Screened Affiliate" means any Affiliate of a Holder (i) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Issuer or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the Notes.

"SEC" means the U.S. Securities and Exchange Commission or any Governmental Authority succeeding to any of its principal functions.

"Secured Indebtedness" means any Indebtedness secured by a Lien other than Indebtedness with respect to Cash Management Obligations.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Securitization Asset" means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

"Securitization Facility" means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Issuer or any of its Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or Receivables Asset or participation interest therein issued or sold in connection with, and other fees, expenses and charges (including commissions, yield, interest expense and fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

"Securitization Repurchase Obligation" means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise make payments with respect to Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Securitization Subsidiary" means any Subsidiary of the Issuer in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings or Receivables Facilities and other activities reasonably related thereto or another Person formed for this purpose.

"Security Agreement" means that certain notes first lien security agreement, dated as of the Spin-Off Date, by and among the Issuer, the Subsidiary Guarantors and the Notes Collateral Agent (together with each other security agreement and Security Agreement Supplement (as defined therein) executed and delivered pursuant thereto).

"Settlement" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"Settlement Asset" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"Settlement Indebtedness" means any payment or reimbursement obligation in respect of a Settlement Payment.

"Settlement Lien" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"Settlement Payment" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"Settlement Receivable" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

"Short Derivative Instrument" means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

"Similar Business" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Spin-Off Date (after giving effect to the Transactions), (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof, and (c) a Person conducting a business, service or activity specified in clauses (a) and (b), and any Subsidiary thereof. For the avoidance of doubt, any Person that invests in or owns Capital Stock or Indebtedness of another Person that is engaged in a Similar Business shall be deemed to be engaged in a Similar Business.

"Standard Securitization Undertakings" means representations, warranties, covenants, guarantees and indemnities entered into by the Issuer or any of its Subsidiaries which the Issuer has determined in good faith to be customary in a Securitization Facility or Receivables Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means any Indebtedness (other than intercompany Indebtedness), whether outstanding on the Issue Date or thereafter incurred, which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"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% 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;

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) 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 interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; or

(3) at the election of the Issuer, any partnership, joint venture, limited liability company or similar entity of which such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Unless otherwise indicated hereunder, all references to Subsidiaries hereunder shall mean Subsidiaries of the Issuer.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any obligations or liabilities under any such master agreement.

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments, fees and withholdings (including backup withholdings) and any other charges in the nature of a tax (including interest, penalties and other liabilities with respect thereto) that are imposed by any governmental or other taxing authority.

"Threshold Amount" means the greater of (x) $125.0 million and (y) 25.0% of LTM EBITDA.

"Total Assets" means, as of any date, the total consolidated assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Issuer and its Restricted Subsidiaries, determined on a pro forma basis in a manner consistent with the definition of "Pro Forma Basis" and "Fixed Charge Coverage Ratio."

"Transaction Documents" means that certain the Separation and Distribution Agreement by and between BD and the Issuer, expected to be dated as of the Spin-Off Date, and any other agreements entered into by the Issuer in connection with the Transactions.

"Transactions" means,

(i) internal reorganization transactions undertaken by BD, the Issuer and their respective subsidiaries as a result of which the Issuer will hold, directly or through its subsidiaries, the business, operations and activities of the diabetes care unit of BD as conducted as of immediately prior to the Spin-Off Date, which includes the manufacturing and sale of syringes, pen needles and other products related to the injection or infusion of insulin and other drugs used in the treatment of diabetes (the "Spinco Business");

(ii) the Issuer (a) (1) obtaining the initial facilities under the Credit Agreement consisting of the initial revolving credit facility and initial term facility or facilities and (2) issuing the Notes (including any Additional Notes issued prior to the Spin-Off Date) and (b) (1) using the proceeds of the initial fundings thereunder to fund a special payment to BD (the "Special Payment") and (2) at the Issuer's option, issuing Additional Notes to BD;

(iii) the distribution on a pro rata basis to equityholders of BD of all the shares of equity interests of the Issuer (with cash in lieu of fractional shares) (the consummation of the foregoing, the "Spin-Off," and the date of such consummation of the Spin-Off, the "Spin-Off Date");

(iv) the execution and performance of the agreements (along with schedules and exhibits thereto) relating to the foregoing;

(v) each of the transactions ancillary to the foregoing, including any distributions or other transfers of cash and/or other property or liabilities by BD or its Subsidiaries to the Issuer or its Subsidiaries, and vice versa; and

(vi) the payment of fees, costs and expenses related to the foregoing (the "Transaction Costs").

For the avoidance of doubt, and notwithstanding anything to the contrary provided in this Indenture, the consummation of the Transactions shall not be prohibited by Sections 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 3.10 or 3.20 or Article IV.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

"Trustee" means U.S. Bank Trust Company, National Association, as trustee under this Indenture, together with its successors and assigns.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

"Unrestricted Cash and Cash Equivalents" means cash or Cash Equivalents included on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal period for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) that (1) would not appear as "restricted" on the consolidated balance sheet of the Issuer and its Restricted Subsidiaries or (2) are restricted in favor of the Obligations with respect to the Notes and Note Guarantees (which may also secure other Indebtedness secured by a *pari passu* or junior Lien basis with the Obligations with respect to the Notes and Note Guarantees).

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer, (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

(1) at the time of such designation, such Subsidiary or any of its Subsidiaries does not own any Capital Stock of the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment, if any, of the Issuer in such Subsidiary complies with Section 3.03 and Section 3.20.

Notwithstanding anything else herein to the contrary, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, sell, convey, transfer or otherwise dispose of (including pursuant to an Investment) any Material Intellectual Property that is owned by, or exclusively licensed to, the Issuer or any Restricted Subsidiary to any Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

"U.S. Subsidiary" means any Subsidiary of the Issuer that is organized under the laws of the United States, any state thereof or the District of Columbia.

"Voting Stock" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the quotient (in number of years) obtained by dividing:

(1) the sum of the products obtained by multiplying (i) the number of years (calculated to the nearest one-twelfth) 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, by (ii) the amount of such payment, by

(2) the sum of all such payments;

provided that, for purposes of determining the Weighted Average Life to Maturity of any Indebtedness, the effects of any prepayments or amortization made on such Indebtedness prior to the date of such determination will be disregarded.

"Wholly Owned Restricted Subsidiary" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any Person means a direct or indirect Subsidiary of such Person 100.0% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person. Unless otherwise indicated hereunder, all references to Wholly Owned Subsidiaries hereunder shall mean Wholly Owned Subsidiaries of the Issuer.

"Yen" means freely transferable lawful money of Japan (expressed in Yen).

SECTION 1.02 Other Definitions.

Term	Defined in Section
"Acceptable Commitment"	**3.05(a)(3)(ii)**
"Accounting Change"	**"GAAP"**
"Accredited Investor Note"	**2.01(b)**
"Acquired Entity or Business"	**"Consolidated EBITDA"**
"Action"	**12.02(q)**
"Additional Restricted Notes"	**2.01(b)**
"Advance Offer"	**3.05(a)**
"Advance Portion"	**3.05(a)**
"Affiliate Transaction"	**3.08(a)**
"Agent Members"	**2.01(e)(2)**
"Applicable Proceeds"	**3.05(a)(3)**
"Approved Foreign Bank"	**"Cash Equivalents"**
"Asset Disposition Offer"	**3.05(a)**
"Authenticating Agent"	**2.02**
"Available Amount Builder Basket"	**3.03(a)**
"BD Guarantee Release Condition"	**10.01(a)**
"BD Guarantee Release Date"	**10.01(a)**
"Change of Control Offer"	**3.09(a)**
"Change of Control Payment"	**3.09(a)**
"Change of Control Payment Date"	**3.09(a)(3)**
"Clearstream"	**2.01(b)**

Term	Defined in Section
"Credit Agreement Effective Date"	**"Credit Agreement"**
"Converted Restricted Subsidiary"	**"Consolidated EBITDA"**
"Converted Unrestricted Subsidiary"	**"Consolidated EBITDA"**
"Covenant Defeasance"	**8.03**
"Covenant Suspension Event"	**3.21(a)**
"Declined Excess Proceeds"	**3.05(a)**
"Defaulted Interest"	**2.15**
"Determination Date"	**"Consolidated EBITDA"**
"Directing Holder"	**6.01(a)**
"Election Date"	**3.03**
"equity incentives"	**"Consolidated Net Income"**
"Euroclear"	**2.01(b)**
"Event of Default"	**6.01(a)**
"Excess Proceeds"	**3.05(a)**
"Fixed Charge Coverage Ratio Calculation Date"	**"Fixed Charge Coverage Ratio"**
"Foreign Disposition"	**3.05(c)(i)**
"Global Notes"	**2.01(b)**
"Guaranteed Obligations"	**10.01(c)**
"Initial Agreement"	**3.04(b)(17)**
"Initial Default"	**6.01(b)**
"Initial Lien"	**3.06**
"Institutional Accredited Investor Global Notes"	**2.01(b)**
"Institutional Accredited Investor Notes"	**2.01(b)**
"Issuer Order"	**2.02**
"Junior Lien Intercreditor Agreement"	**12.07**
"LCT Election"	**1.04(e)**
"LCT Public Offer"	**1.04(e)**
"LCT Test Date"	**1.04(e)**

Term	Defined in Section
"Legal Defeasance"	**8.02**
"Legal Holiday"	**13.06**
"New Contracts"	**"Consolidated EBITDA"**
"Noteholder Direction"	**6.01(a)**
"Notes Register"	**2.03**
"Notice"	**13.14**
"Outside Date"	**5.09(a)**
"Performance References"	**"Derivative Instrument"**
"Permitted Payments"	**3.03(b)**
"Position Representation"	**6.01(a)**
"primary obligations"	**"Contingent Obligations"**
"primary obligor"	**"Contingent Obligations"**
"Proceeds Application Period"	**3.05(a)(3)**
"protected purchaser"	**2.11**
"Purchase Agreement"	**2.01(b)**
"Redemption Date"	**5.07(b)**
"reference period"	**"Fixed Charge Coverage Ratio"**
"Refunding Capital Stock"	**3.03(b)(2)**
"Registrar"	**2.03**
"Regulation S Global Note"	**2.01(b)**
"Regulation S Notes"	**2.01(b)**
"Related Person"	**12.02(b)**
"Resale Restriction Termination Date"	**2.06(b)**
"Reserved Indebtedness Amount"	**3.02(c)(9)**
"Restricted Notes Legend"	**2.01(d)(1)**
"Restricted Payment"	**3.03(a)**
"Restricted Period"	**2.01(b)**
"Reversion Date"	**3.21**
"Rule 144A Global Note"	**2.01(b)**

Term	Defined in Section
"Rule 144A Notes"	**2.01(b)**
"Special Interest Payment Date"	**2.15(a)**
"Special Mandatory Redemption"	**5.09(a)**
"Special Mandatory Redemption Date"	**5.09(b)**
"Special Mandatory Redemption Price"	**5.09(a)**
"Special Payment"	**"Transactions"**
"Special Record Date"	**2.15(a)**
"Special Termination Date"	**5.09(a)**
"Spinco Business"	**"Transactions"**
"Spin-Off"	**"Transactions"**
"Spin-Off Date"	**5.09(a)**
"Sold Entity or Business"	**"Consolidated EBITDA"**
"Subsidiary Guarantees"	**10.01(b)**
"Subsidiary Guarantor"	**10.01(b)**
"Successor Company"	**4.01(a)(1)**
"Supplemental Indenture"	**10.01(b)**
"Suspended Covenants"	**3.21**
"Suspension Period"	**3.21**
"Total Leverage Excess Proceeds"	**"Applicable Percentage"**
"Transaction Costs"	**"Transactions"**
"Treasury Capital Stock"	**3.03(b)(2)**
"Verification Covenant"	**6.01(a)**

SECTION 1.03 [Reserved].

SECTION 1.04 Rules of Construction.

(a) Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS or GAAP (as applicable);

(3) "or" is not exclusive;

(4) “including,” “include” and “includes” are by way of example and shall be deemed to be followed by the phrase “without limitation”;

(5) words in the singular include the plural and words in the plural include the singular;

(6) “will” shall be interpreted to express a command;

(7) the principal amount of any non-interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the Issuer dated such date prepared in accordance with GAAP;

(8) the principal amount of any preferred stock shall be (i) the maximum liquidation value of such preferred stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such preferred stock, whichever is greater;

(9) all amounts expressed in this Indenture or in any of the Notes in terms of money refer to the lawful currency of the United States of America;

(10) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(11) except as otherwise stated, (a) references herein to Articles, Sections and Exhibit mean the Articles and Sections of and Exhibits to this Indenture and (b) each reference herein to a particular Article or Section includes the Sections, subsections and paragraphs subsidiary thereto;

(12) 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; and

(13) the words “execute,” “execution,” “signed” and “signature” and words of similar import used in or related to any document to be signed in connection with this Indenture, any Note or any of the transactions contemplated hereby (including amendments, waivers, consents and other modifications) shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature in ink or the use of a paper-based recordkeeping system, as applicable, to the fullest extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that, notwithstanding anything herein to the contrary, neither the Trustee nor the Notes Collateral Agent is under any obligation to agree to accept electronic signatures in any form or in any format except for facsimile and PDF unless expressly agreed to by the Trustee or the Notes Collateral Agent pursuant to reasonable procedures approved by the Trustee or the Notes Collateral Agent.

(b) Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated with respect to such incurrence, issuance or other transaction without giving effect to amounts being utilized under any other exceptions, thresholds or baskets (other than ratio based baskets) on the same date. Each item of Indebtedness that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant ratio based test.

(c) Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility or letter of credit facility (1) immediately prior to or in connection therewith or (2) used to finance working capital needs of the Issuer and its Restricted Subsidiaries; *provided* that the aggregate principal amount of Indebtedness that may be excluded pursuant to this clause (2) shall not exceed $50,000,000.

(d) Any calculation or measure that is determined with reference to the Issuer's financial statements (including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Fixed Charges, Fixed Charge Coverage Ratio, Consolidated First Lien Net Leverage Ratio, Consolidated Secured Net Leverage Ratio and Consolidated Total Net Leverage Ratio) may be determined with reference to the financial statements of a Parent Entity instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Capital Stock of the Issuer.

(e) Notwithstanding anything herein to the contrary, when calculating the availability under any basket or ratio under this Indenture or compliance with any provision of this Indenture which requires the calculation of a basket or ratio in connection with any Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions), in each case, at the option of the Issuer (the Issuer's election to exercise such option, an "LCT Election"), the date of determination for availability under any such basket or ratio and whether any such action or transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default)) under this Indenture shall be deemed to be the date (the "LCT Test Date") either (a) the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (or, if applicable, the date of delivery of an irrevocable declaration of a Restricted Payment or similar event or the date of any notice, which may be conditional, of such repayment, repurchase or refinancing of Indebtedness is given to the holders of such Indebtedness), or (b) solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers applies, the date on which a "Rule 2.7 announcement" of a firm intention to make an offer (or equivalent announcement in another jurisdiction) (an "LCT Public Offer") in respect of a target of a Limited Condition Transaction and, in each case, if, after giving pro forma effect to the Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and any related pro forma adjustments as if they had occurred at the beginning of the most recent test period ended prior to the LCT Test Date, the Issuer or any of its Restricted Subsidiaries would have been permitted to take such actions or consummate such transactions on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related requirements and conditions), such ratio, test or basket (and any related requirements and conditions) shall be deemed to have been complied with (or satisfied) for all purposes (in the case of Indebtedness, for example, whether such Indebtedness is committed, issued, assumed or incurred at the LCT Test Date or at any time thereafter); *provided* that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, the Issuer may elect, in its sole discretion, to redetermine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be the applicable LCT Test Date for purposes of such ratios, tests or baskets, (b) except as

contemplated in the foregoing clause (a), compliance with such ratios, test or baskets (and any related requirements and conditions) shall not be determined or tested at any time after the applicable LCT Test Date for such Limited Condition Transaction and any actions or transaction related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and (c) Consolidated Interest Expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate as reasonably determined by the Issuer.

For the avoidance of doubt, if the Issuer has made an LCT Election, (1) if any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would at any time after the LCT Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in EBITDA or Total Assets of the Issuer or the Person subject to such Limited Condition Transaction, such baskets, tests or ratios will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations; (2) any change to the applicable exchange rate utilized in calculating compliance with any Dollar based provision of this Indenture, at any time from and after the LCT Test 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 (x) whether any Indebtedness or Lien that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted, or (y) compliance by the Issuer or any of its Restricted Subsidiaries with any other provision of this Indenture; (3) if any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the LCT Test Date would at any time after the LCT Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing); and (4) in calculating the availability under any ratio, test or basket in connection with any action or transaction unrelated to such Limited Condition Transaction following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, purchase or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes (or, if applicable, the irrevocable notice is terminated, expires or passes or, as applicable, the offer in respect of an LCT Public Offer for, such acquisition is terminated), as applicable, without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be determined or tested giving pro forma effect to such Limited Condition Transaction.

ARTICLE II

THE NOTES

SECTION 2.01 Form, Dating and Terms.

(a) The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited. The Initial Notes issued on the date hereof will be in an aggregate principal amount of $500,000,000. In addition, the Issuer may issue, from time to time in accordance with the provisions of this Indenture, Additional Notes (as provided herein). Furthermore, Notes may be authenticated and delivered upon registration of transfer, exchange or in lieu of, other Notes pursuant to Section 2.02, Section 2.06, Section 2.11, Section 2.13, Section 5.06 or Section 9.05, in connection with an Asset Disposition Offer pursuant to Section 3.05 or in connection with a Change of Control Offer pursuant to Section 3.09.

Notwithstanding anything to the contrary contained herein, the Issuer may not issue any Additional Notes, unless such issuance is in compliance with Section 3.02 and Section 3.06.

With respect to any Additional Notes, the Issuer shall set forth in one or more indentures supplemental hereto, the following information:

(A) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;

(B) the issue price and the issue date of such Additional Notes, including the date from which interest shall accrue; and

(C) whether such Additional Notes shall be Restricted Notes.

In authenticating and delivering Additional Notes, the Trustee shall be entitled to receive and shall be fully protected in relying upon, in addition to the Opinion of Counsel and Officer's Certificate required by Section 13.02, an Opinion of Counsel as to the due authorization, execution, delivery, validity and enforceability of such Additional Notes.

The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of this Indenture, including with respect to redemptions and offers to purchase, *provided* that any Additional Notes will not be issued with the same CUSIP, ISIN or other identifying number as the Initial Notes if such Additional Notes are not fungible with the Initial Notes for U.S. federal income tax purposes or if the Issuer otherwise determines that any such Additional Notes should be differentiated from any other Notes. Holders of the Initial Notes and the Additional Notes will vote and consent together on all matters to which such Holders are entitled to vote or consent as one class, and none of the Holders of the Initial Notes or the Additional Notes shall have the right to vote or consent as a separate class on any matter to which such Holders are entitled to vote or consent.

(b) The Initial Notes are being offered and sold by the Issuer pursuant to a Purchase Agreement, dated January 27, 2022, between the Issuer and Morgan Stanley & Co, LLC, as representative for the several Initial Purchasers, as supplemented by the Joinder Agreement, to be dated as of the Spin-Off Date, by and among the Issuer and the Subsidiary Guarantors (the "Purchase Agreement"). The Initial Notes and any Additional Notes (if issued as Restricted Notes) (the "Additional Restricted Notes") will be resold initially only to (A) Persons reasonably believed to be QIBs in reliance on Rule 144A and (B) Non-U.S. Persons in reliance on Regulation S. Such Initial Notes and Additional Restricted Notes may thereafter be transferred to, among others, Persons reasonably believed to be QIBs, purchasers in reliance on Regulation S, and AIs and IAIs in accordance with Rule 501 under the Securities Act in each case, in accordance with the procedure described herein. Additional Notes offered after the date hereof may be offered and sold by the Issuer from time to time pursuant to one or more purchase agreements in accordance with applicable law.

Initial Notes and Additional Restricted Notes offered and sold to Persons reasonably believed to be QIBs in the United States of America in reliance on Rule 144A (the "Rule 144A Notes") shall be issued in the form of a permanent global Note substantially in the form of Exhibit A, which is hereby incorporated by reference and made a part of this Indenture, including appropriate legends as set forth in Section 2.01(d) (the "Rule 144A Global Note"), deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Rule 144A Global

Note may be represented by more than one certificate if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and any Additional Restricted Notes offered and sold to non-U.S. Persons outside the United States of America (the "Regulation S Notes") in reliance on Regulation S shall be issued in the form of a permanent global Note substantially in the form of Exhibit A, including appropriate legends as set forth in Section 2.01(d) (the "Regulation S Global Note"). Each Regulation S Global Note will be deposited upon issuance with, or on behalf of, the Trustee as custodian for DTC in the manner described in this Article II. Prior to the 40th day after the later of the commencement of the offering of the Initial Notes and the Issue Date (such period through and including such 40th day, the "Restricted Period"), interests in the Regulation S Global Note may only be transferred to Non-U.S. Persons pursuant to Regulation S, unless exchanged for interests in a Global Note in accordance with the transfer and certification requirements described herein.

Investors may hold their interests in the Regulation S Global Note through Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking, *société anonyme* ("Clearstream") if they are participants in those systems or indirectly through organizations that are participants in those systems. If such interests are held through Euroclear or Clearstream, Euroclear and Clearstream will hold such interests in the applicable Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the applicable Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

The Regulation S Global Note may be represented by more than one certificate if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and Additional Restricted Notes resold to IAIs (the "Institutional Accredited Investor Notes") in the United States of America will be issued in the form of a permanent global Note substantially in the form of Exhibit A including appropriate legends as set forth in Section 2.01(d) (the "Institutional Accredited Investor Global Note") deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Institutional Accredited Investor Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Institutional Accredited Investor Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and Additional Restricted Notes resold to AIs in the United States of America will be issued in the form of a Definitive Note substantially in the form of Exhibit A including the legend as set forth in Section 2.01(d) (an "Accredited Investor Note").

The Rule 144A Global Note, the Regulation S Global Note and the Institutional Accredited Investor Global Note are sometimes collectively herein referred to as the "Global Notes."

The principal of, and premium, if any, and interest on the Notes shall be payable at the office or agency of the Paying Agent designated by the Issuer maintained for such purpose (which shall initially be the office of the Trustee maintained for such purpose), or at such other office or agency of the Issuer as may be maintained for such purpose pursuant to Section 2.03; *provided*, *however*, that, at the option of the Paying Agent, payment of interest, if any, may be paid by (i) check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Notes Register or (ii) wire transfer to an account located in the United States maintained by the payee, subject to the last sentence of this paragraph. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by DTC. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes will be made in accordance with the Notes Register, or by wire transfer to a Dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee or Paying Agent, as applicable, may accept in its discretion).

The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage, in addition to those set forth on Exhibit A and in Section 2.01(d). The Issuer shall approve any notation, endorsement or legend on the Notes. Each Note shall be dated the date of its authentication. The terms of the Notes set forth in Exhibit A are part of the terms of this Indenture and, to the extent applicable, the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to be bound by such terms.

(c) Denominations. The Notes shall be issuable only in fully registered form in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

(d) Restrictive and Global Note Legends.

(1) Unless and until (i) an Initial Note or an Additional Note issued as a Restricted Note is sold under an effective registration statement or (ii) the Issuer receives an Opinion of Counsel satisfactory to it to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act, the Rule 144A Global Note, the Regulation S Global Note, the Institutional Accredited Investor Global Note and the Accredited Investor Note shall each bear the following legend on the face thereof:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) 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 WITHIN [**IN THE CASE OF RULE 144A NOTES:** ONE YEAR OR SUCH SHORTER TIME UNDER APPLICABLE LAW] [**IN THE CASE OF REGULATION S NOTES:** 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED

INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUER SO REQUESTS), OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(2) Each Global Note, whether or not an Initial Note, shall bear the following legend on the face thereof:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUER OR THE AGENT OF THE ISSUER FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THE TERMS OF THIS NOTE ARE SUBJECT TO THE TERMS OF THE FIRST LIEN PARI PASSU INTERCREDITOR AGREEMENT AMONG U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS NOTES COLLATERAL AGENT, MORGAN STANLEY SENIOR FUNDING, INC., AS AN AUTHORIZED REPRESENTATIVE, AND THE OTHER PARTIES FROM TIME TO TIME PARTY THERETO, ENTERED INTO ON THE SPIN-OFF DATE, AS IT MAY BE AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME IN ACCORDANCE WITH THE INDENTURE.

In the case of the Regulation S Global Note: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

If applicable: THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(C) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE ISSUER AT 1 BECTON DRIVE, FRANKLIN LAKES, NJ 07417.

(e) Book-Entry Provisions. (i) This Section 2.01(e) shall apply only to Global Notes deposited with the Trustee, as custodian for DTC, and for which the applicable procedures of DTC shall govern.

(1) Each Global Note initially shall (x) be registered in the name of DTC or the nominee of DTC, (y) be delivered to the Notes Custodian for DTC and (z) bear legends as set forth in Section 2.01(d)(2). Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to DTC, its successors or its respective nominees, except as set forth in Section 2.01(e)(4) and 2.01(f). If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Notes Custodian will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(2) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Notes Custodian as the custodian of DTC or under such Global Note, and DTC may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(3) In connection with any transfer of a portion of the beneficial interest in a Global Note pursuant to Section 2.01(f) to beneficial owners who are required to hold Definitive Notes, the Notes Custodian shall reflect on its books and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, one or more Definitive Notes of like tenor and amount.

(4) In connection with the transfer of an entire Global Note to beneficial owners pursuant to Section 2.01(f), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations.

(5) The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(6) Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by (i) the Holder of such Global Note (or its agent) or (ii) any holder of a beneficial interest in such Global Note, and that ownership of a beneficial interest in such Global Note shall be required to be reflected in a book entry.

(f) Definitive Notes. Except as provided below, owners of beneficial interests in Global Notes will not be entitled to receive Definitive Notes. Definitive Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Note if (A) DTC notifies the Issuer that it is unwilling or unable to continue as Depositary for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Issuer within 90 days of such notice, (B) the Issuer in its sole discretion executes and deliver to the Trustee and Registrar an Officer's Certificate stating that such Global Note shall be so exchangeable or (C) an Event of Default has occurred and is continuing and the Registrar has received a written request from DTC. In the event of the occurrence of any of the events specified in the second preceding sentence or in clause (A), (B) or (C) of the preceding sentence, the Issuer shall promptly make available to the Registrar a reasonable supply of Definitive Notes. In addition, any Note transferred to an affiliate (as defined in Rule 405 under the Securities Act) of the Issuer or evidencing a Note that has been acquired by an affiliate in a transaction or series of transactions not involving any public offering must, until one year after the last date on which either the Issuer or any affiliate of the Issuer was an owner of the Note, be in the form of a Definitive Note and bear the legend regarding transfer restrictions in Section 2.01(d)(1). If required to do so pursuant to any applicable law or regulation, beneficial owners may also obtain Definitive Notes in exchange for their beneficial interests in a Global Note upon written request in accordance with DTC's and the Registrar's procedures.

(1) Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(e) shall, except as otherwise provided by Section 2.06(d), bear the applicable legend regarding transfer restrictions applicable to the Global Note set forth in Section 2.01(d)(1).

(2) If a Definitive Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Definitive Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled Definitive Note, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, to the transferring Holder a new Definitive Note representing the principal amount not so transferred.

(3) If a Definitive Note is transferred or exchanged for another Definitive Note, (x) the Trustee will cancel the Definitive Note being transferred or exchanged, (y) the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, one or more new Definitive Notes in authorized denominations having an aggregate principal amount equal to the

principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the Holder of the canceled Definitive Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such transfer or exchange involves less than the entire principal amount of the canceled Definitive Note, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder thereof, one or more Definitive Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Definitive Notes, registered in the name of the Holder thereof.

(4) Notwithstanding anything to the contrary in this Indenture, in no event shall a Definitive Note be delivered upon exchange or transfer of a beneficial interest in the Regulation S Global Note prior to the end of the Restricted Period.

SECTION 2.02 Execution and Authentication. One Officer of the Issuer shall sign the Notes for the Issuer by manual, facsimile, PDF or other electronic signature. If the Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized officer of the Trustee manually authenticates the Note. The signature of the Trustee on a Note shall be conclusive evidence that such Note has been duly and validly authenticated and issued under this Indenture. A Note shall be dated the date of its authentication.

At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall authenticate and make available for delivery: (1) Initial Notes for original issue on the Issue Date in an aggregate principal amount of $500,000,000 and (2) subject to the terms of this Indenture, Additional Notes for original issue in an unlimited principal amount, in each case upon a written order of the Issuer signed by one Officer (the "Issuer Order"). Such Issuer Order shall specify whether the Notes will be in the form of Definitive Notes or Global Notes, the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated, the Holder of the Notes and whether the Notes are to be Initial Notes or Additional Notes.

The Trustee may appoint an agent (the "Authenticating Agent") reasonably acceptable to the Issuer to authenticate the Notes. Any such appointment shall be evidenced by an instrument signed by a Responsible Officer of the Trustee, a copy of which shall be furnished to the Issuer. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent. An Authenticating Agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

In case any of the Issuer or any Guarantor, pursuant to Article IV or Section 10.02, as applicable, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of all or substantially all of its assets to any Successor Company, and such Successor Company resulting from such consolidation, or surviving such merger, or into which the Issuer or any Guarantor shall have been merged, or the Person which shall have received such conveyance, transfer, lease or other disposition, as applicable, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article IV, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may (but shall not be required), from time to time, at the request of the Successor Company, be exchanged for other Notes executed in the name of the Successor Company with such changes in phraseology and form as may be appropriate to reflect such Successor Company, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like

principal amount; and the Trustee, upon receipt of an Issuer Order of the Successor Company, shall authenticate and make available for delivery Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a Successor Company pursuant to this Section 2.02 in exchange or substitution for or upon registration of transfer of any Notes, such Successor Company, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time outstanding for Notes authenticated and delivered in such new name.

SECTION 2.03 Registrar, Paying Agent and Notes Collateral Agent. The Issuer shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment. The Registrar shall keep a register of the Notes and of their transfer and exchange (the "Notes Register"). The Issuer may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent and the term "Registrar" includes any co-registrar.

The Issuer shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee in writing of the name and address of each such agent; *provided* that failure to comply with such notification requirement shall not constitute a Default or an Event of Default. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Issuer or any Guarantor may act as Paying Agent, Registrar or transfer agent.

The Issuer initially appoints DTC to act as Depositary with respect to the Global Notes. The Issuer initially appoints the Trustee as Registrar, Paying Agent, Notes Custodian and Notes Collateral Agent for the Notes. The Issuer may change any Registrar, Paying Agent or Notes Collateral Agent without prior notice to the Holders, but upon written notice to such Registrar, Paying Agent or Notes Collateral Agent and to the Trustee; *provided*, *however*, that no such removal shall become effective until (i) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Issuer and such successor Registrar, Paying Agent or Notes Collateral Agent, as the case may be, and delivered to the Trustee and the passage of any waiting or notice periods required by DTC procedures or (ii) written notification to the Trustee that the Trustee shall serve as Registrar, Paying Agent or Notes Collateral Agent until the appointment of a successor in accordance with clause (i) above. The Registrar, Paying Agent or Notes Collateral Agent may resign at any time upon written notice to the Issuer and the Trustee.

SECTION 2.04 Paying Agent to Hold Money in Trust. By no later than 11:00 a.m. (New York City time) on the date on which any principal of, premium, if any, or interest on any Note is due and payable, the Issuer shall deposit with the Paying Agent a sum sufficient in immediately available funds to pay such principal, premium or interest when due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the payment of principal of, premium, if any, or interest on the Notes (whether such assets have been distributed to it by the Issuer or other obligors on the Notes), shall notify the Trustee in writing of any default by the Issuer or any Guarantor in making any such payment and shall during the continuance of any default by the Issuer (or any other obligor upon the Notes) in the making of any payment in respect of the Notes, upon the written request of the Trustee, forthwith deliver to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Notes together with a full accounting thereof. If the Issuer or a Subsidiary of the Issuer acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds or assets disbursed by such Paying Agent. Upon complying with this Section 2.04, the Paying Agent (if other than the Issuer or a Subsidiary of the Issuer) shall have no further liability for the money delivered to the Trustee. Upon any bankruptcy, reorganization or similar proceeding with respect to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuer, on its own behalf and on behalf of each of the Guarantors, shall furnish or cause the Registrar to furnish to the Trustee, in writing at least five (5) Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.06 Transfer and Exchange.

(a) A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Registrar a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by this Section 2.06. The Registrar will promptly register any transfer or exchange that meets the requirements of this Section 2.06 by noting the same in the Notes Register maintained by the Registrar for the purpose, and no transfer or exchange will be effective until it is registered in such Notes Register. The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section 2.06 and Section 2.01(e) and 2.01(f), as applicable, and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of DTC, Euroclear and Clearstream. The Registrar shall refuse to register any requested transfer or exchange that does not comply with this paragraph.

(b) Transfers of Rule 144A Notes and Institutional Accredited Investor Notes. The following provisions shall apply with respect to any proposed registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note prior to the date that is one year after the later of the date of its original issue and the last date on which the Issuer or any Affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date"):

(1) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee in the form as set forth on the reverse of the Note that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; *provided* that no such written representation or other written certification shall be required in connection with the transfer of a beneficial interest in the Rule 144A Global Note to a transferee in the form of a beneficial interest in that Rule 144A Global Note in accordance with this Indenture and the applicable procedures of DTC;

(2) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Global Note or a beneficial interest therein to an IAI or an AI shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.08 or Section 2.10, respectively, from the proposed transferee and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer; and

(3) a registration of transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.09 from the proposed transferor and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer.

(c) Transfers of Regulation S Notes. The following provisions shall apply with respect to any proposed transfer of a Regulation S Note prior to the expiration of the Restricted Period:

(1) a transfer of a Regulation S Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee, in the form of assignment on the reverse of the certificate, that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(2) a transfer of a Regulation S Note or a beneficial interest therein to an IAI or an AI shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.08 or Section 2.10, respectively, from the proposed transferee and the delivery of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer; and

(3) a transfer of a Regulation S Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Registrar or its agent of a certificate substantially in the form set forth in Section 2.09 hereof from the proposed transferor and receipt by the Registrar or its agent of an Opinion of Counsel, certification and/or other information satisfactory to the Issuer.

After the expiration of the Restricted Period, interests in the Regulation S Note may be transferred in accordance with applicable law without requiring the certification set forth in Section 2.09 or any additional certification.

(d) Restricted Notes Legend. Upon the transfer, exchange or replacement of Notes not bearing a Restricted Notes Legend, the Registrar shall deliver Notes that do not bear a Restricted Notes Legend. Upon the transfer, exchange or replacement of Notes bearing a Restricted Notes Legend, the Registrar shall deliver only Notes that bear a Restricted Notes Legend unless (1) an Initial Note is being transferred pursuant to an effective registration statement, (2) [reserved] or (3) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Issuer to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act. Any Additional Notes sold in a registered offering shall not be required to bear the Restricted Notes Legend.

(e) [Reserved].

(f) Retention of Written Communications. The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.01 or this Section 2.06. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications, at the Issuer's expense, at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

(g) Obligations with Respect to Transfers and Exchanges of Notes. To permit registrations of transfers and exchanges, the Issuer shall, subject to the other terms and conditions of this Article II, execute and the Trustee shall authenticate Definitive Notes and Global Notes at the Issuer's and the Registrar's written request.

No service charge shall be made to a Holder for any registration of transfer or exchange, but the Issuer may require the Holder to pay a sum sufficient to cover any transfer tax assessments or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charges payable upon exchange or transfer pursuant to Sections 3.05, 5.06 or 9.05).

The Issuer (and the Registrar) shall not be required to register the transfer of or exchange of any Note (A) for a period beginning (1) fifteen (15) calendar days before the mailing (or electronic delivery) of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing (or electronic delivery) or (2) fifteen (15) calendar days before an interest payment date and ending on such interest payment date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

Prior to the due presentation for registration of transfer of any Note, the Issuer, the Trustee, the Paying Agent, the Notes Collateral Agent or the Registrar may deem and treat the person in whose name a Note is registered as the owner of such Note for the purpose of receiving payment of principal of, premium, if any, and (subject to paragraph 2 of the forms of Notes attached hereto as Exhibit A) interest on such Note and for all other purposes whatsoever, including without limitation the transfer or exchange of such Note, whether or not such Note is overdue, and none of the Issuer, the Trustee, the Paying Agent, the Notes Collateral Agent or the Registrar shall be affected by notice to the contrary.

Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(f) shall, except as otherwise provided by Section 2.06(d), bear the applicable legend regarding transfer restrictions applicable to the Definitive Note set forth in Section 2.01(d)(1).

All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

(h) No Obligation of the Trustee. The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

Neither the Registrar nor the Trustee shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any of its agents shall have any responsibility for any actions taken or not taken by DTC.

SECTION 2.07 [Reserved].

SECTION 2.08 Form of Certificate to be Delivered in Connection with Transfers to IAIs.

[Date]

U.S. Bank Trust Company, National Association
333 Thornall St.
Edison, NJ 08837
Attention: Mark DiGiacomo

Re: Embecta Corp. (the "Issuer")

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $[__] principal amount of the 5.000% Senior Secured Notes due 2030 (the "Notes") of Embecta Corp. (the "Issuer").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name:_____

Address: _____

Taxpayer ID Number: _____

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")) purchasing for our own account or for the account of such an institutional "accredited investor" of at least $250,000 principal amount of the Notes, and we are acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risk of our investment in the Notes and we invest in or purchase securities similar to the Notes in the normal course of our business. We and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Issuer or any Subsidiary thereof, (b) pursuant to an effective registration statement under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a person we reasonably believe is a "qualified institutional buyer" under Rule 144A of the Securities Act (a "QIB") that is purchasing for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an "accredited investor" within the meaning of Rule 501(a) (1), (2), (3), (4) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor," in each case in a minimum principal amount of Notes of $250,000 for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Issuer and the Trustee, which shall provide, among other things, that the transferee is an "accredited investor" (within the meaning of Rule 501(a)(1), (2), (3), (4) or (7) under the Securities Act) and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Issuer and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Notes pursuant to clauses (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer.

3. We [are][are not] an Affiliate of the Issuer.

TRANSFEREE: _____

BY: _____

SECTION 2.09 Form of Certificate to be Delivered in Connection with Transfers Pursuant to Regulation S.

[Date]

U.S. Bank Trust Company, National Association
333 Thornall St.
Edison, NJ 08837
Attention: Mark DiGiacomo

Re: Embecta Corp. (the "Issuer")

5.000% Senior Secured Notes due 2030 (the "Notes")

Ladies and Gentlemen:

In connection with our proposed sale of $[_____] aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(a) the offer of the Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(a)(2) or Rule 904(a)(2) of Regulation S, as applicable; and

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1), as the case may be.

We also hereby certify that we [are][are not] an Affiliate of the Issuer and, to our knowledge, the transferee of the Notes [is][is not] an Affiliate of the Issuer.

The Trustee and the Issuer are entitled to conclusively rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate and not otherwise defined herein have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

SECTION 2.10 Form of Certificate to be Delivered in Connection with Transfers to AIs.

[Date]

U.S. Bank Trust Company, National Association
333 Thornall St.

Edison, NJ 08837
Attention: Mark DiGiacomo

Re: Embecta Corp. (the "Issuer")

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $[__] principal amount of the 5.000% Senior Secured Notes due 2030 (the "Notes") of Embecta Corp. (the "Issuer").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name:_____

Address: _____

Taxpayer ID Number: _____

The undersigned represents and warrants to you that:

1. I am an "accredited investor" (as defined in Rule 501(a)(4) under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and I am acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. I have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risk of my investment in the Notes and I invest in or purchase securities similar to the Notes in the normal course of my business. I am able to bear the economic risk of my investment.

2. I understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. I agree on my own behalf to offer, sell or otherwise transfer such Notes prior to the date that is one year after the later of the date of original issue and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Issuer or any Subsidiary thereof, (b) pursuant to an effective registration statement under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a person I reasonably believe is a "qualified institutional buyer" under Rule 144A of the Securities Act (a "QIB") that is purchasing for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (4) or (7) under the Securities Act that is purchasing for its own account or for the account of such an "accredited investor," in each case in a minimum principal amount of Notes of $200,000 for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of my property be at all times within my control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor

shall deliver a letter from the transferee substantially in the form of this letter to the Issuer and the Trustee, which shall provide, among other things, that the transferee is an "accredited investor" (within the meaning of Rule 501(a)(1), (2), (3), (4) or (7) under the Securities Act) and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Issuer and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Notes pursuant to clauses (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer.

3. I understand and acknowledge that upon the issuance thereof, and until such time as the same is no longer required under applicable requirements of the Securities Act or state securities laws, the Notes that I acquire will be certificated Notes that will bear, and all certificates issued in exchange therefor or in substitution thereof will bear, a restrictive legend set forth in Section 2.01(d) of the Indenture.

4. I [am][am not] an Affiliate of the Issuer.

TRANSFEREE:_____
BY:_____

SECTION 2.11 Mutilated, Destroyed, Lost or Stolen Notes.

If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Note if the requirements of Section 8-405 of the UCC are met, such that the Holder (a) satisfies the Issuer and the Trustee that such Note has been lost, destroyed or wrongfully taken within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar has not registered a transfer prior to receiving such notification, (b) makes such request to the Issuer and the Trustee in writing prior to the Note being acquired by a protected purchaser as defined in Section 8-303 of the UCC (a "protected purchaser"), (c) satisfies any other reasonable requirements of the Trustee and (d) provides an indemnity bond, as more fully described below; *provided, however*, if after the delivery of such replacement Note, a protected purchaser of the Note for which such replacement Note was issued presents for payment or registration such replaced Note, the Trustee and/or the Issuer shall be entitled to recover such replacement Note from the Person to whom it was issued and delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith. Such Holder shall furnish an indemnity bond sufficient in the judgment of the (i) Trustee to protect the Trustee and (ii) the Issuer to protect the Issuer, the Trustee, the Paying Agent and the Registrar, from any loss which any of them may suffer if a Note is replaced, and, in the absence of notice to the Issuer, any Guarantor or the Trustee that such Note has been acquired by a protected purchaser, the Issuer shall execute, and upon receipt of an Issuer Order, the Trustee shall authenticate and make available for delivery, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section 2.11, the Issuer may require that such Holder pay a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of counsel and of the Trustee) in connection therewith.

Subject to the proviso in the initial paragraph of this Section 2.11, every new Note issued pursuant to this Section 2.11, in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, any Guarantor (if applicable) and any other obligor upon the Notes, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.11 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 2.12 Outstanding Notes. Notes outstanding at any time are all Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those paid pursuant to Section 2.11 and those described in this Section 2.12 as not outstanding. A Note does not cease to be outstanding in the event the Issuer or an Affiliate of the Issuer holds the Note; *provided*, *however*, that (i) for purposes of determining which are outstanding for consent or voting purposes hereunder, the provisions of Section 13.04 shall apply and (ii) in determining whether the Trustee shall be protected in making a determination whether the Holders of the requisite principal amount of outstanding Notes are present at a meeting of Holders of Notes for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification hereunder, or relying upon any such quorum, consent or vote, only Notes which a Responsible Officer of the Trustee actually knows to be held by the Issuer or an Affiliate of the Issuer shall not be considered outstanding.

If a Note is replaced pursuant to Section 2.11 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Note is held by a protected purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement pursuant to Section 2.11.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a Redemption Date or maturity date, money sufficient to pay all principal, premium, if any, and accrued interest payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.13 Temporary Notes. In the event that Definitive Notes are to be issued under the terms of this Indenture, until such Definitive Notes are ready for delivery, the Issuer may prepare and the Trustee shall, upon receipt of an Issuer Order, authenticate temporary Notes. Temporary Notes shall be substantially in the form, and shall carry all rights, of Definitive Notes but may have variations that the Issuer considers appropriate for temporary Notes. Without unreasonable delay, the Issuer shall prepare and the Trustee shall, upon receipt of an Issuer Order, authenticate Definitive Notes. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at any office or agency maintained by the Issuer for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer shall execute, and the Trustee shall, upon receipt of an Issuer Order, authenticate and make available for delivery in exchange therefor, one or more Definitive Notes representing an equal principal amount of Notes. Until so exchanged, the Holder of temporary Notes shall in all respects be entitled to the same benefits under this Indenture as a Holder of Definitive Notes.

SECTION 2.14 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment or cancellation and dispose of such Notes in accordance with its internal policies and customary procedures (subject to the record retention requirements of the Exchange Act and the Trustee). If the Issuer or any Guarantor acquires any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.14. The Issuer may not issue new Notes to replace Notes it has paid or delivered to the Trustee for cancellation for any reason other than in connection with a transfer or exchange.

At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred, redeemed, repurchased or canceled, such Global Note shall be returned by DTC to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

SECTION 2.15 Payment of Interest; Defaulted Interest. Interest on any Note which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business on the regular record date for such payment at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.03.

Any interest on any Note which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days shall forthwith cease to be payable to the Holder on the regular record date, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") shall be paid by the Issuer, at its election, as provided in clause (a) or (b) below:

(a) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date (not less than 30 days after such notice) of the proposed payment (the "Special Interest Payment Date"), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Section 2.15(a). Thereupon the Issuer shall fix a record date (the "Special Record Date") for the payment of such Defaulted Interest, which date shall be not more than twenty (20) calendar days and not less than fifteen (15) calendar days prior to the Special Interest Payment Date and not less than ten (10) calendar days after the receipt by the Trustee of the notice of the proposed payment. The Issuer shall promptly notify the Trustee in writing of such Special Record Date, and in the name and at the expense of the Issuer, the Trustee shall cause notice of the

proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 13.01, not less than ten (10) calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the provisions in Section 2.15(b).

(b) The Issuer may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Issuer to the Trustee of the proposed payment pursuant to this Section 2.15(b), such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.15, each Note delivered under this Indenture upon registration of, transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.16 CUSIP and ISIN Numbers.

The Issuer in issuing the Notes may use "CUSIP" and "ISIN" numbers and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption or purchase as a convenience to Holders; *provided*, *however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or purchase and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or purchase shall not be affected by any defect in or omission of such CUSIP and ISIN numbers. The Issuer shall promptly notify the Trustee in writing of any change in the CUSIP and ISIN numbers.

ARTICLE III

COVENANTS

SECTION 3.01 Payment of Notes. The Issuer shall promptly pay the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal, premium, if any, and interest shall be considered paid on the date due if by 11:00 a.m. New York City time on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal, premium, if any, and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture.

The Issuer shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Notwithstanding anything to the contrary contained in this Indenture, the Issuer may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest payments hereunder.

SECTION 3.02 Limitation on Indebtedness.

(a) From and after the Spin-Off Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), if on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), either (i) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries is greater than 2.00 to 1.00 or (ii) the Consolidated Total Net Leverage Ratio would have been no greater than 5.25 to 1.00; *provided*, *further*, that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness (including Acquired Indebtedness) under this Section 3.02(a) in excess of, when aggregated with the principal amount of all other Indebtedness (including Acquired Indebtedness) incurred by a Restricted Subsidiary that is not a Guarantor under this Section 3.02(a), after giving pro forma effect to the incurrence of such additional amount of Indebtedness and the application of the proceeds therefrom, the greater of (x) $150.0 million and (y) 30.0% of LTM EBITDA.

(b) Section 3.02(a) will not prohibit the incurrence of the following Indebtedness:

(1) Indebtedness incurred under any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and Guarantees in respect of such Indebtedness, up to an aggregate principal amount at the time of incurrence not exceeding the sum of (a) $2,150.0 million, (b) the greater of $500.0 million and 100.0% of LTM EBITDA, (c) the Prepayment Amount and (d) any additional amount if after giving pro forma effect to the incurrence of such additional amount and the application of the proceeds therefrom, (X) in the case of Indebtedness that is secured by a Lien on the Collateral on an equivalent priority (but, in each case, without regard to control of remedies) with the Liens on the Collateral securing the Obligations in respect of the Notes, the Consolidated First Lien Net Leverage Ratio would be no greater than (i) 3.10 to 1.00 outstanding at any one time or (ii) to the extent such Indebtedness is incurred or issued to finance an acquisition or Investment, the Consolidated First Lien Net Leverage Ratio immediately prior to the incurrence of such Indebtedness and (Y) in the case of any other Indebtedness, the Consolidated Secured Net Leverage Ratio would be no greater than (i) 3.10 to 1.00 outstanding at any one time or (ii) to the extent such Indebtedness is incurred or issued to finance an acquisition or Investment, the Consolidated Secured Net Leverage Ratio immediately prior to the incurrence of such Indebtedness (with all Indebtedness incurred under this clause (1)(d)(Y) being deemed Consolidated Total Indebtedness secured by a Lien incurred under clause (a) of the definition of "Consolidated Secured Net Leverage Ratio" for all purposes of making the determination under this clause (Y)(ii)), and, in each case, any Refinancing Indebtedness in respect thereof (or successive refinancings thereof that each constitute Refinancing Indebtedness);

(2) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness or other obligations is not prohibited by the terms of this Indenture;

(3) Indebtedness of the Issuer to any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary to the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary, and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary,

shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as applicable;

(4) Indebtedness represented by (a) the Notes outstanding on the Spin-Off Date, including any Guarantee thereof, (b) any Indebtedness (other than Indebtedness incurred pursuant to clauses (1) and (4)(a) of this Section 3.02(b)) outstanding on the Spin-Off Date and any Guarantees thereof, (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) incurred in respect of any Indebtedness described in this clause (4) or clause (2) or (5) of this Section 3.02(b) or incurred pursuant to Section 3.02(a), and (d) Management Advances;

(5) Indebtedness of (x) the Issuer or any Restricted Subsidiary incurred or issued to finance an acquisition or Investment or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture (including designating an Unrestricted Subsidiary as a Restricted Subsidiary); *provided* that such Indebtedness is in an aggregate amount not to exceed (i) the greater of (x) $125.0 million and (y) 25.0% of LTM EBITDA at the time of incurrence, plus (ii) unlimited additional Indebtedness if after giving pro forma effect to such acquisition, merger, amalgamation or consolidation, either:

(a) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 3.02(a);

(b) either the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be lower or the Consolidated Total Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be higher, in each case, than it was immediately prior to such acquisition, merger, amalgamation or consolidation; or

(c) such Indebtedness constitutes Acquired Indebtedness (other than Indebtedness incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided* that, in the case of this clause (c), the only obligors with respect to such Indebtedness shall be those Persons who were obligors of such Indebtedness prior to such acquisition, merger, amalgamation or consolidation;

(6) Hedging Obligations (excluding Hedging Obligations which are entered into for speculative purposes);

(7) Indebtedness (i) represented by Capitalized Lease Obligations or Purchase Money Obligations in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause (7)(i) and then outstanding, does not exceed the greater of (a) $150.0 million and (b) 30.0% of LTM EBITDA at the time of incurrence, and any Refinancing Indebtedness in respect thereof and (ii) arising out of Sale and Leaseback Transactions;

(8) Indebtedness in respect of (a) workers' compensation claims, health, disability or other employee benefits, property, casualty or liability insurance, self-insurance obligations, customer guarantees, performance, indemnity, surety, judgment, bid, appeal, advance payment (including progress premiums), customs, value added or other tax or other guarantees or other

similar bonds, instruments or obligations, completion guarantees and warranties or relating to liabilities, obligations or guarantees incurred in the ordinary course of business or consistent with past practice; (b) 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 or consistent with past practice; (c) customer deposits and advance payments (including progress premiums) received from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, discounted bills of exchange, discounting or factoring of receivables or payables for credit management purposes, warehouse receipts, guarantees or other similar instruments or obligations issued or entered into, or relating to liabilities or obligations incurred in the ordinary course of business or consistent with past practice; (e) Cash Management Obligations; and (f) Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs, deferred purchase price or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets, a Person (including any Capital Stock of a Subsidiary) or Investment (other than Guarantees of Indebtedness incurred by any Person acquiring or disposing of such business, assets, Person or Investment for the purpose of financing such acquisition or disposition);

(10) [reserved];

(11) Indebtedness of Non-Guarantors in an aggregate principal amount not to exceed (together with the outstanding aggregate principal amount of Indebtedness incurred pursuant to clause (23) below) the greater of (i) $225.0 million and (ii) 45.0% of LTM EBITDA at the time of incurrence, and any Refinancing Indebtedness in respect thereof;

(12) (a) Indebtedness issued by the Issuer or any of its Subsidiaries to any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any of its Subsidiaries or any Parent Entity, in each case to finance the purchase or redemption of Capital Stock of the Issuer or any direct or indirect parent thereof that is not prohibited by Section 3.03 and (b) Indebtedness consisting of obligations under deferred compensation or any other similar arrangements incurred in the ordinary course of business, consistent with past practice or in connection with the Transactions, any Investment or any acquisition (by merger, consolidation, amalgamation or otherwise);

(13) 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 or consistent with past practice;

(14) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness incurred pursuant to this clause and then outstanding, will not exceed the greater of (i) $250.0 million and (ii) 50.0% of LTM EBITDA and any Refinancing Indebtedness in respect thereof;

(15) Indebtedness in respect of any Qualified Securitization Financing or any Receivables Facility;

(16) any obligation, or guaranty of any obligation, of the Issuer or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Issuer or a Restricted Subsidiary incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;

(17) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided* that the terms of such Indebtedness are consistent with those entered into with respect to similar Indebtedness prior to the Spin-Off Date, including, if so consistent, that (i) the repayment of such Indebtedness is conditional upon such customer ordering a specific amount or volume, as applicable, of goods or services and (ii) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;

(18) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee, another trustee or agent to satisfy or discharge the Notes or any other Indebtedness incurred pursuant to this Section 3.02 or exercise the applicable borrower's or issuer's legal defeasance or covenant defeasance, in each case, in accordance with this Indenture or the relevant documents governing such Indebtedness;

(19) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising pursuant to any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;

(20) [reserved];

(21) [reserved];

(22) obligations in respect of Disqualified Stock in an amount not to exceed the greater of (i) $50.0 million and (ii) 10.0% of LTM EBITDA outstanding at the time of incurrence;

(23) Indebtedness incurred for the benefit of joint ventures in an aggregate principal amount not to exceed (together with the outstanding aggregate principal amount of Indebtedness incurred pursuant to clause (11) above) the greater of (i) $225.0 million and (ii) 45.0% of LTM EBITDA outstanding at the time of incurrence and any Refinancing Indebtedness in respect thereof;

(24) [reserved]; and

(25) to the extent constituting Indebtedness, Guarantees in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of the Issuer and its Subsidiaries.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with, this Section 3.02:

(1) in the event that all or any portion of any item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in Section 3.02(a) and Section 3.02(b), the Issuer, in its sole discretion, shall classify, and may from time to time reclassify pursuant to clause (2) below, such item of Indebtedness (or any portion thereof) and only be required to include the amount and type of such Indebtedness in Section 3.02(a) or one of the clauses of Section 3.02(b);

(2) additionally, all or any portion of any item of Indebtedness may later be reclassified as having been incurred pursuant to any type of Indebtedness described in Section 3.02(a) or (b) so long as such Indebtedness is permitted to be incurred pursuant to such provision and any related Liens are permitted to be incurred at the time of reclassification; *provided* that any Indebtedness incurred pursuant to one of the clauses of Section 3.02(b) shall automatically cease to be deemed incurred or outstanding for purposes of such clause and shall automatically be deemed incurred for the purposes of the Section 3.02(a) from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Indebtedness under Section 3.02(a) without reliance on such clause;

(3) all Indebtedness under the Credit Agreement that is incurred on the Credit Agreement Effective Date and outstanding on the Spin-Off Date shall be deemed incurred on the Credit Agreement Effective Date under Section 3.02(b)(1);

(4) in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include the aggregate amount of accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing;

(5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to Section 3.02(a) or any clause of Section 3.02(b) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(7) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(8) Indebtedness permitted by this Section 3.02 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 3.02 permitting such Indebtedness;

(9) for all purposes under this Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio or the Consolidated Total Net Leverage Ratio, as applicable, in connection with the incurrence, issuance or assumption of any Indebtedness pursuant to Section 3.02(a) or Section 3.02(b) or the incurrence or creation of any Lien pursuant to the definition of "Permitted Liens," the Issuer may elect, at its option, to treat all or any portion of the committed amount of any Indebtedness (and the issuance and creation of letters of credit and bankers' acceptances thereunder) which is to be incurred (or any

commitment in respect thereof) or secured by such Lien, as the case may be (any such committed amount elected until revoked as described below, the "Reserved Indebtedness Amount"), as being incurred as of such election date, and, if such Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, is complied with (or satisfied) with respect thereto on such election date, any subsequent borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be deemed to be permitted under this Indenture, whether or not the Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, at the actual time of any subsequent borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) is complied with (or satisfied) for all purposes (including as to the absence of any continuing Default or Event of Default); *provided* that for purposes of subsequent calculations of the Fixed Charge Coverage Ratio, the Consolidated First Lien Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio, the Consolidated Total Net Leverage Ratio or other provision of this Indenture, as applicable, the Reserved Indebtedness Amount shall be deemed to be outstanding, whether or not such amount is actually outstanding, for so long as such commitments are outstanding or until the Issuer revokes an election of a Reserved Indebtedness Amount;

(10) notwithstanding anything in this Section 3.02 to the contrary, in the case of any Indebtedness incurred to refinance Indebtedness initially incurred in reliance on Section 3.02(b) measured by reference to a percentage of LTM EBITDA at the time of incurrence, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing; and

(11) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an incurrence of Indebtedness for purposes of this Section 3.02.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this Section 3.02, the Issuer shall be in default of this Section 3.02).

For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the 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, in the case of revolving credit debt; *provided* that, if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing.

Notwithstanding any other provision of this Section 3.02, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may incur pursuant to this Section 3.02 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. 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.

With respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

Unsecured Indebtedness will not be treated under this Indenture as subordinated or junior to Secured Indebtedness merely because it is unsecured. Senior Indebtedness will not be treated under this Indenture as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral or is secured by different collateral or because it is guaranteed by different obligors.

SECTION 3.03 Limitation on Restricted Payments.

(a) From and after the Spin-Off Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any such payment in connection with any merger or consolidation involving the Issuer or any of the Restricted Subsidiaries) except:

(i) dividends, payments or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer;

(ii) dividends, payments or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or a Restricted Subsidiary on no more than a *pro rata* basis); and

(iii) dividends or distributions payable to any Parent Entity to fund interest payments in respect of Indebtedness of such Parent Entity which is guaranteed by the Issuer or any Restricted Subsidiary;

(2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Issuer or any Parent Entity held by Persons other than the Issuer or a Restricted Subsidiary;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (i) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (ii) any Indebtedness incurred pursuant to Section 3.02(b)(3)); or

(4) make any Restricted Investment;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) above are referred to herein as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(i) other than in the case of (i) a Restricted Payment under Section 3.03(a)(3) or Section 3.03(a)(4), or (ii) amounts attributable to clauses (A) through (E) of the Available Amount Builder Basket set forth below, an Event of Default shall have occurred and be continuing (or would immediately thereafter result therefrom) and, in the case of a Restricted Payment under clauses Section 3.03(a)(3) or Section 3.03(a)(4), an Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01(a) shall have occurred and be continuing (or would immediately thereafter result therefrom); and

(ii) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Spin-Off Date (and not returned or rescinded) (including Permitted Payments made pursuant to Section 3.03(b)(1) (without duplication) and Section 3.03(b)(7), but excluding all other Restricted Payments permitted by Section 3.03(b)) would exceed the sum of (without duplication):

(A) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter in which the Spin-Off Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(B) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Spin-Off Date or otherwise contributed to the equity (in each case other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer or a Restricted Subsidiary (including the aggregate principal amount of any Indebtedness of the Issuer or a Restricted Subsidiary contributed to the Issuer or a Restricted Subsidiary for cancellation) or that becomes part of the capital of the Issuer or a Restricted Subsidiary through consolidation or merger subsequent to the Spin-Off Date (other than (x)

net cash proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) cash or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Section 3.03(b)(6) and (z) Excluded Contributions);

(C) 100% of the aggregate amount of cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Spin-Off Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange;

(D) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, 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 Investment from, Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of, or cash distributions or cash interest received in respect of, such 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, in each case after the Spin-Off Date; or (ii) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary or a dividend, payment or distribution from an Unrestricted Subsidiary (other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under Section 3.03(b)(17) and will increase the amount available under the applicable clause of the definition of "Permitted Investments" or Section 3.03(b)(17), as the case may be) or a dividend from a Person that is not a Restricted Subsidiary after the Spin-Off Date;

(E) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation 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 Spin-Off Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Issuer at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under Section 3.03(b)(17) and will increase the amount available under the applicable clause of the definition of "Permitted Investments" or Section 3.03(b)(17), as the case may be; and

(F) the greater of $175.0 million and 35.0% of LTM EBITDA (the foregoing clause (ii), the "Available Amount Builder Basket").

For the avoidance of doubt, the acquisition by and/or transfer to the Issuer and/or any of its Subsidiaries of the Spinco Business and the related transactions in connection with the Spin-Off shall be deemed not to increase the Available Amount Builder Basket.

(b) Section 3.03(a) will not prohibit any of the following (collectively, "Permitted Payments"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Indenture or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of this Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) (a) any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock, including any accrued and unpaid dividends thereon ("Treasury Capital Stock") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer or any Parent Entity to the extent contributed to the Issuer (in each case, other than Disqualified Stock or Designated Preferred Stock) ("Refunding Capital Stock"), (b) the declaration and payment of dividends on Treasury Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) of Refunding Capital Stock and (c) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under Section 3.03(b)(13), 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 Capital Stock of a Parent Entity) 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;

(3) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be incurred pursuant to Section 3.02;

(4) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Preferred Stock of, the Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Preferred Stock of the Issuer or a Restricted Subsidiary, as applicable, that, in each case, is permitted to be incurred pursuant to Section 3.02;

(5) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge, retirement or other acquisition of Subordinated Indebtedness of the Issuer or a Restricted Subsidiary or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

(i) from net cash proceeds to the extent permitted under Section 3.05, but only if the Issuer shall have first complied with Section 3.05 and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to prepaying, purchasing, repurchasing, redeeming, defeasing, discharging, retiring or otherwise acquiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock;

(ii) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of (i) a Change of Control (or other similar event described therein as a "change of control") or (ii) an Asset Disposition (or other similar event described therein as an "asset disposition" or "asset sale"), but only if the Issuer shall have first complied with Section 3.05 or Section 3.09, as applicable, and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or

(iii) consisting of Acquired Indebtedness (other than Indebtedness incurred in connection with or contemplation of such acquisition);

(6) a Restricted Payment to pay for the prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock of the Issuer or any Parent Entity held by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any of its Subsidiaries or any Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Issuer or any Parent Entity in connection with such prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition), including any Capital Stock rolled over, accelerated or paid out by or to any employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any of its Subsidiaries or any Parent Entity in connection with any transaction; *provided*, *however*, that the aggregate Restricted Payments made under this clause do not exceed the greater of (i) $25.0 million and (ii) 5.0% of LTM EBITDA in any calendar year (with unused amounts in any calendar year being carried over to the immediately succeeding calendar year); *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed:

(i) the cash proceeds from the sale of Capital Stock (other than Disqualified Stock) of the Issuer and, to the extent contributed to the capital of the Issuer, the cash proceeds from the sale of Capital Stock of any Parent Entity, in each case, to any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any of its Subsidiaries or any Parent Entity that occurred after the Spin-Off Date, to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of Section 3.03(a)(4)(ii); *plus*

(ii) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries (or any Parent Entity to the extent contributed to the Issuer) after the Spin-Off Date; *less*

(iii) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (i) and (ii) of this clause (6);

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (i) and (ii) of this clause (6) in any fiscal year; *provided*, *further*, that (i) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or its Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity and (ii) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof and payments, in lieu of the issuance of fractional shares of such Capital Stock or withholding to pay other taxes payable in connection therewith, in the case of each of clauses (i) and (ii), will not be deemed to constitute a Restricted Payment for purposes of this Section 3.03 or any other provision of this Indenture;

(7) the declaration and payment of dividends on Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or Preferred Stock of a Restricted Subsidiary, issued in accordance with Section 3.02;

(8) payments made or expected to be made by the Issuer or any Restricted Subsidiary (including payments by the Issuer or any Restricted Subsidiary to a Parent Entity so that such Parent Entity may make payments) in respect of withholding or similar taxes payable in connection with the exercise or vesting of Capital Stock or any other equity award by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any Restricted Subsidiary or any Parent Entity and purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise, conversion or exchange of stock options, warrants, equity-based awards or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof or payments in respect of withholding or similar taxes payable upon exercise or vesting thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(i) the amounts required for any Parent Entity to pay any Parent Entity Expenses or any Permitted Tax Amounts;

(ii) amounts constituting or to be used for purposes of making payments to the extent specified in Sections 3.08(b)(2), (3), (5), (11), (12), (13), (15) and (19); and

(iii) [reserved];

(10) (a) the declaration and payment of dividends on the common stock or common equity interests of the Issuer or any Parent Entity (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity's Capital Stock), in an amount in any fiscal year not to exceed $50.0 million (which permitted amount shall increase by 5.0% each year beginning with the first fiscal year after the fiscal year in which the Spin-Off Date occurs); or (b) in lieu of all or a portion of the dividends permitted by clause (a), any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of the Issuer's Capital Stock (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity's Capital Stock) for aggregate consideration that, when taken together with dividends permitted by clause (a), does not exceed the amount contemplated by clause (a);

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Section 3.03 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Issuer);

(12) Restricted Payments that are made (a) in an amount not to exceed the amount of Excluded Contributions or (b) in an amount equal to the amount of net cash proceeds from an asset sale or disposition in respect of property or assets acquired, if the acquisition of such property or assets was financed with Excluded Contributions;

(13) (i) the declaration and payment of dividends on Designated Preferred Stock of the Issuer or any of its Restricted Subsidiaries issued after the Spin-Off Date; (ii) the declaration and payment of dividends to a Parent Entity in an amount sufficient to allow such Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Spin-Off Date; and (iii) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock; *provided*, *however*, that, in the case of clause (ii), the amount of dividends paid to a Person pursuant to such clause shall not exceed the cash proceeds received by the Issuer or the aggregate amount contributed in cash to the equity of the Issuer (other than through the issuance of Disqualified Stock or an Excluded Contribution of the Issuer), from the issuance or sale of such Designated Preferred Stock; *provided*, *further*, that, in the case of clauses (i) and (iii), for the most recently ended four fiscal quarters for which consolidated financial statements are available (which may, at the Issuer's election, be internal financial statements) immediately preceding the date of issuance of such Designated Preferred Stock or declaration of such dividends on such Refunding Capital Stock, after giving effect to such payment on a pro forma basis, the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the test set forth in Section 3.02(a);

(14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock of, or equity interests in, an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), or Indebtedness owed to the Issuer or a Restricted Subsidiary by an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), in each case, other than Unrestricted Subsidiaries, substantially all the assets of which are cash and Cash Equivalents or proceeds thereof;

(15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility;

(16) any Restricted Payment made in connection with the Transactions (including, for the avoidance of doubt, the Special Payment) and any fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related thereto, including Transaction Costs, or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);

(17) (i) Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of (a) $175.0 million and (b) 35.0% of LTM EBITDA at such time, and (ii) any Restricted Payments, so long as, (a) immediately after giving pro forma effect to the payment of any such Restricted Payment and the incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 2.10 to 1.00 and (b) no Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01(a) shall have occurred or be continuing;

(18) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(19) (i) the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Guarantor or the making of any Restricted Investment in an aggregate amount outstanding at the time made, taken together with all other redemptions, defeasances, repurchases, exchanges or other acquisitions or retirements of Subordinated Indebtedness or Restricted Investments made pursuant to this clause, not to exceed the greater of (a) $200.0 million and (b) 40.0% of LTM EBITDA at such time, and (ii), the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness or Restricted Investments of the Issuer or any Guarantor, so long as, (a) immediately after giving pro forma effect to the payment of any such Restricted Payment and the incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Net Leverage Ratio shall be no greater than 2.60 to 1.00 and (b) no Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01(a) shall have occurred or be continuing;

(20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a merger, amalgamation, consolidation or transfer of assets that complies with Section 4.01 hereof;

(21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this Section 3.03 if made by the Issuer; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment (or anytime following the closing of such Investment with respect to earn-out or

similar payments), (b) such Parent Entity shall, promptly following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired by or merged or consolidated with the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by Section 4.01) to consummate such Investment, (c) such Parent Entity 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 this Indenture, (d) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to the Available Amount Builder Basket, except to the extent the fair market value at the time of such receipt of such property exceeds the Restricted Payment made pursuant to this clause and (e) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this Section 3.03 (other than pursuant to Section 3.03(b)(12) hereof) or pursuant to the definition of "Permitted Investments" (other than pursuant to clause (12) thereof);

(22) investments or other Restricted Payments in an aggregate amount not to exceed an amount equal to the sum of Total Leverage Excess Proceeds and Declined Excess Proceeds;

(23) any Restricted Payment made in connection with a Permitted Intercompany Activity, Permitted Tax Restructuring or related transactions; and

(24) any Restricted Payment payable solely in the Capital Stock of any Parent Entity.

For purposes of determining compliance with this Section 3.03, in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in the clauses above, or is permitted pursuant to Section 3.03(a) and/or one or more of the clauses contained in the definition of "Permitted Investments," the Issuer will be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this Section 3.03, including as an Investment pursuant to one or more of the clauses contained in the definition of "Permitted Investments;" *provided* that any Restricted Payment permitted pursuant to any clause of Section 3.03(b) (other than clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable) shall automatically cease to be deemed permitted or outstanding for purposes of such clause of Section 3.03(b), as applicable, and shall automatically be deemed permitted for the purposes of clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable, from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Restricted Payment under clause (17)(ii) or (19)(ii) of Section 3.03(b), as applicable, without reliance on such other clause of Section 3.03(b); *provided, further*, that any Investment permitted pursuant to one of the clauses of the definition of "Permitted Investments" (other than clause (34)(y) thereof) shall automatically cease to be deemed permitted or outstanding for purposes of such clause of the definition of "Permitted Investments" and shall automatically be deemed permitted for the purposes of clause (34)(y) thereof from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Investment under clause (34)(y) of the definition of "Permitted Investments" without reliance on such other clause of such definition.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as applicable, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Issuer acting in good faith.

In connection with any commitment, definitive agreement or similar event relating to an Investment, the Issuer or the applicable Restricted Subsidiary may designate such Investment as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the "Election Date") if, after giving pro forma effect to such Investment and all related transactions in connection therewith and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to make such Investment on the relevant Election Date in compliance with this Indenture, and any related subsequent actual making of such Investment will be deemed for all purposes under this Indenture to have been made on such Election Date, including for purposes of calculating any ratio, compliance with any test, usage of any baskets hereunder (if applicable) and Consolidated EBITDA and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after the Election Date until the termination, expiration, passing, rescission, retraction or rescindment of such commitment, definitive agreement or similar event shall be made on a pro forma basis giving effect thereto and all related transactions in connection therewith); *provided* that the foregoing shall not limit the application of Section 1.04(e), to the extent applicable.

If the Issuer or a Restricted Subsidiary makes a Restricted Payment which at the time of the making of such Restricted Payment would in the good faith determination of the Issuer be permitted under the provisions of this Indenture, such Restricted Payment shall be deemed to have been made in compliance with this Indenture notwithstanding any subsequent adjustments made in good faith to the Issuer's financial statements affecting Consolidated Net Income or Consolidated EBITDA of the Issuer for any period.

For the avoidance of doubt, this Section 3.03 shall not restrict the making of, or dividends or other distributions in amounts sufficient to make, any "AHYDO catch-up payment" with respect to any Indebtedness of any Parent Entity, the Issuer or any of its Restricted Subsidiaries permitted to be incurred under this Indenture.

SECTION 3.04 Limitation on Restrictions on Distributions from Guarantors.

(a) From and after the Spin-Off Date, the Issuer shall not, and shall not permit any Guarantor to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Guarantor to pay dividends or make any other distributions on its Capital Stock; *provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 3.04(a) shall not prohibit:

(1) any encumbrance or restriction pursuant to (x) the Credit Agreement or (y) any Credit Facility or any other agreement or instrument, in each case, in effect at or entered into on the Spin-Off Date;

(2) any encumbrance or restriction pursuant to the Note Documents;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (4), if another Person is the Successor Company, any Subsidiary of such Person or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(5) any encumbrance or restriction:

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

(ii) contained in mortgages, pledges, charges or other security agreements permitted under this Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under this Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;

(iii) 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 or consistent with past practice; *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; or

(iv) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under this Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(7) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Issuer or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, equityholder agreements, joint venture agreements, organizational documents and other similar agreements and instruments;

(9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;

(11) any encumbrance or restriction pursuant to Hedging Obligations;

(12) other Indebtedness, Disqualified Stock or Preferred Stock of Non-Guarantors permitted to be incurred or issued subsequent to the Spin-Off Date pursuant to Section 3.02 that impose restrictions solely on the Non-Guarantors party thereto and/or their Subsidiaries;

(13) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Facility or Receivables Facility;

(14) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Spin-Off Date pursuant to Section 3.02 if (i) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than the encumbrances and restrictions contained in the Credit Agreement, together with the security documents associated therewith, or this Indenture as in effect on the Spin-Off Date or (ii) either (A) the Issuer determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (B) such encumbrance or restriction applies only during the continuance of a default in respect of a payment relating to such agreement or instrument;

(15) any encumbrance or restriction existing by reason of any lien permitted under Section 3.06;

(16) any encumbrance or restriction arising pursuant to the Transaction Documents; or

(17) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in the clauses above or this clause (17) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in the clauses above or this clause (17); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer).

SECTION 3.05 Limitation on Sales of Assets and Subsidiary Stock.

(a) From and after the Spin-Off Date, the Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as applicable, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), with a purchase price in excess of the greater of (x) $100.0 million and (y) 20.0% of LTM EBITDA, at least 75% of the consideration from such Asset Disposition, together with all other Asset Dispositions since the Spin-Off Date as to which this clause (2) applies (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as applicable, is in the form of cash or Cash Equivalents; *provided* that, for purposes of this clause (2), the following shall be deemed to be cash:

(i) the assumption by the transferee of Indebtedness or other liabilities (including by way of relief from, or by any other Person assuming responsibility for, any such Indebtedness or other liabilities, contingent or otherwise) of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) or the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(ii) securities, notes or other obligations or other property received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash and Cash Equivalents (to the extent of the cash or Cash Equivalents received), in each case, within 365 days following the closing of such Asset Disposition;

(iii) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that, immediately following such Asset Disposition, neither the Issuer nor any other Restricted Subsidiary guarantees the payment of such Indebtedness;

(iv) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Spin-Off Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(v) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of (x) $150.0 million and (y) 30.0% of LTM EBITDA, 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; and

(3) within 540 days from the later of (A) the date of such Asset Disposition and (B) the receipt of the Net Available Cash from such Asset Disposition (as may be extended by an Acceptable Commitment as set forth below, the "Proceeds Application Period"), an amount equal to the Applicable Percentage of such Net Available Cash (the "Applicable Proceeds") is applied, to the extent the Issuer or any Restricted Subsidiary, as applicable, elects:

(i) (a) to reduce, prepay, repay or purchase any Obligations under the Notes (at a price equal to or greater than the aggregate principal amount of notes purchased) or any other First Lien Obligations (and, in the case of revolving obligations, to correspondingly permanently reduce commitments with respect thereto); *provided*, *however*, that (x) to the extent that the terms of such First Lien Obligations (other than Additional Notes) require Applicable Proceeds to repay Obligations outstanding under such First Lien Obligations prior to the repayment of other First Lien Obligations, the Issuer or such Restricted Subsidiary shall be entitled to repay such Obligations prior to repaying Obligations under the Notes and (y) except as provided in the foregoing subclause (x), to the extent the Issuer or such Restricted Subsidiary so reduces any other First Lien Obligations, the Issuer will either (1) reduce Obligations under the Notes on a pro rata basis by, at its option, (A) redeeming notes as described under Section 5.07 or (B) purchasing notes through open market purchases at a price equal to or greater than the aggregate principal amount of notes purchased, or (2) make an offer (in accordance with the procedures set forth below for an Asset Disposition Offer) to all Holders to purchase their notes on a ratable basis with such other First Lien Obligations for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, thereon; (b) solely to the extent such Applicable Proceeds are not derived from an Asset Disposition of Collateral, to reduce any other Pari Passu Indebtedness; *provided* that if the Issuer or any Restricted Subsidiary shall so repay any Pari Passu Indebtedness other than the Notes, the Issuer will either (1) reduce Obligations under the Notes on a pro rata basis by, at its option, (A) redeeming notes as described under Section 5.07, or (B) purchasing notes through open market purchases at a price equal to or greater than the aggregate principal amount of notes purchased, or (2) make an offer (in accordance with the procedures set forth below for an Asset Disposition Offer) to all Holders to purchase their notes on a ratable basis with such other Pari Passu Indebtedness for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, thereon; or (c) to reduce, prepay, repay or purchase any Indebtedness of a Non-Guarantor (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that to the extent the Issuer or any Restricted Subsidiary makes an offer to reduce, prepay, repay or purchase any obligations pursuant to the foregoing clauses (a) through (c) at a price no less than 100% of the principal amount thereof, to the extent the relevant creditors do not accept such offering, the Issuer and the Restricted Subsidiaries will be deemed to have applied an amount of the Applicable Proceeds equal to such amount not so accepted in such offer, and such amount shall not increase the amount of Excess Proceeds (and such amount shall instead constitute Declined Excess Proceeds); *provided*, *however*, that, in connection with any reduction, prepayment, repayment or purchase of Indebtedness pursuant to this clause (i), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (other than obligations in respect of any asset-based credit facility to the extent the assets sold or otherwise disposed of in connection with such Asset Disposition constituted "borrowing base assets") to be reduced in an amount equal to the principal amount so reduced, prepaid, repaid or purchased;

(ii) (a) to invest (including capital expenditures) in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary); or (b) to invest (including capital expenditures) in any one or more businesses, properties or assets that replace the businesses, properties and/or assets

that are the subject of such Asset Disposition, with any such investment made by way of a capital or other lease valued at the present value of the minimum amount of payments under such lease (as reasonably determined by the Issuer); *provided*, *however*, that a binding agreement shall be treated as a permitted application of Applicable Proceeds from the date of such commitment with the good faith expectation that an amount equal to Applicable Proceeds will be applied to satisfy such commitment within 180 days after the end of such 540-day period (an "Acceptable Commitment") that such investment is completed;

(iii) to make any other Permitted Investment; or

(iv) any combination of the foregoing;

provided that (1) pending the final application of the amount of any such Applicable Proceeds pursuant to this Section 3.05, the Issuer or the applicable Restricted Subsidiaries may apply such Applicable Proceeds temporarily to reduce Indebtedness (including under the Credit Facilities) or otherwise apply such Applicable Proceeds in any manner not prohibited by this Indenture, and (2) the Issuer (or any Restricted Subsidiary, as applicable) may elect to invest in Additional Assets prior to receiving the Applicable Proceeds attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (ii) above with respect to such Asset Disposition.

If, with respect to any Asset Disposition, at the expiration of the Proceeds Application Period with respect to such Asset Disposition, there remains Applicable Proceeds in excess of the greater of (i) $125.0 million and (ii) 25.0% of LTM EBITDA (such amount of Applicable Proceeds that are equal to the greater of (i) $125.0 million and (ii) 25.0% of LTM EBITDA, "Declined Excess Proceeds," and such amount of Applicable Proceeds that are in excess of the greater of (i) $125.0 million and (ii) 25.0% of LTM EBITDA, "Excess Proceeds"), then subject to the limitations with respect to Foreign Dispositions set forth below, the Issuer shall make an offer (an "Asset Disposition Offer") no later than ten (10) Business Days after the expiration of the Proceeds Application Period to all Holders of Notes and, if required by the terms of any First Lien Obligations, to all holders of such Pari Passu Indebtedness, to purchase the maximum principal amount of such Notes and First Lien Obligations, as appropriate, on a pro rata basis, that may be purchased out of such Excess Proceeds, if any, at an offer price, in the case of the Notes, 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 (or such lesser price with respect to First Lien Obligations, if any, as may be provided by the terms of such other Indebtedness), to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in this Indenture and the agreement governing the First Lien Obligations, as applicable, in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof. Notices of an Asset Disposition Offer shall be sent by first-class mail or sent electronically, at least 10 days but not more than 60 days before the purchase date to each Holder of the Notes at such Holder's registered address, with a copy to the Trustee, or otherwise in accordance with the applicable procedures of DTC. The Issuer may satisfy the foregoing obligation with respect to the Applicable Proceeds by making an Asset Disposition Offer prior to the expiration of the Proceeds Application Period (the "Advance Offer") with respect to all or a part of the Applicable Proceeds (the "Advance Portion") in advance of being required to do so by this Indenture.

(b) To the extent that the aggregate amount (or accreted value, as applicable) of Notes and, if applicable, any other First Lien Obligations validly tendered or otherwise surrendered in connection with an Asset Disposition Offer made with Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) is less than the amount offered in an Asset Disposition Offer, the Issuer may include any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) in Declined Excess Proceeds, and use such Declined Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount (or accreted value, as applicable) of the Notes or, if applicable, First Lien Obligations validly tendered pursuant to any Asset Disposition Offer exceeds the amount of Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Issuer shall allocate the Excess Proceeds among the Notes and First Lien Obligations to be purchased on a pro rata basis on the basis of the aggregate principal amount (or accreted value, as applicable) of tendered Notes and First Lien Obligations; *provided* that no Notes or other First Lien Obligations will be selected and purchased in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Applicable Proceeds and Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash or Applicable Proceeds payable in respect of the Notes is denominated in a currency other than Dollars, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in Dollars that is actually received by the Issuer upon converting such portion into Dollars.

(c) Notwithstanding any other provisions of this Section 3.05, (i) to the extent that any of or all the Net Available Cash or Applicable Proceeds of any Asset Disposition is received or deemed to be received by a Non-U.S. Subsidiary (or a U.S. Subsidiary of a Non-U.S. Subsidiary) (a "Foreign Disposition") giving rise to a prepayment event described above is (x) prohibited, restricted or delayed by applicable local law, rule or regulation (including, without limitation, (a) financial assistance and corporate benefit restrictions and (b) fiduciary and statutory duties of any director or officer of such Subsidiaries), (y) restricted by applicable organizational documents or any agreement or (z) subject to other onerous organizational or administrative impediments, in each case, from being repatriated or otherwise paid to the Issuer or so prepaid, or such repatriation or payment or prepayment would present a material risk of liability for the applicable Subsidiary or its directors or officers (or gives rise to a material risk of breach of fiduciary or statutory duties by any director or officer), an amount equal to the portion of such Net Available Cash so affected will not be required to be applied in compliance with this Section 3.05; and (ii) to the extent that the Issuer has determined in good faith that repatriation of any of or all the Net Available Cash of any Foreign Disposition could have an adverse Tax consequence (which for the avoidance of doubt, includes, but is not limited to, any prepayment out of such Net Available Cash whereby doing so the Issuer, any of its Subsidiaries, any Parent Entity or any of their respective affiliates and/or equity owners would incur a Tax liability, including a taxable dividend) (as determined by the Issuer), an amount equal to the Net Available Cash so affected will not be required to be applied in compliance with this Section 3.05. The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default.

(d) To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of this Indenture, the Issuer shall not be deemed to have breached its obligations described in this Indenture by virtue of compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

(e) The provisions of this Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be amended, supplemented, waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

SECTION 3.06 Limitation on Liens. From and after the Spin-Off Date, the Issuer shall not, and shall not permit any Guarantor to, directly or indirectly, create, incur or permit to exist any Lien (except Permitted Liens) (each, an "Initial Lien") that secures obligations under any Indebtedness, on any asset or property of the Issuer or any Guarantor, except, in the case of any assets that do not constitute Collateral, any Initial Lien if the Notes and related Guarantees are secured equally and ratably on any such assets or property of the Issuer or any Guarantor with (or prior to) such Indebtedness secured by such Lien, except that the foregoing shall not apply to Liens securing the Notes and the related Guarantees.

Any Lien created for the benefit of the Holders pursuant to the last clause of the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

With respect to any Lien that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

SECTION 3.07 Limitation on Guarantees.

(a) From and after the Spin-Off Date, the Issuer shall not permit any of its Wholly Owned Subsidiaries that are Restricted Subsidiaries, other than a Guarantor or an Excluded Subsidiary, to incur Indebtedness for borrowed money under or Guarantee the payment of (i) any syndicated Credit Facility of the Issuer or any other Subsidiary Guarantor incurred pursuant to Section 3.02(b)(1) or (ii) capital markets debt securities of the Issuer or any other Subsidiary Guarantor, in each case, in a principal amount in excess of the greater of $150.0 million and 10.0% of LTM EBITDA, unless:

(1) such Restricted Subsidiary within ninety (90) days executes and delivers a supplemental indenture to this Indenture substantially in the form attached hereto as Exhibit B providing for a Guarantee by such Restricted Subsidiary (together with such Notes Security Documents, or amendments or supplements thereto and such other documentation as shall be necessary to provide for valid and perfected Liens on such Restricted Subsidiary's assets of the type constituting Collateral to secure such Guarantee on the terms described under Article XII), 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 or such Guarantor's Guarantee of the Notes; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee until payment in full of Obligations under this Indenture;

provided that this Section 3.07 shall not be applicable (i) to any Indebtedness or guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, or (ii) in the event that the Guarantee of the Issuer's obligations under the Notes or this Indenture by such Subsidiary would not be permitted under applicable law.

(b) The Issuer may elect, in its sole discretion, to cause or allow, as the case may be, any Subsidiary of the Issuer or any of its Parent Entities that is not otherwise required to be a Guarantor to become a Guarantor, in which case, (i) such Subsidiary or Parent Entity shall not be required to comply with the 90-day period described in Section 3.07(a) and (ii) such Guarantee may be released at any time in the Issuer's sole discretion so long as any Indebtedness of such Subsidiary then outstanding could have been incurred by such Subsidiary (either (x) when so incurred or (y) at the time of the release of such Guarantee) and such Subsidiary is not otherwise required to be a Guarantor at the time of such release accordance with the provisions above.

(c) If any Guarantor becomes an Immaterial Subsidiary, the Issuer shall have the right, by delivery of a supplemental indenture executed by the Issuer to the Trustee and the Notes Collateral Agent, to cause such Immaterial Subsidiary to automatically and unconditionally cease to be a Guarantor (and any Liens on its assets securing such Guarantee to be automatically and unconditionally released), subject to the requirement described in Section 3.07(a) above that such Subsidiary shall be required to become a Guarantor if it ceases to be an Immaterial Subsidiary (except that if such Subsidiary has been properly designated as an Unrestricted Subsidiary it shall not be so required to become a Guarantor or execute a supplemental indenture); *provided* that such Immaterial Subsidiary shall not be permitted to Guarantee the Credit Agreement or other Indebtedness of the Issuer or the other Guarantors, unless it again becomes a Guarantor.

(d) Each such Guarantee shall also be released in accordance with the provisions of this Indenture described under Article X.

SECTION 3.08 Limitation on Affiliate Transactions.

(a) From and after the Spin-Off Date, the Issuer shall not, and shall not permit any Restricted Subsidiary to enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "Affiliate Transaction") involving value in excess of the greater of (i) $25.0 million and (ii) 5.0% of LTM EBITDA unless:

(1) the terms of such Affiliate Transaction, taken as a whole, are not materially less favorable to the Issuer or such Restricted Subsidiary, as applicable, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (i) $75.0 million and (ii) 15.0% of LTM EBITDA, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this Section 3.08(a) if such Affiliate Transaction is approved by a majority of the Disinterested Directors of the Issuer, if any.

(b) The provisions of Section 3.08(a) above shall not apply to:

(1) any Restricted Payment or other transaction permitted to be made or undertaken pursuant to Section 3.03 (including Permitted Payments) or any Permitted Investment;

(2) any issuance, transfer or sale of (a) Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise to any Parent Entity or future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any of its Subsidiaries or any of its Parent Entities and (b) directors' qualifying shares and shares issued to foreign nationals as required under applicable law;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) (a) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) any merger, amalgamation or consolidation with any Parent Entity, *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, amalgamation or consolidation is otherwise not prohibited under this Indenture;

(5) the payment of compensation, fees, costs, reimbursements and expenses to, and indemnities (including under insurance policies) and reimbursements, employment and severance arrangements, and employee benefit and pension expenses provided on behalf of, or for the benefit of, future, current or former employees, directors, officers, managers, contractors, consultants, distributors or advisors (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through their Controlled Investment Affiliates or Immediate Family Members);

(6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Spin-Off Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 3.08 or to the extent not disadvantageous in any material respect in the reasonable determination of the Issuer to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Spin-Off Date;

(7) any transaction effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or acquisition of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;

(8) transactions with customers, vendors, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to the Issuer or its Restricted Subsidiaries, in the reasonable determination of the Issuer, or are on terms, taken as a whole, that are not materially less favorable as might reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary (or any entity that becomes a Restricted Subsidiary as a result of such transaction) or joint venture (regardless of the form of legal entity) in which the Issuer or any Subsidiary has invested (and which Subsidiary or joint venture would not be an Affiliate of the Issuer but for the Issuer's or a Subsidiary's ownership of Equity Interests in such joint venture or Subsidiary);

(10) any issuance, sale or transfer of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer, any Parent Entity or any of its Restricted Subsidiaries or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary;

(11) [reserved];

(12) [reserved];

(13) the Transactions and the payment of all fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related to the Transactions, including Transaction Costs;

(14) transactions in which the Issuer or any Restricted Subsidiary, as applicable, 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 meets the requirements of Section 3.08(a)(1);

(15) the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under the terms of, any equityholders, investor rights or similar agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Spin-Off Date and any similar agreement that it (or any Parent Entity) may enter into thereafter; *provided* that the existence of, or the performance by the Issuer or any Restricted Subsidiary (or any Parent Entity) of its obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Spin-Off Date will only be permitted under this clause to the extent that the terms of any such amendment or new agreement are not otherwise, when taken as a whole, more disadvantageous to the Holders in any material respect in the reasonable determination of the Issuer than those in effect on the Spin-Off Date;

(16) any purchases by Affiliates of the Issuer of Indebtedness or Disqualified Stock of the Issuer or any of the Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not Affiliates of the Issuer; *provided* that such purchases by Affiliates of the Issuer are on the same terms as such purchases by such Persons who are not Affiliates of the Issuer;

(17) (i) investments by Affiliates in securities or loans of the Issuer or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses incurred by such Affiliates in connection therewith) so long as the investment is being offered by the Issuer or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms and (ii) payments to Affiliates in respect of securities or loans of the Issuer or any of its Restricted Subsidiaries contemplated in the foregoing subclause (i) or that were acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;

(18) payments by any Parent Entity, the Issuer or its Subsidiaries pursuant to any tax sharing agreements or other agreements in respect of Permitted Tax Amounts among any such Parent Entity, the Issuer and/or its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries;

(19) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any of its Parent Entities pursuant to any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement with any such employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the Issuer in good faith;

(20) any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement between the Issuer or its Restricted Subsidiaries and any distributor, employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) approved by the reasonable determination of the Issuer or entered into in connection with the Transactions;

(21) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any Restricted Subsidiary permitted under Section 3.05 or entered into with any Business Successor, in each case, that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions;

(22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described in Section 3.20 and pledges of Capital Stock of Unrestricted Subsidiaries;

(23) (i) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer, as lessor and (ii) any operational services or other arrangement entered into between the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer, in each case, which is approved by the reasonable determination of the Issuer;

(24) intellectual property licenses and research and development agreements in the ordinary course of business or consistent with past practice;

(25) payments to or from, and transactions with, any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements or activities related thereto);

(26) the payment of fees, costs and expenses related to registration rights and indemnities provided to equityholders pursuant to equityholders, investor rights, registration rights or similar agreements;

(27) transactions undertaken in the ordinary course of business pursuant to membership in a purchasing consortium; and

(28) Permitted Intercompany Activities, Permitted Tax Restructurings, Intercompany License Agreements and related transactions.

In addition, if the Issuer or any of its Restricted Subsidiaries (i) purchases or otherwise acquires assets or properties from a Person which is not an Affiliate, the purchase or acquisition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties acquired shall not be deemed an Affiliate Transaction (or cause such purchase or acquisition by the Issuer or such Restricted Subsidiary to be deemed an Affiliate Transaction) or (ii) sells or otherwise disposes of assets or other properties to a Person who is not an Affiliate, the sale or other disposition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties sold shall not be deemed an Affiliate Transaction (or cause such sale or other disposition by the Issuer or such Restricted Subsidiary to be deemed an Affiliate Transaction).

SECTION 3.09 Change of Control.

(a) If a Change of Control occurs, unless a third party makes a Change of Control Offer or the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as set forth under Section 5.07, the Issuer shall 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 applicable date of repurchase; *provided* that if the repurchase date is on or after the record date and on or before the corresponding interest payment date, then Holders in whose names the Notes are registered at the close of business on such record date will receive the interest due on the repurchase date. Within 30 days following any Change of Control, the Issuer shall deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of DTC or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of DTC, with the following information:

(1) a description of the transaction or transactions that constitute the Change of Control;

(2) that a Change of Control Offer is being made pursuant to this Section 3.09, and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(3) the purchase price and the purchase date, which will be no earlier than 10 days and no later than 60 days from the date such notice is delivered (the "Change of Control Payment Date"), except in the case of a conditional Change of Control Offer as described below;

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

(5) 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;

(6) 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 applicable 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, or otherwise comply with DTC procedures;

(7) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the applicable Paying Agent receives, not later than the close of business on the second Business Day prior to the expiration date of the Change of Control Offer, a telegram, 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, or otherwise comply with DTC procedures;

(8) that Holders 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 $2,000 or any integral multiple of $1,000 in excess of $2,000;

(9) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control; and

(10) the other instructions, as determined by the Issuer, consistent with this Section 3.09, that a Holder must follow.

The applicable Paying Agent will promptly deliver to each Holder of the Notes tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid on the Change of Control Payment Date to the Person in whose name a Note is registered at the close of business on such record date.

(b) 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 applicable 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.

(c) The Issuer will not be required to make a Change of Control Offer following a Change of Control if (x) 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 this 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 or (y) a notice of redemption of all outstanding Notes has been given pursuant to Section 5.07 hereof unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied.

(d) Notwithstanding anything to the contrary in this Section 3.09, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, on analogous terms as those described in the penultimate paragraph of Section 5.03.

(e) [Reserved]

(f) While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes through the facilities of DTC, subject to its rules and regulations.

(g) The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws, rules and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws, rules or regulations conflict with the provisions of this Indenture, the Issuer shall be deemed to have breached its obligations described in this Indenture by virtue of compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

(h) The provisions of this 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 amended, supplemented, waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

SECTION 3.10 Reports.

(a) From and after the Spin-Off Date, the Issuer shall furnish to the Trustee, within 15 days after the time periods specified below:

(1) within 125 days after the end of each fiscal year (or 150 days with respect to the first fiscal year for which annual financial statements are required to be delivered pursuant to this clause (1)) (or if such day is not a Business Day, on the next succeeding Business Day) of the Issuer, a consolidated balance sheet of the Issuer and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case, starting with the second fiscal year for which annual financial statements are required to be delivered pursuant to this clause (1), in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of any independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards; and

(2) within 65 days (or 75 days with respect to each of the first three fiscal quarters for which quarterly financial statements are required to be delivered pursuant to this clause (2)) after the end of each of the first three fiscal quarters of each fiscal year of the Issuer (or if such day is not a Business Day, on the next succeeding Business Day), a consolidated balance sheet of the Issuer and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the fiscal year then ended, setting forth in each case, starting only with the first delivery required to be made pursuant to this clause (2) which occurs after a full year of financial statements have previously been delivered pursuant to clauses (1) and (2), in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail in accordance with GAAP;

in each case, except as described above or below and subject to exceptions consistent with the presentation of information in the Offering Memorandum; *provided*, *however*, that the Issuer shall not be required to (A) provide (i) segment reporting and disclosure (including any required by FASB Accounting Standards Codification Topic 280), (ii) separate financial statements or other information contemplated by Rules 3-05, 3-09, 3-10, 3-16, Rule 13-01 and Rule 13-02 or 4-08of Regulation S-X (or any successor provisions) or any schedules required by Regulation S-X, (iii) information required by Regulation G under the Exchange Act or Item 10, Item 302, Item 402 or Item 601 of Regulation S-K (or any successor provision), (iv) XBRL exhibits, (v) earnings per share information, (vi) information regarding executive compensation and related party disclosure related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, (vii) other information customarily excluded from an offering memorandum, including any information that is not otherwise of the type and form currently included in the Offering Memorandum relating to the Notes, (viii) purchase accounting adjustments relating to the Transactions or any other transactions permitted under this Indenture to the extent it is not practicable to include any such adjustments in such financial statements and (ix) following the consummation of an acquisition in the applicable period or the period thereafter, the obligations in clauses (1) and (2) above, with respect to the target of such acquisition may be satisfied by, at the option of the Issuer, (x) furnishing management accounts for the target of such acquisition or (y) omitting the target of such acquisition from the required financial statements of the Issuer and its Subsidiaries for the applicable period and the period thereafter or (B) (i) comply with Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002, as amended, or (ii) otherwise furnish any information, certificates or reports required by Items 307 or 308 of Regulation S-K (or any successor provision).

(3) To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured; *provided* that such cure shall not otherwise affect the rights of the Holders under Section 6.01 if Holders of at least 30% in principal amount of the outstanding Notes have declared the principal, premium, if any, interest and any other monetary obligations on all the outstanding notes to be due and payable immediately and such declaration shall not have been rescinded or cancelled prior to such cure.

(b) The Issuer shall furnish to Holders and to securities analysts and prospective investors, upon their request, the information of the Issuer required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Substantially concurrently with the furnishing or making of such information available to the Trustee pursuant to Section 3.10(a), the Issuer shall also use its commercially reasonable efforts to post copies of such information required by the immediately preceding paragraph

on a website (which may be nonpublic and may be maintained by the Issuer, its Subsidiaries or a third party) to which access will be given to Holders, bona fide prospective investors in the Notes (which prospective investors may be limited to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act or Non-U.S. Persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Issuer), and securities analysts (to the extent providing analysis of an investment in the Notes) and market making financial institutions that are reasonably satisfactory to the Issuer who agree to treat such information and reports as confidential; *provided* that the Issuer or its Subsidiaries, as applicable, may deny access to any competitively-sensitive information and reports otherwise to be provided pursuant to this covenant to any person that is a competitor of the Issuer and its Subsidiaries to the extent that the Issuer determines in good faith that the provision of such information and reports to such Person would be competitively harmful to the Issuer and its Subsidiaries. The Issuer may condition the delivery of any such reports on the agreement of such Persons to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports (and the information contained therein) and information for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein) and information.

(d) If the Issuer has designated any of its Subsidiaries as an Unrestricted Subsidiary, and such Unrestricted Subsidiary would, if taken as a whole with all other Unrestricted Subsidiaries, constitute a Material Subsidiary, then the annual and quarterly information required by Section 3.10(a)(1) and (a)(2) shall include a presentation, either on the face of the financial statements or in footnotes thereto, to reflect the adjustments which would be necessary to eliminate the accounts of Unrestricted Subsidiaries from such financial statements (and which presentation, for the avoidance of doubt, need not be audited).

(e) The Issuer may satisfy its obligations pursuant to this Section 3.10 with respect to financial information relating to the Issuer by furnishing financial information relating to a Parent Entity; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such Parent Entity (and other Parent Entities included in such information, if any), on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand. For the avoidance of doubt, the consolidating information referred to in the proviso in the preceding sentence need not be audited.

(f) Notwithstanding anything to the contrary set forth in this Section 3.10, (i) if the Issuer or any Parent Entity has furnished to the Holders of Notes the reports described in this Section 3.10 with respect to the Issuer or any Parent Entity, the Issuer shall be deemed to be in compliance with the provisions of this Section 3.10 and (ii) the Issuer will be deemed to have furnished the reports referred to in this covenant to the Trustee and the holders if the Issuer has filed such reports or other reports or filings which contain the information contemplated herein with the SEC via the EDGAR filing system (or any successor thereto) and such reports are publicly available.

(g) The Trustee shall have no duty to determine whether any filings or postings described in this Section 3.10 have been made.

(h) Delivery of reports, information and documents to the Trustee under this Indenture is for informational purposes only and the information and the Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein, or determinable from information contained therein including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate). The Trustee shall have no duty to review or analyze such reports, information or documents. The Trustee shall have no liability or responsibility for the filing, timeliness or content of any such reports, information or documents, and the Trustee shall have no duty to participate in or monitor any conference calls.

SECTION 3.11 [Reserved].

SECTION 3.12 Maintenance of Office or Agency.

The Issuer will maintain an office or agency where the Notes may be presented or surrendered for payment where, if applicable, the Notes may be surrendered for registration of transfer or exchange. The corporate trust office of the Trustee, which initially shall be located at 333 Thornall Street, Edison, NJ 08837, Attention: Mark DiGiacomo, shall be such office or agency of the Issuer, unless the Issuer shall designate and maintain some other office or agency for one or more of such purposes. The Issuer will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders may be made or served at the corporate trust office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations and surrenders.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency. No office of the Trustee shall be an office or agency of the Issuer for the purposes of service of legal process on the Issuer or any Guarantor.

SECTION 3.13 After-Acquired Collateral.

From and after the Spin-Off Date, subject to the Perfection Exceptions and the terms of the First Lien Pari Passu Intercreditor Agreement, if the Issuer or any Subsidiary Guarantor creates or perfects any additional security interest upon any property or assets (other than Excluded Property) of such Person to secure any First Lien Obligations, it shall concurrently grant and perfect a first-priority perfected security interest (subject to Permitted Liens) in such property as security for the Notes with the priority required by this Indenture and the Notes Security Documents.

SECTION 3.14 Spin-Off Date Transaction Deliverables.

On the Spin-Off Date, each of the Subsidiaries of the Issuer that is required to guarantee the obligations under the Credit Agreement on or in connection with the Spin-Off Date shall execute and deliver to the Trustee the Supplemental Indenture. On the Spin-Off Date, pursuant to this Section 3.14, each of the Issuer and the Subsidiary Guarantors shall (x) enter into the Notes Security Documents to which it is a party defining the terms of the security interests that secure the Notes and the Subsidiary Guarantees and (y) use commercially reasonable efforts to perfect all security interests in the Collateral, with respect to the Issuer and the Subsidiary Guarantors, on the Spin-Off Date, subject to certain exceptions below and in the Notes Security Documents (including the Perfection Exceptions).

On the Spin-Off Date (but subject to the immediately following paragraph), the Issuer shall deliver to the Trustee and/or the Notes Collateral Agent, as applicable, all of the following, each of which shall be originals or facsimiles or “pdf” files unless otherwise specified, each properly executed by a responsible officer of the signing Person, each dated as of a date that is no later than the Spin-Off Date (or, in the case of certificates of governmental officials, as of a recent date before such date), each accompanied by their respective required schedules and other attachments (and set forth thereon shall be all required information with respect to the Issuer and its Subsidiaries, giving effect to the Transactions):

(a) a perfection certificate;

(b) the First Lien Pari Passu Intercreditor Agreement;

(c) the Security Agreement, duly executed by the Issuer and each Subsidiary Guarantor;

(d) copies of proper financing statements, filed or duly prepared for filing by the Issuer and each Subsidiary Guarantor under the Uniform Commercial Code of each applicable jurisdiction;

(e) an Intellectual Property Security Agreement, duly executed by the Notes Collateral Agent and the Issuer or each Subsidiary Guarantor that owns intellectual property that is required to be pledged in accordance with the Security Agreement;

(f) the results of Uniform Commercial Code (or equivalent) filings, intellectual property lien searches, and tax and judgment lien searches made with respect to the Issuer and each Subsidiary Guarantor in the jurisdictions contemplated by the perfection certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence that the liens indicated by such financing statements (or similar documents) are permitted by this Indenture;

(g) insurance certificates and endorsements naming the Notes Collateral Agent as additional insured or loss payee, as applicable; and

(h) a customary intercompany subordination agreement and such customary documents, legal opinions and certifications (including organization documents and, if applicable, good standing certificates or certificates of status) in connection with the foregoing, in each case, consistent with those delivered pursuant to the corresponding provision of the Credit Agreement.

Notwithstanding the foregoing, in the case of clauses (f), (g) and (h) of this Section 3.14, to the extent that pursuant to the corresponding provision of the Credit Agreement, such deliverable is not required pursuant to the Credit Agreement to be delivered on the Spin-Off Date (whether pursuant to the terms thereof, or as a result of any determination made thereunder, or by amendment, waiver or otherwise), the foregoing clauses (f), (g) or (h) of this Section 3.14 shall be deemed modified such that such deliverable shall not be required to be made under this Indenture unless and until required under the Credit Agreement.

SECTION 3.15 [Reserved].

SECTION 3.16 Compliance Certificate. The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year of the Issuer an Officer's Certificate, the signer of which shall be the principal executive officer, principal financial officer, principal accounting officer, principal legal officer, secretary or treasurer of the Issuer, stating that in the course of the performance by the signer of his or her duties as an Officer of the Issuer he or she would normally have knowledge of any Default or Event of Default and whether or not the signer knows of any Default or Event of Default that occurred during the previous fiscal year; *provided* that no such Officer's Certificate shall be required for any fiscal year ended prior to the Spin-Off Date. If such Officer does have such knowledge, the certificate shall describe the Default or Event of Default, its status and the action the Issuer is taking or proposes to take with respect thereto.

SECTION 3.17 Further Instruments and Acts. Upon request of the Trustee or as necessary to comply with future developments or requirements, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 3.18 [Reserved].

SECTION 3.19 Statement by Officers as to Default. The Issuer shall deliver to the Trustee, within 30 days after the Issuer becomes aware of the occurrence of any Default or Event of Default, an Officer's Certificate setting forth the details of such Default or Event of Default, its status and the actions which the Issuer is taking or proposes to take with respect thereto. The Trustee will not be deemed to have knowledge of any Defaults or Events of Default unless a Responsible Officer of the Trustee has obtained actual knowledge thereof.

SECTION 3.20 Designation of Restricted and Unrestricted Subsidiaries. The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause an Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01(a). If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments pursuant to Section 3.03 hereof or under one or more clauses of the definition of "Permitted Investments," as determined by the Issuer. Such designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if such redesignation would not cause an Event of Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions and was not prohibited by Section 3.03 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness and Liens of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness or Liens are not permitted to be incurred as of such date by Section 3.02 or Section 3.06 hereof, the Issuer will be in default of such covenant.

The Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness and Liens by a Restricted Subsidiary of any outstanding Indebtedness and Liens of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 3.02 hereof (including pursuant to Section 3.02(b)(5) treating such redesignation as an acquisition for the purpose of such clause) and Section 3.06 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Event of Default described in clauses (1), (2), (7) or (8) of Section 6.01(a) would be in existence following such designation. Any such designation by the Issuer shall be evidenced to the Trustee by delivering to the Trustee an Officer's Certificate certifying that such designation complies with the preceding conditions.

SECTION 3.21 Suspension of Certain Covenants on Achievement of Investment Grade Status

(a) Following the first day following the Spin-Off Date that (i) the Notes have achieved Investment Grade Status and (ii) no Default or Event of Default has occurred and is continuing under this Indenture (the occurrence of the events described in the foregoing clause (i) and this clause (ii) being collectively referred to as a "Covenant Suspension Event"), then, beginning on that day and continuing until the Reversion Date (such period of time between the date of occurrence of a Covenant Suspension Event and the Reversion Date, "Suspension Period"), the Issuer and its Restricted Subsidiaries will not be subject to Sections 3.02, 3.03, 3.04, 3.05, 3.07, 3.08 and 4.01(a)(3) (collectively, the "Suspended Covenants").

(b) If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants shall thereafter be reinstated as if such covenants had never been suspended (the "Reversion Date") and be applicable pursuant to the terms of this Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of this Indenture), unless and until the Notes subsequently attain Investment Grade Status and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture, the Notes or the Note Guarantees with respect to the Suspended Covenants based on, and none of the Issuer or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period.

(c) On the Reversion Date, all Indebtedness incurred during the Suspension Period will be deemed to have been outstanding on the Spin-Off Date, so that it is classified as permitted under Section 3.02(b)(4)(b). On and after the Reversion Date, all Liens created during the Suspension Period will be considered Permitted Liens pursuant to clause (11) of such definition. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under Section 3.03(a).

(d) On the Reversion Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Spin-Off Date, so that it is classified as permitted under Section 3.08(b)(6). Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in Section 3.04(a) that becomes effective during the Suspension Period will be deemed to have existed on the Spin-Off Date, so that it is classified as permitted under Section 3.04(b)(1).

(e) All obligations to grant Note Guarantees (including any such future obligations) shall be reinstated upon the Reversion Date, and within the time frame required under Section 3.07, the Issuer must comply with the terms of the covenant described under Section 3.07.

(f) As described above, however, no Default, Event of Default or breach of any kind shall be deemed to have occurred on the Reversion Date as a result of any actions taken or the continuance of any circumstances resulting from actions taken or the performance of obligations under agreements entered into by the Issuer or any of the Restricted Subsidiaries during the Suspension Period (other than agreements to take actions after the Reversion Date that would not be permitted outside of the Suspension Period entered into in contemplation of the Reversion Date).

(g) On and after each Reversion Date, the Issuer and any of 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.

(h) The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or of the occurrence of a Reversion Date or to independently determine or verify if such events have occurred.

ARTICLE IV

SUCCESSOR COMPANY

SECTION 4.01 Merger and Consolidation.

(a) From and after the Spin-Off Date, the Issuer shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions, to any Person, unless:

(1) the Issuer is the surviving Person or the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized or existing under the laws of an Applicable Jurisdiction and the Successor Company (if not the Issuer) will expressly assume all the obligations of the Issuer under the Notes, this Indenture and the Notes Security Documents pursuant to supplemental indentures or other documents and instruments;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the applicable Successor Company or any Subsidiary of the applicable Successor Company as a result of such transaction as having been incurred by the applicable Successor Company or such Subsidiary at the time of such transaction), no Event of Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, either (a) the applicable Successor Company or the Issuer would be able to incur at least an additional $1.00 of Indebtedness pursuant to Section 3.02(a) hereof, (b) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction or (c) the Consolidated Total Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be higher than it was immediately prior to giving effect to such transactions; and

(4) 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 indenture (if any) comply with this Indenture and an Opinion of Counsel stating that such supplemental indenture (if any) is a legal and binding agreement enforceable against the Successor Company; *provided* that, in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

(b) [Reserved].

(c) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and this Indenture, and the Issuer will automatically and unconditionally be released and discharged from its obligations under the Notes and this Indenture.

(d) Notwithstanding any other provision of this Section 4.01, (i) the Issuer may consolidate or otherwise combine with or merge into or transfer all or substantially all or part of its properties and assets to one or more Guarantors, (ii) the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer, (iii) the Issuer may complete any Permitted Tax Restructuring, (iv) the Issuer may consolidate or otherwise combine with or merge into or transfer all or substantially all or part of its properties and assets to any Person in connection with the Transactions and (v) any Permitted Investment and/or permitted disposition may be structured as a merger, consolidation or amalgamation.

(e) The foregoing provisions shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary. For the avoidance of doubt, notwithstanding anything else contained herein, any LLC Conversion shall be permitted under this Indenture.

(f) Subject to Section 10.02(b), on and following the Spin-Off Date, no Guarantor may consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets, in one transaction or a series of related transactions, to any Person, unless:

(1)(a) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction; or either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all the obligations of the Guarantor under its Note Guarantee, the Notes Security Documents and this Indenture; and

(b) immediately after giving effect to the transaction, no Event of Default shall have occurred and be continuing; or

(2) the transaction constitutes a sale, disposition or transfer of the Guarantor or the conveyance, transfer or lease of all or substantially all of the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by this Indenture.

Notwithstanding any other provision of this Section 4.01, any Guarantor may (a) consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (b) consolidate or otherwise combine with or merge into an Affiliate (i) organized or existing under the laws of an Applicable Jurisdiction or (ii) incorporated or organized for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor, (c) 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 Guarantor, (d) 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, (e) complete any Permitted Tax Restructuring, (f) consolidate or otherwise combine with, merge into or otherwise transfer all or party of its properties and assets to (upon voluntary liquidation or otherwise) any Person if (x) such transaction is undertaken in good faith to improve the tax efficiency of any Parent Entity, the Issuer and/or any of its Subsidiaries and (y) after giving effect to such transaction, the value of the Guarantees, taken as a whole, is not materially impaired (as determined in good faith by the Issuer), (g) consolidate or otherwise combine with or merge into any Person in connection with the Transactions and (h) consolidate with or merge with or into, or transfer all or part of its properties and assets to, any Person in connection with any Permitted Investment and/or permitted disposition. Notwithstanding anything to the contrary in this Section 4.01, the Issuer may contribute Capital Stock of any or all of its Subsidiaries to any Guarantor.

A sale, lease or other disposition by the Issuer of any part of its assets shall not be deemed to constitute the sale, lease or other disposition of substantially all of its assets for purposes of this Indenture if the fair market value of the assets retained by the Issuer exceeds 100.0% of the aggregate principal amount of all outstanding Notes and any other outstanding Indebtedness of the Issuer that ranks equally with, or senior to, the Notes with respect to such assets. Such fair market value may, at the election of the Issuer, be established by the delivery to the Trustee of an independent expert's certificate stating the independent expert's opinion of such fair market value as of a date not more than 90 days before or after such sale, lease or other disposition. This paragraph is not intended to limit the Issuer's sales, leases or other dispositions of less than substantially all of its assets.

Any reference herein to a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, limited partnership or trust, or an allocation of assets to a series of a limited liability company, limited partnership or trust (or the unwinding of such a division or allocation), as if it were a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company, limited partnership or trust shall constitute a separate Person hereunder (and each division of any limited liability company, limited partnership or trust that is a Subsidiary, Restricted Subsidiary, Unrestricted Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

Notwithstanding any other provision of this Section 4.01, this Section 4.01 will not apply to the Transactions.

ARTICLE V

REDEMPTION OF SECURITIES

SECTION 5.01 Notices to Trustee. Except with respect to a Special Mandatory Redemption pursuant to Section 5.09 hereof, if the Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 5.07 hereof, it must furnish to the Trustee, at least 10 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

(1) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are to be redeemed;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price.

Any optional redemption referenced in such Officer's Certificate may be cancelled by the Issuer at any time prior to notice of redemption being sent to any Holder and thereafter shall be null and void.

SECTION 5.02 Selection of Notes to Be Redeemed or Purchased. If less than all of the Notes are to be redeemed or purchased pursuant to Section 5.07, Section 3.05 or Section 5.09, as applicable, the Trustee will select Notes for redemption or purchase (a) in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and otherwise in compliance with the requirements of DTC, or (b) if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC or DTC prescribes no method of selection, on a pro rata basis or by lot (subject to adjustments to maintain the authorized Notes denomination requirements and to any applicable policies and procedures of DTC), except if otherwise required by law.

In the event of partial redemption, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 10 days nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase; *provided* that the Issuer shall provide the Trustee with sufficient notice of such partial redemption to enable the Trustee to select the Notes for partial redemption.

The Trustee will promptly notify the Issuer in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in minimum principal amounts of $2,000 and whole multiples of $1,000 in excess of $2,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not in a minimum principal amount of $2,000 or a multiple of $1,000 in excess thereof, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

SECTION 5.03 Notice of Redemption. Except with respect to a Special Mandatory Redemption pursuant to Section 5.09 hereof, at least 10 days but not more than 60 days before the redemption date, the Issuer will send or cause to be sent, by electronic delivery or by first-class mail postage prepaid, a notice of redemption to each Holder (with a copy to the Trustee) whose Notes are to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of DTC, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles VIII or XI hereto. Other than the timing, notices of a Special Mandatory Redemption shall be given to Holders in the same manner as notices of redemption.

The notice will identify the Notes (including the CUSIP or ISIN number) to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuer's request, the Trustee will give the notice of redemption in the Issuer's name and at its expense; *provided*, *however*, that the Issuer has delivered to the Trustee, at least three (3) Business Days (or if any of the Notes to be redeemed are in definitive form, five (5) Business Days) prior to the date on which the notice of redemption is to be sent (or such shorter period as the Trustee may agree), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph (which may be the Officer's Certificate referenced in Section 5.01).

The Issuer may redeem the Notes pursuant to one or more of the relevant provisions of this Indenture, and a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions may have different redemption dates or may specify the order in which redemptions taking place on the same redemption date are deemed to occur.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an incurrence of Indebtedness, a Change of Control or other transaction) and any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so 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 may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, 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 (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date as so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

SECTION 5.04 [Reserved].

SECTION 5.05 Deposit of Redemption or Purchase Price. Prior to 11:00 a.m. New York City time on the redemption or purchase date, the Issuer will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return, on or following the applicable redemption or repurchase date, to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest, if any, on all Notes to be redeemed or purchased.

If the Issuer complies with the provisions of the preceding paragraph, on and after the applicable redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after a record date but before the corresponding interest payment date, then any accrued and unpaid interest, if any, to, but excluding, the redemption date or purchase date shall be paid on the applicable redemption date or purchase date to the Person in whose name such Note was registered at the close of business on such record date in accordance with the applicable procedures of DTC. If any Note called for redemption or purchase is not so paid upon

surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 3.01 hereof.

SECTION 5.06 Notes Redeemed or Purchased in Part. Upon surrender of a Note issued in physical form that is redeemed or purchased in part, the Issuer will issue and the Trustee will authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a minimum principal amount of $2,000 or integral multiple of $1,000 in excess thereof.

In the case of a Note issued as a global note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof; *provided* that the unredeemed portion thereof will be in a minimum principal amount of $2,000 or integral multiple of $1,000 in excess thereof.

SECTION 5.07 Optional Redemption.

(a) At any time on or prior to February 15, 2027, the Issuer may not redeem the Notes at its option.

(b) At any time and from time to time after February 15, 2027, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register at a redemption price equal to the percentage of the principal amount of the Notes to be redeemed as set forth in the table below, plus accrued and unpaid interest, if any, to, but excluding the applicable date of redemption (the "Redemption Date"), subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on February 15 of each of the years indicated in the table below:

Year	Percentage
2027	101.250%
2028 and thereafter	100.000%

(c) Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes validly tender and do not validly 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 validly withdrawn by such Holders, the Issuer or such third party shall have the right upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder (excluding any early tender or incentive fee) 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 date of such redemption. In determining whether the Holders of at least 90% of the aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

(d) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(e) Any redemption pursuant to this Section 5.07 shall be made pursuant to the provisions of Sections 5.01 through 5.06.

SECTION 5.08 Mandatory Redemption. Except as described under Section 5.09, the Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes; *provided*, *however*, that under certain circumstances, the Issuer may be required to offer to purchase Notes under Section 3.05 and Section 3.09. As market conditions warrant, the Issuer and its equity holders, its respective Affiliates and members of its management, may from time to time seek to purchase its outstanding debt securities or loans, including the Notes, in privately negotiated or open market transactions (which may be below par), by tender offer or otherwise.

SECTION 5.09 Special Mandatory Redemption.

(a) If (x) the Spin-Off is not consummated on or prior to 11:59 p.m. on August 5, 2022 (such date and time, the "Outside Date"), (y) prior to the date of the consummation of the Spin-Off (the "Spin-Off Date"), the Issuer notifies the Trustee in writing that BD does not expect to consummate the Spin-Off by the Outside Date, or (z) prior to the Spin-Off Date, BD has made a public announcement that it has determined not to proceed with the Spin-Off (the earliest date of any such event described in the foregoing clauses (x), (y), or (z) being the "Special Termination Date"), then the Issuer shall redeem all of the Notes (the "Special Mandatory Redemption") at a special mandatory redemption price (the "Special Mandatory Redemption Price") equal to 100% of the aggregate principal amount of the Notes, plus accrued and unpaid interest on the Notes, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below), subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date.

(b) Notice of a Special Mandatory Redemption shall be delivered by the Issuer electronically or, at the Issuer's option, mailed by first-class mail by the Issuer substantially in the form attached as Exhibit C hereto no later than two (2) Business Days following the applicable Special Termination Date, to the Trustee and the Holders, and shall provide that the Notes shall be redeemed at the Special Mandatory Redemption Price on the third Business Day after such notice is given by the Issuer (such date, the "Special Mandatory Redemption Date") in accordance with the terms of this Indenture or otherwise in accordance with the applicable procedures of DTC. If funds sufficient to pay the applicable Special Mandatory Redemption Price in respect of the Notes to be redeemed on the Special Mandatory Redemption Date are deposited with the Trustee on or before such Special Mandatory Redemption Date, then the Notes to be redeemed shall cease to bear interest on and after the Special Mandatory Redemption Date. For the avoidance of doubt, the Issuer shall not be required to effect any Special Mandatory Redemption following the time of the consummation of the Spin-Off.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

(a) Each of the following is an "Event of Default" hereunder:

(1) default in any payment of interest on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under this Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in this Indenture; *provided* that in the case of a failure to comply with this Indenture provisions described under Section 3.10, such period of continuance of such default or breach shall be 270 days after written notice described in this clause (3) has been given;

(4) (x) prior to the BD Guarantee Release Date, (i) default by BD under and as defined in the Parent Guaranty Agreement, or (ii) the Parent Guaranty Agreement terminates or otherwise ceases to be effective other than in accordance with its terms, or (y) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary) (or the payment of which is Guaranteed by the Issuer or any Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary)) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(A) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness; or

(B) results in the acceleration of such Indebtedness prior to its stated final maturity;

and, in each case with respect to this clause (y), the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been so accelerated, aggregates to an amount that is equal to or greater than the Threshold Amount (measured at the date of such non-payment or acceleration) or more at any one time outstanding;

(5) failure by the Issuer or a Material Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Material Subsidiary) to pay final judgments aggregating in excess of the Threshold Amount (measured

at the date of such judgment) other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, 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) any Guarantee of the Notes by a Material Subsidiary ceases to be in full force and effect, other than (A) in accordance with the terms of this Indenture, or (B) in connection with the bankruptcy of a Guarantor, so long as the aggregate assets of such Guarantor and any other Guarantor whose Note Guarantee ceased or ceases to be in full force as a result of a bankruptcy are less than the Threshold Amount (measured at the date of such bankruptcy);

(7) the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements of the Issuer and its Material Subsidiaries, would constitute a Material Subsidiary) pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding;

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(C) consents to the appointment of a Custodian of it or for substantially all of its property;

(D) makes a general assignment for the benefit of its creditors;

(E) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it; or

(F) takes any comparable action under any foreign laws relating to insolvency;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary) in an involuntary case;

(B) appoints a Custodian of the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary) for substantially all of its property; or

(C) orders the winding up or liquidation of the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary); or

any similar relief is granted under any foreign laws and, in each case, the order, decree or relief remains unstayed and in effect for 60 consecutive days;

(9) unless such Liens have been released in accordance with the provisions of this Indenture or the Notes Security Documents, Liens securing the Notes with respect to a material portion of the Collateral cease to be valid, perfected or enforceable, or the Issuer shall assert or any Guarantor shall assert, in any pleading in any court of competent jurisdiction, that any such Lien is invalid, unperfected or unenforceable and, in the case of any such Guarantor, the Issuer fail to cause such Guarantor to rescind such assertions within 30 days after the Issuer has actual knowledge of such assertions; *provided* that no Event of Default shall occur under this clause (9) if the Issuer and the Guarantors cooperate with the Notes Collateral Agent to replace or perfect such Lien, such Lien is promptly replaced or perfected (as needed) and the rights, powers and privileges of the Holders are not materially adversely affected by such replacement or perfection; or

(10) (i) the failure by the Issuer to timely deliver a notice of the special mandatory redemption, if applicable, and to pay the Special Mandatory Redemption Price on the Special Mandatory Redemption Date, as described above under Section 5.09 or (ii) failure by the Issuer or any Guarantor to perform or observe any term, covenant, or agreement as set forth under Section 3.14.

provided that a Default under clause (3), (4)(y) or (5) above will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the Issuer in writing of the Default (with a copy to the Trustee if notice is given by the Holders) and, with respect to clauses (3) and (5), the Issuer does not cure such Default within the time specified in clause (3) or (5) after receipt of such notice; *provided* that a notice of Default may not be given with respect to any action taken, and reported publicly or to Holders and the Trustee, more than two years prior to such notice of Default. Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a "Noteholder Direction") provided by any one or more Holders (each a "Directing Holder") shall be accompanied by a written representation from each such Holder delivered to the Issuer and the Trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed solely by beneficial owners that have represented to such Holder that they are not) Net Short (a "Position Representation"), which representation, in the case of a Noteholder Direction relating to the delivery of a notice of Default shall be deemed a continuing representation until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In addition, each Directing Holder shall be deemed, at the time of providing a Noteholder Direction, to covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Noteholder's Position Representation within five (5) Business Days of request therefor (a "Verification Covenant"). In any case in which the Holder is DTC or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of the Notes in lieu of DTC or its nominee and DTC shall be entitled to conclusively rely on such Position Representation and Verification Covenant in delivering its direction to the Trustee.

In no event shall the Trustee have any liability or obligation to ascertain, monitor or inquire as to whether any Holder is Net Short and/or whether such Holder has delivered any Position Representation, Verification Covenant, Noteholder Direction, or any related certifications under this Indenture or in connection with the Notes or if any such Position Representation, Verification Covenant, Noteholder Direction, or any related certifications comply with this Indenture, the Notes, or any other document. It is understood and agreed that the Issuer and the Trustee shall be entitled to conclusively rely on each representation, deemed representation and certification made by, and covenant of, each beneficial owner provided for in this paragraph. Notwithstanding any other provision of this Indenture, the Notes or any other document, the provisions of this paragraph shall apply and survive with respect to each beneficial owner notwithstanding that any such Person may have ceased to be a beneficial owner, this Indenture may have been terminated or the Notes may have been redeemed in full.

If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the Trustee an Officer's Certificate stating that the Issuer has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Default, Event of Default or acceleration (or notice thereof) that resulted from the applicable Noteholder Direction, the cure period with respect to such Event of Default shall be automatically stayed and the cure period with respect to such Default or Event of Default shall be automatically reinstituted and any remedy stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction. If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer provides to the Trustee an Officer's Certificate stating that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default or Event of Default shall be automatically stayed and the cure period with respect to any Default or Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder's participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void *ab initio* (other than any indemnity such Directing Holder may have offered the Trustee), with the effect that such Default or Event of Default shall be deemed never to have occurred, acceleration voided and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

Notwithstanding anything in the preceding two paragraphs to the contrary, any Noteholder Direction delivered to the Trustee during the pendency of an Event of Default as the result of a bankruptcy or similar proceeding shall not require compliance with the foregoing paragraphs.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with this Indenture, shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The Trustee shall have no liability to the Issuer, any Holder or any other Person in connection with any Noteholder Direction or to determine whether or not any Holder has delivered any Position Representation, Verification Covenant, Noteholder Direction or any related certification or that such Position Representation, Verification Covenant, Noteholder Direction or any related certification conforms with this Indenture or any other agreement.

(b) If a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "Initial Default") occurs, then at the time such Initial Default is cured or waived, as applicable, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default shall also be cured without any further action.

(c) Any Default or Event of Default for the failure to comply with the time periods prescribed in Section 3.10 hereof or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such provision or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in this Indenture.

(d) Any time period provided in this Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction.

SECTION 6.02 Acceleration. If any Event of Default (other than an Event of Default described in clause (7), (8) or (10) of Section 6.01(a) with respect to the Issuer) occurs and is continuing, the Trustee by written notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately.

In the event of any declaration of acceleration of the Notes due to an Event of Default specified in clause (4)(y) of Section 6.01(a), such Event of Default and all consequences thereof shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after the declaration of acceleration with respect thereto:

(1) (x) the Indebtedness that gave rise to such Event of Default shall have been discharged in full; or

(y) the holders of such Indebtedness have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(z) if the default that is the basis for such Event of Default has been cured; and

(2) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

If an Event of Default described in clause (7), (8) or (10) of Section 6.01(a) with respect to the Issuer occurs and is continuing, the principal of and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

SECTION 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee and the Notes Collateral Agent may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, or premium, if any, or interest, if any, on the Notes or to enforce the performance of any provision of the Notes, this Indenture or the Notes Security Documents.

The Trustee and the Notes Collateral Agent may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee, the Notes Collateral Agent or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04 Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, (a) waive, by their consent (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), any past or existing Default or Event of Default and its consequences under this Indenture except (i) a Default or Event of Default in the payment of the principal of, or interest, on a Note or (ii) a Default or Event of Default in respect of a provision that under Section 9.02 cannot be amended or waived without the consent of each Holder affected and (b) rescind any acceleration with respect to the Notes and its consequences if (1) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (2) all existing Events of Default have been cured or waived except nonpayment of principal, premium, if any, or interest, if any, that has become due solely because of the acceleration, (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid, (4) the Issuer has paid the Trustee its compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances and (5) in the event of the cure or waiver of an Event of Default of the type described in clause (4) of Section 6.01(a), the Trustee shall have received an Officer's Certificate and an Opinion of Counsel stating that such Event of Default has been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereto. When a Default or Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any consequent right except as provided in Section 6.01(b).

SECTION 6.05 Control by Majority. The Holders of a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Notes Collateral Agent or of exercising any trust or power conferred on the Trustee or the Notes Collateral Agent. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or the Notes or, subject to Sections 7.01 and 7.02, that the Trustee determines is unduly prejudicial to the rights of any other Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any actions are prejudicial to such Holders) or would involve the Trustee in personal liability; *provided*, *however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction; *provided*, *further*, that the Trustee has no duty to determine whether any action is prejudicial to any Holder. Prior to taking any such action hereunder, the Trustee shall be entitled to indemnification or security satisfactory to the Trustee against all fees, losses, liabilities and expenses (including attorneys' fees and expenses) that may be caused by taking or not taking such action and the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have offered and, if requested, provided to the Trustee such indemnification or security.

SECTION 6.06 Limitation on Suits. Subject to Section 6.07, a Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

SECTION 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.06), the contractual right of any Holder to receive payment of interest on the Notes held by such Holder or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes shall not be impaired or affected without the consent of such Holder (and, for the avoidance of doubt, the amendment, supplement or modification in accordance with the terms of this Indenture of Articles III and IV and Sections 6.01(a)(3), (4), (5) and (6) and the related definitions shall be deemed not to impair the contractual right of any Holder to receive payments of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Note).

SECTION 6.08 Collection Suit by Trustee. If an Event of Default specified in clauses (1) or (2) of Section 6.01(a) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Issuer, its Subsidiaries or its or their respective creditors or properties and, unless prohibited by law or applicable regulations, may be entitled and empowered to participate as a member of any official committee of creditors appointed in such matter and may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities.

(a) Subject to the terms of the First Lien Pari Passu Intercreditor Agreement, if the Trustee collects any money or property pursuant to this Article VI, including upon realization of the Collateral, it shall pay out the money or property in the following order:

FIRST: to the Trustee and the Notes Collateral Agent for amounts due to it under Section 7.07;

SECOND: to Holders for amounts due and unpaid on the Notes for principal of, or premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal of, or premium, if any, and interest, respectively; and

THIRD: to the Issuer, or to the extent the Trustee collects any amount for any Guarantor, to such Guarantor.

(b) The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 15 days before such record date, the Issuer shall send or cause to be sent to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by the Issuer, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 20.0% in outstanding aggregate principal amount of the Notes.

ARTICLE VII

TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing and is actually known to a Responsible Officer of the Trustee, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default actually known to the Trustee:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of gross negligence or willful misconduct on its part, as determined in a final and non-appealable order of a court of competent jurisdiction, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions or orders furnished to the Trustee and conforming to the requirements of this Indenture or the Notes, as the case may be. However, in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture or the Notes, as the case may be (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, as determined in a final and non-appealable order of a court of competent jurisdiction, except that:

(1) this paragraph does not limit the effect of Section 7.01(b);

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05; and

(4) no provision of this Indenture or the Notes shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b) and (c) of this Section 7.01.

(e) The Trustee shall not be liable (i) for interest on any money received by it except as the Trustee may agree in writing with the Issuer or for (ii) any exchange of currency or any foreign exchange risk.

(f) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

SECTION 7.02 Rights of Trustee. Subject to Section 7.01:

(a) The Trustee may conclusively rely on and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, judgment, order or other paper or document (whether in its original, facsimile or other electronic form) reasonably believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document. The Trustee shall receive and retain financial reports and statements of the Issuer or the Issuer, as applicable, as provided herein, but shall have no duty to review or analyze such reports or statements to determine compliance with covenants or other obligations of the Issuer.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate and/or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officer's Certificate or Opinion of Counsel.

(c) The Trustee may execute any of the trusts and powers hereunder or perform any duties hereunder either directly or by or through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care by it hereunder.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel relating to this Indenture or the Notes shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder or under the Notes in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be deemed to have notice of any Default or Event of Default or whether any entity or group of entities constitutes a Material Subsidiary unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or of any such Material Subsidiary is actually received by a Responsible Officer of the Trustee at the corporate trust office of the Trustee specified in Section 3.12, and such notice references the Notes and this Indenture.

(g) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder, including the Notes Collateral Agent.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, the Notes or the Notes Security Documents at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered, and, if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

(i) The Trustee shall not be deemed to have knowledge of any fact or matter unless such fact or matter is known to a Responsible Officer of the Trustee.

(j) Whenever in the administration of this Indenture or the Notes the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder or thereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on its part (as determined by a final nonappealable order of a court of competent jurisdiction), conclusively rely upon an Officer's Certificate.

(k) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, report, notice, request, direction, consent, judgment, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine, during business hours and upon reasonable notice, the books, records and premises of the Issuer and the Restricted Subsidiaries, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(l) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(m) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture or the Notes.

(n) In no event shall the Trustee be liable to any Person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by one Officer of the Issuer.

(p) The permissive rights of the Trustee to take or refrain from taking any action enumerated in this Indenture and the other Note Documents shall not be construed as obligations or duties.

SECTION 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer, Guarantors or their Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11. In addition, the Trustee shall be permitted to engage in transactions with the Issuer and its Affiliates and Subsidiaries.

SECTION 7.04 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, shall not be accountable for the Issuer's use of the proceeds from the sale of the Notes, shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee or any money paid to the Issuer pursuant to the terms of this Indenture and shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if a Responsible Officer of the Trustee has been informed in writing of such occurrence by the Issuer or has actual knowledge thereof, the Trustee shall send electronically or by first-class mail to each Holder at the address set forth in the Notes Register notice of the Default or Event of Default within 60 days after such notification or such date that it is actually known to a Responsible Officer of the Trustee. Except in the case of a Default or Event of Default in payment of principal of or interest, if any, on any Note (including payments pursuant to the optional redemption or required repurchase provisions of such Note), the Trustee may withhold the notice if and so long it determines that withholding the notice is in the interests of Holders.

SECTION 7.06 [Reserved].

SECTION 7.07 Compensation and Indemnity. The Issuer shall pay to the Trustee from time to time compensation for its services hereunder and under the Notes as the Issuer and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including, but not limited to, costs of collection, costs of preparing reports, certificates and other documents, costs of preparation and mailing of notices to Holders. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the agents, counsel, accountants and experts of the Trustee. The Issuer and the Guarantors, jointly and severally, shall indemnify the Trustee, its directors, officers, employees and agents against any and all loss, liability, damages, claims or expense, including taxes (other than taxes based upon the income of the Trustee) (including reasonable attorneys' and agents' fees and expenses) incurred by it without willful misconduct or gross negligence, as determined by a final nonappealable order of a court of competent jurisdiction, on its part in connection with the administration of this trust and the performance of its duties hereunder and under the Notes, including the costs and expenses of enforcing this Indenture (including this Section 7.07) and the Notes and of defending itself against any claims (whether asserted by any Holder, the Issuer, any Guarantor or otherwise). The Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity of which it has received written notice. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Trustee shall provide reasonable cooperation at the Issuer's expense in the defense. The Trustee may have separate counsel and the Issuer shall pay the fees and expenses of such counsel; *provided* that the Issuer shall not be required to pay the fees and expenses of such separate counsel if it assumes the Trustee's defense, and, in the reasonable judgment of outside counsel to the Trustee, there is no conflict of interest between the Issuer and the Trustee in connection with such defense; *provided, further*, that, the Issuer shall be required to pay the reasonable fees and expenses of such counsel in evaluating such conflict.

To secure the Issuer's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes. Such lien shall survive the satisfaction and discharge of this Indenture. The Trustee's respective right to receive payment of any amounts due under this Section 7.07 shall not be subordinate to any other liability or Indebtedness of the Issuer.

The Issuer's payment obligations pursuant to this Section 7.07 shall survive the discharge of this Indenture and any resignation or removal of the Trustee under Section 7.08. Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs fees, expenses or renders services after the occurrence of a Default specified in clause (7) or clause (8) of Section 6.01(a), the fees and expenses (including the reasonable fees and expenses of its counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08 Replacement of Trustee. The Trustee may resign at any time by so notifying the Issuer in writing not less than 30 days' prior to the effective date of such resignation. The Holders of a majority in aggregate principal amount of the outstanding Notes may remove the Trustee by so notifying the removed Trustee in writing not less than 30 days prior to the effective date of such removal and may appoint a successor Trustee with the Issuer's written consent, which consent will not be unreasonably withheld. The Issuer may remove the Trustee (or any Holder, who has been a bona fide holder of a Note for at least six (6) months, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee) if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property;

(4) the Trustee has or acquires a conflict of interest that is not promptly eliminated; or

(5) the Trustee otherwise becomes incapable of acting as Trustee.

If the Trustee resigns or is removed by the Issuer or by the Holders of a majority in principal amount of the outstanding Notes and such Holders do not reasonably promptly appoint a successor Trustee as described in the preceding paragraph, or if a vacancy exists in the office of the Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture; *provided* that the removal or resignation of the Trustee shall not become effective until the acceptance of the appointment by the successor Trustee. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall, at the expense of the Issuer, promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of at least 10.0% in aggregate principal amount of the Notes may petition, at the Issuer's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee. The predecessor Trustee shall have no liability for any action or inaction of any successor Trustee.

SECTION 7.09 Successor Trustee by Merger. Any organization or entity into which the Trustee may be merged or converted or with which it may be consolidated, or any organization or entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any organization or entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such organization or entity shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall only apply to its successor or successors by merger, consolidation or conversion.

SECTION 7.10 Eligibility; Disqualification. This Indenture shall always have a Trustee. The Trustee shall have a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

SECTION 7.11 Preferential Collection of Claims against the Issuer. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated.

SECTION 7.12 Trustee's Application for Instruction from the Issuer(a) . Any application by the Trustee for written instructions from the Issuer may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three (3) Business Days after the date any Officer of the Issuer actually receives such application, unless any such Officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

SECTION 7.13 Limitation on Duty of Trustee in Respect of Collateral; Indemnification.

(a) Neither the Trustee nor the Notes Collateral Agent shall have any liability or responsibility for the creation, maintenance, perfection, or maintenance of perfection of any security interest in the Collateral, including but not limited to the filing of any financing or continuation statements (which shall be filed by the Issuer).

(b) By their acceptance of the Notes, the Holders shall be deemed to have approved the terms of, and to have authorized the Trustee and the Notes Collateral Agent to enter into and to perform each of the Intercreditor Agreements and each Notes Security Document with the Issuer and the Subsidiary Guarantors. The Trustee and the Notes Collateral Agent shall not be responsible for and make no representation as to the existence, genuineness, value or protection of or insurance with respect to any Collateral, for the legality, effectiveness or sufficiency of this Indenture or any Notes Security Document, for any act or omission of the collateral agent for any Credit Facility, or for the creation, perfection, priority, sufficiency or protection of any Liens securing the Notes and the Notes Obligations. The Trustee and the Notes Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Lien or security interest in the Collateral. The Trustee and the Notes Collateral Agent shall not be liable or responsible for the failure of the Issuer to effect or maintain insurance on the Collateral nor shall they be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, any Subsidiary Guarantor, the Trustee, the Notes Collateral Agent, or any other Person.

ARTICLE VIII

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01 Option to Effect Legal Defeasance or Covenant Defeasance; Defeasance. The Issuer may, at its option and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

SECTION 8.02 Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all of their other obligations under the Note Documents (and the Trustee, on written demand of and at the expense of the Issuer, shall execute such instruments reasonably requested by the Issuer acknowledging the same) and to have cured all then existing Events of Default, except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of Notes issued under this Indenture to receive payments in respect of the principal of, premium, if any, and interest, if any, on the Notes when such payments are due solely out of the trust referred to in Section 8.04 hereof;

(2) the Issuer's obligations with respect to the Notes under Article II concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and Section 3.12 hereof concerning the maintenance of an office or agency for payment and money for security payments held in trust;

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

(4) this Article VIII with respect to provisions relating to Legal Defeasance.

SECTION 8.03 Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Section 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.16, 3.19, 3.20, 3.21 and Section 4.01 (except Section 4.01(a)(1) and (a)(2)) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder. For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Guarantees, the Issuer and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01(a) hereof, but, except as specified above, the remainder of this Indenture and such Notes and Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(a)(3) (other than with respect to Section 4.01(a)(1) and (a)(2)), 6.01(a)(4), 6.01(a)(5), 6.01(a)(6), 6.01(a)(7), 6.01(a)(8) and 6.01(a)(9) hereof shall not constitute Events of Default.

If the Issuer exercises its Legal Defeasance option or its Covenant Defeasance option in accordance with the provisions of this Article VIII, the Collateral will automatically be released from the Lien securing the Notes Obligations (and, for the avoidance of doubt, the Issuer will not be obligated to comply with Section 3.13 or otherwise create or perfect any security interests as security for the Notes thereafter).

SECTION 8.04 Conditions to Legal or Covenant Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance, as applicable, under either Section 8.02 or 8.03 hereof:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in Dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, to pay the principal of and premium, if any, and interest, due on the Notes issued under this Indenture on the Stated Maturity date or on the applicable redemption date, as the case may be, and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect 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 issuance of such 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 beneficial owners of the Notes, in their capacity as beneficial owners of the Notes, will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit and 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 Credit Facilities or any other material agreement or instrument (other than this Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(6) [reserved];

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate to the effect that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer or any Guarantor; and

(8) 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.

SECTION 8.05 Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article VIII to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the request of the Issuer any money or U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06 Repayment to the Issuer. Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium or interest on, any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer on its written request unless an abandoned property law designates another Person or (if then held by the Issuer) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Issuer for payment thereof unless an abandoned property law designates another Person, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease; *provided, however*, that the Issuer, before being required to make any such repayment, shall at its own expense cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 8.07 Reinstatement. If the Trustee or Paying Agent is unable to apply any money or Dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Guarantors' obligations under this Indenture and the Notes and the Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided*, *however*, that, if the Issuer make any payment of principal of, premium, or interest on, any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE IX

AMENDMENTS

SECTION 9.01 Without Consent of Holders. Notwithstanding Section 9.02 of this Indenture, the Issuer and the Trustee or the Notes Collateral Agent, as applicable, may amend, supplement or modify this Indenture, any Guarantee, the Notes, and any other Note Document without the consent of any Holder to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to any provision under the heading "Description of Notes" in the Offering Memorandum or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a Successor Company of the obligations of the Issuer or a Guarantor under any Note Document or to comply with Section 4.01;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of this Indenture relating to the form of the Notes (including related definitions);

(4) add to or modify the covenants or provide for a Note Guarantee for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change (including changing the CUSIP or other identifying number on any Notes) that would provide any additional rights or benefits to the Holders or that does not materially and adversely affect the rights of any Holder in any material respect;

(6) at the Issuer's election, comply with any requirement of the SEC in connection with the qualification of this Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary for the issuance of Additional Notes;

(8) provide for any Restricted Subsidiary to provide a Guarantee in accordance with Section 3.07, to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, subordination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, subordination, discharge or retaking is provided for under this Indenture;

(9) evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee or successor Paying Agent hereunder pursuant to the requirements hereof or to provide for the accession by the Trustee to any Note Document;

(10) (a) to add additional assets as Collateral or add any security for the First Lien Obligations or make, complete or confirm any grant of security interest in any property or assets as additional Collateral securing the obligations under this Indenture, the Notes, the Guarantees and the Notes Security Documents, including when permitted or required by this Indenture or any of the Notes Security Documents and (b) to release Collateral from the Lien pursuant to this Indenture, the Notes Security Documents and the First Lien Pari Passu Intercreditor Agreement when permitted or required by this Indenture, the Notes Security Documents or the First Lien Pari Passu Intercreditor Agreement;

(11) (a) add an obligor or a Guarantor under this Indenture and (b) when permitted or required by this Indenture, to release any Guarantor from its Guarantee pursuant to this Indenture;

(12) make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes not prohibited by this Indenture, including to facilitate the issuance and administration of Notes; *provided*, *however*, that such amendment does not materially and adversely affect the rights of Holders to transfer the Notes;

(13) comply with the rules and procedures of any applicable securities depositary;

(14) to effect a release of the BD Guarantee upon the satisfaction of the BD Guarantee Release Condition as described under Article X or in the Parent Guaranty Agreement;

(15) make any amendment to the provisions of this Indenture, the Guarantees and/or the Notes to eliminate the effect of any Accounting Change or in the application thereof as described in the last paragraph of the definition of "GAAP"; or

(16) execute or amend any Intercreditor Agreement and the Notes Security Documents to provide for the addition of any creditors to such agreements to the extent a Lien for the benefit of such creditor is permitted by the terms of this Indenture or otherwise under the circumstances provided for therein.

Subject to Section 9.02, upon the request of the Issuer and upon receipt by the Trustee and the Notes Collateral Agent of the documents described in Sections 9.06 and 13.02 hereof, the Trustee and the Notes Collateral Agent will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's or the Notes Collateral Agent's own rights, duties, liabilities or immunities under this Indenture or otherwise, in which case each of the Trustee or the Notes Collateral Agent may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture.

SECTION 9.02 With Consent of Holders. Except as provided below in this Section 9.02, the Issuer, the Guarantors and the Trustee or the Notes Collateral Agent, as applicable, may amend or supplement this Indenture, any Guarantee, the Notes issued hereunder and any other Note Document with the consent of the Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture, including, without limitation, consents obtained before or after a Change of Control or 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 this Indenture, the Notes, the Guarantees and any other Note Document may be waived with the consent of the Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture (including consents obtained before or after a Change of Control or in connection with a purchase of or tender offer or exchange offer for Notes). Section 2.12 hereof and Section 13.04 hereof shall determine which Notes are considered to be "outstanding" for the purposes of this Section 9.02.

Upon the request of the Issuer, and upon delivery to the Trustee and the Notes Collateral Agent of evidence of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee and the Notes Collateral Agent of the documents described in Section 9.06 and Section 13.02 hereof, the Trustee and the Notes Collateral Agent will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's or the Notes Collateral Agent's own rights, duties, liabilities or immunities under this Indenture or otherwise, in which case each of the Trustee or the Notes Collateral Agent may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture.

Without the consent of each Holder of Notes affected, an amendment, supplement or waiver may not, with respect to any Notes issued hereunder and held by a nonconsenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Section 3.05 and Section 3.09);

(3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Section 3.05 and Section 3.09);

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as set forth in Section 5.07;

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of and interest on such Holder's Notes on or after the due dates therefor;

(7) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes outstanding and a waiver of the payment default that resulted from such acceleration); or

(8) except as contemplated by this Indenture, (i) release all or substantially all of the Guarantors from their Guarantees, or (ii) release the BD Guarantee prior to the satisfaction of the BD Guarantee Release Condition.

In addition, without the consent of holders of at least 66 2/3% in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), no amendment, supplement or waiver may modify any Notes Security Documents or the provisions in this Indenture dealing with Collateral or the Notes Security Documents to the extent that such amendment, supplement or waiver would have the effect of releasing Liens on all or substantially all of the Collateral securing the Notes (except as expressly provided by this Indenture, the Notes Security Documents or the First Lien Pari Passu Intercreditor Agreement) or change or alter the priority of the security interests in the Collateral.

Notwithstanding anything to the contrary herein, the provisions of this Indenture relative to the Issuer's obligation to (i) make a Change of Control Offer may be amended, supplemented, waived or modified with the written consent of Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture and (ii) make an offer to repurchase the Notes as a result of an Asset Disposition may be amended, supplemented, waived or modified with the written consent of the Holders of at least a majority in principal amount of the Notes then outstanding.

It shall not be necessary for the consent of the Holders under this Indenture to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof. A consent to any amendment, supplement or waiver under this Indenture by any Holder of the Notes given in connection with a tender or exchange of such Holder's Notes will not be rendered invalid by such tender or exchange.

SECTION 9.03 [Reserved].

SECTION 9.04 Revocation and Effect of Consents and Waivers. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent or waiver as to such Holder's Note or portion of its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described in this Section 9.04 or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05 Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Issuer Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06 Trustee and Notes Collateral Agent to Sign Amendments. The Trustee and Notes Collateral Agent, as applicable, shall sign any amended or supplemental indenture authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee or Notes Collateral Agent, as applicable, in which case the Trustee or Notes Collateral Agent, as applicable, may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture. In executing any amended or supplemental indenture, the Trustee or Notes Collateral Agent, as applicable, will be entitled to receive and (subject to Sections 7.01 and 7.02 hereof) shall be fully protected in conclusively relying upon, in addition to the documents required by Section 13.02 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and is valid, binding and enforceable against the Issuer or any Guarantor, as the case may be, in accordance with its terms. Notwithstanding the foregoing, no Opinion of Counsel shall be required in connection with the Supplemental Indenture to be delivered pursuant to Section 10.01(b).

ARTICLE X

GUARANTEE

SECTION 10.01 Guarantee.

(a) On the Issue Date, BD shall execute and deliver to the Trustee the Parent Guaranty Agreement, pursuant to which the Notes will initially be guaranteed on an unsecured, unsubordinated basis by BD. Pursuant to the BD Guarantee as set forth in the Parent Guaranty Agreement, BD will unconditionally guarantee on an unsecured, unsubordinated basis, the full and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of principal of, premium, if any, and interest on the Notes and the other Obligations of the Issuer under this Indenture and the Notes. Pursuant to the Parent Guaranty Agreement, the BD Guarantee will be automatically and unconditionally terminated and released, without any action on the part of the Trustee, any Holder of the Notes or any other Person, upon the earliest to occur of (i) the consummation of the Spin-Off or (ii) the consummation of a legal defeasance or covenant defeasance relating to the Notes as described under Article VIII or the discharge of this Indenture with respect to the Notes as described under Article XI or otherwise in accordance with the provisions of this Indenture (the "BD Guarantee Release Condition"; the date upon which the BD Guarantee is terminated and released in accordance with its terms, the "BD Guarantee Release Date"). Any term or provision of this Indenture to the contrary notwithstanding, the obligations of BD hereunder and under the Parent Guaranty Agreement shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of BD, result in the obligations of BD under the BD Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal, foreign, state or provincial law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally.

(b) On the Spin-Off Date, each of the Subsidiaries of the Issuer that is required to guarantee the obligations under the Credit Agreement on or in connection with the Spin-Off Date shall execute and deliver to the Trustee the supplemental indenture, dated as of the Spin-Off Date, substantially in the form attached hereto as Exhibit B (the "Supplemental Indenture" and each such Subsidiary, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors" and such guarantees therefrom, the "Subsidiary Guarantees").

(c) Subject to the provisions of this Article X, from and after the Spin-Off Date, by its execution of a supplemental indenture pursuant to which it agrees to become a Guarantor hereunder, each Guarantor hereby fully, unconditionally and irrevocably guarantee on a senior secured basis, as primary obligor and not merely as surety, jointly and severally with each other Guarantor, to each Holder, and the Trustee and the Notes Collateral Agent the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise (including the amount that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Law), of the principal of, premium, if any, and interest on the Notes and all other Obligations and liabilities of the Issuer under this Indenture and the Notes when and as the same shall be due and payable (including without limitation interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Issuer or any Guarantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding and the obligations under Section 7.07) (all the foregoing being hereinafter collectively called the "Guaranteed Obligations").

The Guaranteed Obligations of each Subsidiary Guarantor shall be secured by a first-priority security interest (subject to Permitted Liens) in the Collateral owned by such Guarantor on a *pari passu* basis with the other First Lien Obligations pursuant to the terms of the Notes Security Documents and the First Lien Pari Passu Intercreditor Agreement. Each Guarantor agrees that the Guaranteed Obligations will rank equally in right of payment with other Indebtedness of such Guarantor, except to the extent such other Indebtedness is subordinate to the Guaranteed Obligations, in which case the obligations of the Guarantors under the Guarantees will rank senior in right of payment to such other Indebtedness.

To evidence its Guarantee set forth in this Section 10.01, each Guarantor hereby agrees that this Indenture or any supplemental indenture, as applicable, shall be executed on behalf of such Guarantor by an Officer of such Guarantor.

Each Guarantor hereby agrees that its Guarantee set forth in this Section 10.01 shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

If an Officer whose signature is on this Indenture or any supplemental indenture, as applicable, no longer holds that office at the time the Trustee authenticates the Note, the Guarantee shall be valid nevertheless.

Each Guarantor further agrees (to the extent permitted by law) that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Article X notwithstanding any extension or renewal of any Guaranteed Obligation.

Each Guarantor waives presentation to, demand of payment from and protest to the Issuer of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Guaranteed Obligations.

Each Guarantor further agrees that its Guarantee herein constitutes a Guarantee of payment when due (and not a Guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Guaranteed Obligations.

Except as set forth in Section 10.02, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Guaranteed Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the Guaranteed Obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Issuer or any other person under this Indenture, the Notes or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder for the Guaranteed Obligations; (e) the failure of any Holder to exercise any right or remedy against any other Guarantor; (f) any change in the ownership of the Issuer; (g) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; or (h) any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

Each Guarantor agrees that its Guarantee herein shall remain in full force and effect until payment in full of all the Guaranteed Obligations or such Guarantor is released from its Guarantee in compliance with Section 10.02, Article VIII or Article XI. Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, premium, if any, or interest on any of the Guaranteed Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Issuer or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee on behalf of the Holders an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations then due and owing and (ii) (without duplication of the amounts described in the preceding clause (i)) accrued and unpaid interest on such Guaranteed Obligations then due and owing (but only to the extent not prohibited by law) (including interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Issuer or any Guarantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding).

Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Guaranteed Obligations, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Guarantee.

Each Guarantor also agrees to pay any and all fees, costs and expenses (including attorneys' fees and expenses) incurred by the Trustee, the Notes Collateral Agent or the Holders in enforcing any rights under this Section 10.01.

SECTION 10.02 Limitation on Liability; Termination, Release and Discharge.

(a) Any term or provision of this Indenture to the contrary notwithstanding, the obligations of each Guarantor hereunder will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal, foreign, state or provincial law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally.

(b) Any Note Guarantee of a Guarantor shall be automatically and unconditionally released and discharged upon:

(1) a sale, exchange, transfer or other disposition (including by way of merger, amalgamation, consolidation, dividend distribution or otherwise) of the Capital Stock of such Guarantor or the sale, exchange, transfer or other disposition of all or substantially all of the assets of the Guarantor to a Person other than to the Issuer or a Restricted Subsidiary if such sale, exchange, transfer or other disposition is not prohibited by this Indenture;

(2) the designation in accordance with this Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event not prohibited by this Indenture after which the Guarantor is no longer a Restricted Subsidiary;

(3) defeasance or discharge of the Notes pursuant to Article VIII or Article XI;

(4) to the extent that such Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the release of the guarantee referred to in such clause;

(5) such Guarantor being (or being substantially concurrently) released or discharged from all of its Guarantees of payment (i) by the Issuer of any Indebtedness of the Issuer under the Credit Agreement and (ii) its guarantee of all other Indebtedness of the Issuer or a Guarantor guaranteed pursuant to Section 3.07 hereof, except in the case of clause (i) or (ii) above, a release as a result of payment under such Guarantee (it being understood that a release subject to a contingent reinstatement is still considered a release);

(6) upon the merger, amalgamation or consolidation of any Guarantor with and into the Issuer or another Guarantor or upon the liquidation of such Guarantor, in each case, in compliance with the applicable provisions of this Indenture;

(7) the occurrence of a Covenant Suspension Event; *provided* that following a Reversion Date, if any, each such Note Guarantee of any Guarantor shall be reinstated to the extent and within the time frame required under Section 3.07;

(8) as described under Article IX;

(9) to the extent that such Guarantor has become an Excluded Subsidiary as a result of a transaction or designation in compliance with the applicable provisions of this Indenture;

(10) upon payment in full of the principal amount of the Notes outstanding at such time, plus accrued and unpaid interest, if any, to, but excluding, the applicable payment or redemption date, and all other Obligations under this Indenture, the Guarantees and the Notes Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, is paid, whether by redemption or otherwise in accordance with this Indenture;

(11) to the extent that such Guarantor has provided a Note Guarantee in the Issuer's discretion in accordance with Section 3.07(b), upon the Issuer's delivering written notice to the Trustee of its election to release such Guarantor from its Note Guarantee, so long as any Indebtedness of such Subsidiary then outstanding could have been incurred by such Subsidiary (either (x) when so incurred or (y) at the time of the release of such Guarantee) and such Subsidiary is not otherwise required to be a Guarantor at the time of such release in accordance with the provisions of this Indenture.

(c) The Issuer shall provide the Trustee and the Notes Collateral Agent with written notice of any release of a Guarantor; *provided* that failure to deliver such notice shall not affect such release.

SECTION 10.03 Right of Contribution. Each Guarantor hereby agrees that to the extent that any Guarantor shall have paid more than its proportionate share of any payment made on the obligations under the Guarantees, such Guarantor shall be entitled to seek and receive contribution from and against the Issuer or any other Guarantor who has not paid its proportionate share of such payment. The provisions of this Section 10.03 shall in no respect limit the obligations and liabilities of each Guarantor to the Trustee and the Holders and each Guarantor shall remain liable to the Trustee and the Holders for the full amount guaranteed by such Guarantor hereunder.

SECTION 10.04 No Subrogation. Notwithstanding any payment or payments made by each Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Issuer or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Guaranteed Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Issuer or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Issuer on account of the Guaranteed Obligations are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Guaranteed Obligations.

ARTICLE XI

SATISFACTION AND DISCHARGE

SECTION 11.01 Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(a) either:

(1) all Notes that have been authenticated and delivered, except lost, stolen or destroyed Notes that 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) all such Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable by reason of the making of a notice of redemption or otherwise, (ii) will become due and payable within one year at their Stated Maturity or (iii) 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;

(b) the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in Dollars, U.S. 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 such Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be;

(c) no Default or Event of Default with respect to the Issuer specified in clause (7) or clause (8) of Section 6.01(a) shall have occurred and be continuing on the date of such deposit;

(d) the Issuer has paid or caused to be paid all sums payable by the Issuer under this Indenture; and

(e) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money in Dollars toward the payment of such Notes issued hereunder at maturity or the redemption date, as the case may be.

In addition, the Issuer shall 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; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the clauses (a) through (e)).

Notwithstanding the satisfaction and discharge of this Indenture, the Issuer's obligations to the Trustee in Section 7.07 hereof and, if money in Dollars has been deposited with the Trustee pursuant to clause (a)(2) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive.

The Collateral shall be released from the Lien securing the Notes as provided herein upon a discharge in accordance with the provisions of this Section 11.01.

SECTION 11.02 Application of Trust Money. Subject to the provisions of Section 8.06 hereof, all money in Dollars or U.S. Government Obligations deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium) and interest for whose payment such money in Dollars or U.S. Government Obligations has been deposited with the Trustee; but such money in Dollars or U.S. Government Obligations need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Issuer have made any payment of principal of, premium or interest on, any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE XII

COLLATERAL

SECTION 12.01 Security Documents.

(a) From and after the Spin-Off Date, the due and punctual payment of the principal of, premium and interest on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of, premium and interest on the Notes and performance of all other Notes Obligations of the Issuer and the Guarantors to the Notes Secured Parties under this Indenture, the Notes, the Guarantees and the Notes Security Documents, according to the terms hereunder or thereunder, shall be secured as provided in the Notes Security Documents, which will define the terms of the Liens that secure the Notes Obligations, subject to the terms of the First Lien Pari Passu Intercreditor Agreement. The Trustee and the Issuer hereby acknowledge and agree that the Notes Collateral Agent will from and after the Spin-Off Date hold the Collateral in trust for the benefit of the

Notes Secured Parties and pursuant to the terms of this Indenture and the Notes Security Documents. Each Holder, by accepting a Note, and each beneficial owner of an interest in a Note, consents and agrees to the terms of the Notes Security Documents (including the provisions providing for the possession, use, release and foreclosure of Collateral) and the First Lien Pari Passu Intercreditor Agreement as the same may be in effect or may be amended from time to time in accordance with their terms and this Indenture and the First Lien Pari Passu Intercreditor Agreement, and authorizes and directs the Notes Collateral Agent to enter into the Notes Security Documents and the First Lien Pari Passu Intercreditor Agreement and to perform its obligations and exercise its rights thereunder in accordance therewith. Subject to the Perfection Exceptions and the limitations set forth in the Notes Security Documents, from and after the Spin-Off Date, the Issuer shall deliver to the Notes Collateral Agent copies of all documents required to be filed pursuant to the Notes Security Documents, and will do or cause to be done all such acts and things as may be reasonably required by the next sentence of this Section 12.01, to provide to the Notes Collateral Agent the security interest in the Collateral contemplated hereby and/or by the Notes Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. Subject to the Perfection Exceptions and the limitations set forth in the Notes Security Documents, from and after the Spin-Off Date, the Issuer shall, and shall cause the Subsidiaries of the Issuer to, take any and all actions and make all filings (including, without limitation, the filing of UCC financing statements, continuation statements and amendments thereto) required to cause the Notes Security Documents to create and maintain, as security for the Notes Obligations of the Issuer and the Guarantors to the Secured Parties, a valid and enforceable perfected Lien and security interest in and on all of the Collateral (subject to the terms of the Notes Security Documents), in favor of the Notes Collateral Agent for the benefit of the Notes Secured Parties subject to no Liens other than Permitted Liens.

(b) Notwithstanding any provision hereof to the contrary, the provisions of this Section 12.01 are qualified in their entirety by the Perfection Exceptions and neither the Issuer nor any Guarantor shall be required pursuant to this Indenture or any Notes Security Document to take any action limited by the Perfection Exceptions.

SECTION 12.02 Notes Collateral Agent.

(a) Each of the Holders by acceptance of the Notes, and each beneficial owner of an interest in a Note, hereby designates and appoint the Notes Collateral Agent as its agent under this Indenture and the Note Documents and each of the Holders by acceptance of the Notes hereby irrevocably authorizes the Notes Collateral Agent to take such action on its behalf under the provisions of this Indenture and the Note Documents and to exercise such powers and perform such duties as are expressly delegated to the Notes Collateral Agent by the terms of this Indenture and the Note Documents, and consents and agrees to the terms of each Notes Security Document, as the same may be in effect or may be amended, restated, supplemented or otherwise modified from time to time in accordance with its respective terms or the terms of this Indenture. The Notes Collateral Agent agrees to act as such on the express conditions contained in this Section 12.02. The provisions of this Section 12.02 are solely for the benefit of the Notes Collateral Agent and the Trustee, and none of the Holders nor the Issuer or the Guarantors shall have any rights as a third party beneficiary of any of the provisions contained herein. Each Holder agrees that any action taken by the Notes Collateral Agent in accordance with the provisions of this Indenture and/or the applicable Note Documents, and the exercise by the Notes Collateral Agent of any rights or remedies set forth herein and therein shall be authorized and binding upon all Holders. Notwithstanding any provision to the contrary contained elsewhere in this Indenture or the Note Documents, the duties of the Notes Collateral Agent shall be ministerial and administrative in nature, and the Notes Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein and in the other Note Documents to which the Notes Collateral Agent is a party, nor shall the Notes Collateral Agent have or be deemed to have any trust or other fiduciary relationship with the Trustee, any Holder or the Issuer or a Guarantor, and no

implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Indenture or the Note Documents or otherwise exist against the Notes Collateral Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Indenture with reference to the Notes Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The Notes Collateral Agent may perform any of its duties under this Indenture or the Note Documents by or through receivers, agents, employees, attorneys-in-fact or with respect to any specified Person, such Person's Affiliates, and the respective officers, directors, employees, agents, advisors and attorneys-in-fact of such Person and its Affiliates (a "Related Person") and shall be entitled to advice of counsel concerning all matters pertaining to such duties, and shall be entitled to act upon, and shall be fully protected in taking action in reliance upon any advice or opinion given by legal counsel. The Notes Collateral Agent shall not be responsible for the negligence or willful misconduct of any receiver, agent, employee, attorney-in-fact or Related Person that it selects as long as such selection was made in good faith.

(c) Neither the Notes Collateral Agent nor any of its respective Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Indenture or the transactions contemplated hereby (except for its own bad faith, gross negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction) or under or in connection with any Security Document or the transactions contemplated thereby (except for its own bad faith, gross negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction), or (ii) be responsible in any manner to any of the Trustee or any Holder for any recital, statement, representation, warranty, covenant or agreement made by the Issuer or any Guarantor or Affiliate thereof, or any Officer or Related Person thereof, contained in this Indenture, or any other Note Documents, or in any certificate, report, statement or other document referred to or provided for in, or received by the Notes Collateral Agent under or in connection with, this Indenture or the Note Documents, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Indenture or the Note Documents, or for any failure of the Issuer or any Guarantor to perform its obligations hereunder or thereunder. Neither the Notes Collateral Agent nor any of its respective Related Persons shall be under any obligation to the Trustee or any Holder to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Indenture or the Note Documents or to inspect the properties, books, or records of the Issuer or a Guarantor or any Affiliates thereof.

(d) The Notes Collateral Agent shall be entitled (in the absence of bad faith) to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, certification, telephone message, statement, or other communication, document or conversation (including those by telephone or e-mail) believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer or any Guarantor), independent accountants and/or other experts and advisors selected by the Notes Collateral Agent. The Notes Collateral Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document. Unless otherwise expressly required hereunder or pursuant to any Security Document, the Notes Collateral Agent shall be fully justified in failing or refusing to take any action under this Indenture or the Notes Security Documents, and shall incur no liability by reason of such failure or refusal to take action, unless it shall first receive such written advice or concurrence of the Trustee or the Holders of a majority in aggregate principal amount of the Notes as it determines and, if it so requests, it shall first be indemnified to its satisfaction by the Holders against any and all liability, fees and expense which may be incurred by it by reason of

taking or continuing to take any such action. The Notes Collateral Agent shall in all cases be fully protected from claims by any Holders in acting, or in refraining from acting, under this Indenture or the Note Documents in accordance with a request, direction, instruction or consent of the Trustee or the Holders of a majority in aggregate principal amount of the then outstanding Notes and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Holders.

(e) The Notes Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless a Responsible Officer of the Notes Collateral Agent shall have received written notice from the Trustee or the Issuer referring to this Indenture, describing such Default or Event of Default and stating that such notice is a "notice of default." The Notes Collateral Agent shall take such action with respect to such Default or Event of Default as may be requested by the Trustee in accordance with Article VI or the Holders of a majority in aggregate principal amount of the Notes (subject to this Section 12.02).

(f) The Notes Collateral Agent may resign at any time by notice to the Trustee and the Issuer, such resignation to be effective upon the acceptance of a successor agent to its appointment as Notes Collateral Agent. If the Notes Collateral Agent resigns under this Indenture, the Issuer shall appoint a successor collateral agent. If no successor collateral agent is appointed prior to the intended effective date of the resignation of the Notes Collateral Agent (as stated in the notice of resignation), the Notes Collateral Agent or Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture may appoint, after consulting with the Trustee, subject to the consent of the Issuer (which shall not be unreasonably withheld and which shall not be required during a continuing Event of Default), a successor collateral agent. If no successor collateral agent is appointed and consented to by the Issuer pursuant to the preceding sentence within thirty (30) days after the intended effective date of resignation (as stated in the notice of resignation) the Notes Collateral Agent shall be entitled to petition a court of competent jurisdiction to appoint a successor at the sole expense of the Issuer. Upon the acceptance of its appointment as successor collateral agent hereunder, such successor collateral agent shall succeed to all the rights, powers and duties of the retiring Notes Collateral Agent, and the term "Notes Collateral Agent" shall mean such successor collateral agent, and the retiring Notes Collateral Agent's appointment, powers and duties as the Notes Collateral Agent shall be terminated. After the retiring Notes Collateral Agent's resignation hereunder, the Notes Collateral Agent shall be fully and immediately discharged of all responsibilities under this Indenture and the Note Documents to which it is party, provided that the provisions of this Section 12.02 (and Section 7.07) shall continue to inure to its benefit and the retiring Notes Collateral Agent shall not by reason of such resignation be deemed to be released from liability as to any actions taken or omitted to be taken by it while it was the Notes Collateral Agent under this Indenture.

(g) The Trustee and the Notes Collateral Agent shall be authorized to appoint co-Notes Collateral Agents or sub-agents or other additional Notes Collateral Agents as necessary in its sole discretion or in accordance with applicable law and any such appointment shall be reflected in documentation (which the Issuer, the Trustee and the Notes Collateral Agent are hereby authorized to enter into). Except as otherwise explicitly provided herein or in the Note Documents, neither the Notes Collateral Agent nor any of its respective officers, directors, employees or agents or other Related Persons shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The Notes Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Notes Collateral Agent nor any of its respective officers, directors, employees or agents shall be responsible for any act or failure to act hereunder, except for its own gross negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction.

(h) The Notes Collateral Agent is authorized and directed to (i) enter into the Note Documents to which it is party, whether executed on or after the Issue Date (including the Note Documents to be executed on the Spin-Off Date pursuant to Section 3.14), (ii) enter into the First Lien Pari Passu Intercreditor Agreement (and any joinders, supplements or amendments thereto contemplated hereby), (iii) make the representations of the Holders set forth in the Note Documents, (iv) bind the Holders on the terms as set forth in the Note Documents and (v) perform and observe its obligations under the Note Documents. Any execution of a Notes Security Document by the Notes Collateral Agent after the Spin-Off Date shall be at the direction and expense of the Issuer, upon delivery to the Notes Collateral Agent of an Officers' Certificate and an Opinion of Counsel stating that the execution is authorized or permitted pursuant to this Indenture and applicable Note Documents.

(i) If applicable, the Notes Collateral Agent is each Holder's agent for the purpose of perfecting the Holders' security interest in assets which, in accordance with Article 9 of the UCC, can be perfected only by possession. Should the Trustee obtain possession of any such Collateral, upon written request from the Issuer, the Trustee shall notify the Notes Collateral Agent thereof and promptly shall deliver such Collateral to the Notes Collateral Agent.

(j) The Notes Collateral Agent shall not have any obligation whatsoever to the Trustee or any of the Holders to assure that the Collateral exists or is owned by the Issuer or any Guarantor or is cared for, protected, or insured or has been encumbered, or that the Notes Collateral Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, maintained or enforced or are entitled to any particular priority, or to determine whether all or such of the Issuer's or Guarantors' property constituting collateral intended to be subject to the Lien and security interest of the Note Documents has been properly and completely listed or delivered, as the case may be, or the genuineness, validity, marketability or sufficiency thereof or title thereto, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights, authorities, and powers granted or available to the Notes Collateral Agent pursuant to this Indenture or any Notes Security Document other than pursuant to the instructions of the Trustee or the Holders of a majority in aggregate principal amount of the Notes, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, the Notes Collateral Agent shall not have any other duty or liability whatsoever to the Trustee or any Holder or any other Notes Collateral Agent as to any of the foregoing.

(k) No provision of this Indenture or any Notes Security Document shall require the Notes Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers unless, if requested, it shall have first received security or indemnity reasonably satisfactory to it against potential costs and liabilities incurred by the Notes Collateral Agent relating thereto, if it shall have reasonable grounds for believing that repayment of such funds or reasonable indemnity against such risk of liability is not reasonably assured to it. The Notes Collateral Agent (i) shall not be liable for any action taken or omitted to be taken by it in connection with this Indenture, the First Lien Pari Passu Intercreditor Agreement and the Notes Security Documents or instrument referred to herein or therein, except to the extent that any of the foregoing are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from its own bad faith, gross negligence or willful misconduct, (ii) shall not be liable for interest on any money received by it except as the Notes Collateral Agent may agree in writing with the Issuer (and money held in trust by the Notes Collateral Agent (a) shall be held uninvested without liability for interest, unless otherwise agreed in writing, (b) shall be held in a non-interest bearing trust account and (c) need not be segregated from other funds except to the extent required by law) and (iii) may consult with counsel of its selection and the advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it in good faith and in accordance with the advice or opinion of such counsel. The grant of permissive rights or powers to the Notes Collateral Agent shall not be construed to impose duties to act.

(l) The Notes Collateral Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including, without limitation, acts of God; earthquakes; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action.

(m) The Notes Collateral Agent does not assume any responsibility for any failure or delay in performance or any breach by the Issuer or any Guarantor under this Indenture and the Note Documents. The Notes Collateral Agent shall not be responsible to the Holders or any other Person for any recitals, statements, information, representations or warranties contained in any Note Documents or in any certificate, report, statement, or other document referred to or provided for in, or received by the Notes Collateral Agent under or in connection with, this Indenture or any Notes Security Document; the execution, validity, genuineness, effectiveness or enforceability of the First Lien Pari Passu Intercreditor Agreement and any Note Documents of any other party thereto; the genuineness, enforceability, collectability, value, sufficiency, location or existence of any Collateral, or the validity, effectiveness, enforceability, sufficiency, extent, perfection or priority of any Lien therein; the validity, enforceability or collectability of any Obligations; the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any obligor; or for any failure of any obligor to perform its Obligations under this Indenture and the Note Documents. The Notes Collateral Agent shall not have any obligation to any Holder or any other Person to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any obligor of any terms of this Indenture, the Credit Agreement or the Note Documents, or the satisfaction of any conditions precedent contained in this Indenture or any Note Documents. The Notes Collateral Agent shall not be required to initiate or conduct any litigation or collection or other proceeding under this Indenture and the Note Documents unless expressly set forth hereunder or thereunder. Without limiting its obligations as expressly set forth herein, the Notes Collateral Agent shall have the right at any time to seek instructions from the Holders with respect to the administration of the Note Documents.

(n) Subject to the provisions of the applicable Note Documents, each Holder, by acceptance of the Notes, agrees that the Notes Collateral Agent shall execute and deliver the First Lien Pari Passu Intercreditor Agreement and the Note Documents to which it is a party and all agreements, documents and instruments incidental thereto (including any releases permitted hereunder), and act in accordance with the terms thereof. For the avoidance of doubt, the Notes Collateral Agent shall not be required to exercise discretion under this Indenture or the Note Documents and shall not be required to make or give any determination, consent, approval, request or direction without the written direction of the Holders of a majority in aggregate principal amount of the then outstanding Notes or the Trustee, as applicable, except as otherwise expressly provided for herein or in any other Notes Document. For purposes of clarity, phrases such as “satisfactory to the Notes Collateral Agent,” “approved by the Notes Collateral Agent,” “acceptable to the Notes Collateral Agent,” “in the Notes Collateral Agent’s discretion,” “selected by the Notes Collateral Agent,” “requested by the Notes Collateral Agent” and phrases of similar import authorize and permit the Notes Collateral Agent to approve, disapprove, determine, act or decline to act in its discretion.

(o) After the occurrence of an Event of Default, the Trustee may (at the direction of a majority of Holders) direct the Notes Collateral Agent in connection with any action required or permitted by this Indenture or the Note Documents.

(p) The Notes Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Note Documents and to the extent not prohibited under the First Lien Pari Passu Intercreditor Agreement, for turnover to the Trustee to make further distributions of such funds to itself, the Trustee and the Holders in accordance with this Indenture.

(q) Subject to the terms of the Note Documents, in each case that the Notes Collateral Agent may or is required hereunder or under any other Notes Document to take any action (an "Action"), including without limitation to make any determination, to give consents, to exercise rights, powers or remedies, to release or sell Collateral or otherwise to act hereunder or under any other Notes Document, the Notes Collateral Agent may seek direction from the Holders of a majority in aggregate principal amount of the then outstanding Notes. The Notes Collateral Agent shall not be liable with respect to any Action taken or omitted to be taken by it in accordance with the direction from the Holders of a majority in aggregate principal amount of the then outstanding Notes. Subject to the terms of the Note Documents, if the Notes Collateral Agent shall request direction from the Trustee or the Holders of a majority in aggregate principal amount of the then outstanding Notes with respect to any Action, the Notes Collateral Agent shall be entitled to refrain from such Action unless and until the Notes Collateral Agent shall have received direction from the Trustee or the Holders of a majority in aggregate principal amount of the then outstanding Notes, and the Notes Collateral Agent shall not incur liability to any Person by reason of so refraining.

(r) Notwithstanding anything to the contrary in this Indenture or any other Notes Document, in no event shall the Notes Collateral Agent or the Trustee be responsible for, or have any duty or obligation with respect to, the preparation, recording, filing, registering, perfection, protection or maintenance of the security interests or Liens intended to be created by this Indenture or the other Note Documents (including without limitation the filing or continuation of any UCC financing or continuation statements or similar documents or instruments (which shall be filed by the Issuer)), nor shall the Notes Collateral Agent or the Trustee be responsible for, and neither the Notes Collateral Agent nor the Trustee makes any representation regarding, the validity, effectiveness or priority of any of the Note Documents or the security interests or Liens intended to be created thereby.

(s) The Issuer shall pay compensation to, reimburse expenses of and indemnify the Notes Collateral Agent in accordance with Section 7.07. Accordingly, the reference to the "Trustee" in Section 7.07 and Section 7.08 shall be deemed to include the reference to the Notes Collateral Agent.

(t) Anything in this Indenture or any Security Document notwithstanding, in no event shall the Notes Collateral Agent be responsible or liable for special, indirect, incidental, punitive, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Notes Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 12.03 Authorization of Actions to Be Taken.

(a) Subject to the provisions of the First Lien Pari Passu Intercreditor Agreement and the Notes Security Documents, the Trustee and the Notes Collateral Agent are authorized and empowered to receive for the benefit of the Holders of Notes any funds collected or distributed under the Notes Security Documents to which the Notes Collateral Agent or Trustee is a party and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

(b) Subject to the provisions of Article VI, Section 7.01 and Section 7.02 hereof, the First Lien Pari Passu Intercreditor Agreement and the Notes Security Documents, upon the occurrence and continuance of an Event of Default, the Trustee may, at the direction of Holders of at least a majority in principal amount of all the outstanding Notes issued under this Indenture, direct, on behalf of the Holders, the Notes Collateral Agent to take all actions it deems necessary or appropriate in order to:

(1) foreclose upon or otherwise enforce any or all of the Liens securing the Notes Obligations;

(2) enforce any of the terms of the Notes Security Documents and any Intercreditor Agreement to which the Notes Collateral Agent or Trustee is a party; or

(3) collect and receive payment of any and all Notes Obligations.

Subject to the First Lien Pari Passu Intercreditor Agreement, the Trustee is authorized and empowered to institute and maintain, or direct the Notes Collateral Agent to institute and maintain, such suits and proceedings as it may deem expedient to prevent any impairment of Collateral by any acts that may be unlawful or in violation of the Notes Security Documents to which the Notes Collateral Agent or Trustee is a party or this Indenture, and such suits and proceedings as the Trustee or the Notes Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Holders of Notes in the Collateral.

SECTION 12.04 Release of Collateral and Subordination of Liens on the Collateral.

(a) The Issuer and the Subsidiary Guarantors shall be entitled to the release of property and other assets constituting Collateral from the Liens securing the Notes and the Notes Obligations (and such Liens shall be automatically released) under any one or more of the following circumstances:

(1) if the property subject to such Lien is sold, disposed of or distributed as part of or in connection with any transaction or series of related transactions not prohibited under this Indenture or any Notes Security Document, in each case to a Person that is not the Issuer or a Guarantor (including pursuant to any Receivables Facility permitted under this Indenture);

(2) if the property subject to such Lien constitutes or becomes Excluded Property as a result of an occurrence not prohibited under this Indenture;

(3) if the property subject to such Lien is owned by a Subsidiary Guarantor, upon release of such Subsidiary Guarantor from its obligations under this Indenture or any Notes Security Document, as applicable, as described under Article X;

(4) in accordance with the First Lien Pari Passu Intercreditor Agreement; and

(5) pursuant to an amendment or waiver in accordance with Article IX.

In addition, the Liens on the Collateral securing the Notes and the Guarantees shall be automatically released upon (i) payment in full of the principal of, together with accrued and unpaid interest on, the Notes and all other Obligations under this Indenture, the Guarantees and the Notes Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, is paid or (ii) a legal defeasance or covenant defeasance as in accordance with Article VIII or a discharge of this Indenture in accordance with Article XI. Without limiting the generality of the foregoing, in the event (i) that the Issuer delivers to the Trustee an Officer's Certificate and Opinion of Counsel certifying that the events or circumstances described in clause (i) or (ii) of the immediately preceding sentence have occurred, the Trustee shall deliver to the Issuer and the Notes Collateral Agent a notice stating that the Trustee, on behalf of the Holders, without recourse or warranty, disclaims and gives up any and all rights it has in or to the Collateral, and any rights it has under the Notes Security Documents, and upon receipt by the Notes Collateral Agent of such notice, the Notes Collateral Agent shall be deemed not to hold a Lien in the Collateral on behalf of the Trustee and shall do or cause to be done all acts reasonably necessary at the request and expense of the Issuer to release such Lien as soon as is reasonably practicable.

(b) The Liens on the Collateral securing the Notes and Guarantees will be subordinated to the holder of any Permitted Lien on such property that is permitted by clauses (1), (5), (6) (only with regard to Section 3.02(b)), (8), (9), (11), (12), (14), (16), (17) (other than with respect to self-insurance arrangements), (18) (solely to the extent constituting Excluded Property), (20), (21), (22), (23) (solely to the extent relating to a lien of the type allowed pursuant to clauses (8), (9), (11) (solely with respect to cash deposits) of the definition of "Permitted Liens"), (25) (solely to the extent relating to a lien of the type allowed pursuant to clause (6) of the definition of "Permitted Liens" and securing obligations under Indebtedness of the type allowed pursuant to Section 3.02(b)), (26) (solely to the extent the Lien of the Notes Collateral Agent on such property is not, pursuant to such agreements, permitted to be senior to or *pari passu* with such Liens), (27), (29) (solely with respect to cash deposits), (33), (34), (39) (only for so long as required to be secured for such letter of intent or investment) and (45) of the definition of "Permitted Liens."

(c) With respect to any release or subordination of Collateral pursuant to this Section 12.04, upon receipt of an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under this Indenture and the Notes Security Documents, as applicable, to such release or subordination have been met and that it is permitted for the Trustee and/or a Notes Collateral Agent to execute and deliver the documents requested by the Issuer in connection with such release or subordination, and any necessary or proper instruments of termination, satisfaction, discharge or release prepared by the Issuer, the Trustee shall, or shall cause the Notes Collateral Agent to, execute, deliver or acknowledge (at the Issuer's expense) such instruments or releases (whether electronically or in writing) to evidence, and shall do or cause to be done all other acts reasonably necessary to effect or evidence, as applicable, in each case as soon as reasonably practicable, the release and discharge or subordination of any Collateral permitted to be released or subordinated pursuant to this Indenture or the Notes Security Documents. Neither the Trustee nor any Notes Collateral Agent shall be liable for any such release or subordination undertaken in reliance upon any such Officer's Certificate or Opinion of Counsel, and notwithstanding any term hereof or in any Notes Security Document to the contrary, but without limiting any automatic release provided hereunder or under any Notes Security Document, the Trustee and each Notes Collateral Agent shall not be under any obligation to release or subordinate any such Lien and security interest, or execute and deliver any such instrument of release, satisfaction, discharge or termination, unless and until it receives such Officer's Certificate and Opinion of Counsel.

SECTION 12.05 Powers Exercisable by Receiver or Trustee. In case the Collateral shall be in the possession of a receiver or trustee, lawfully appointed, the powers conferred in this Article XII upon the Issuer or the Guarantors with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or the Guarantors or of any officer or officers thereof required by the provisions of this Article XII; and if the Trustee, Notes Collateral Agent or a nominee of the Trustee or Notes Collateral Agent shall be in the possession of the Collateral under any provision of this Indenture, then such powers may be exercised by the Trustee, Notes Collateral Agent or a nominee of the Trustee or Notes Collateral Agent.

SECTION 12.06 [Reserved].

SECTION 12.07 Junior Lien Intercreditor Agreement. In the event that the Issuer or a Guarantor incurs Junior Lien Priority Indebtedness that is not prohibited by this Indenture, the Notes Collateral Agent (and, if applicable, the Trustee) will enter into a senior priority/junior priority intercreditor agreement with (together with other relevant Persons) any collateral agent and/or other authorized representative of any Junior Lien Priority Indebtedness, which intercreditor agreement shall provide for the subordination of Liens on such Junior Lien Priority Indebtedness to the Liens securing the Notes and other

intercreditor provisions with respect to such Junior Lien Priority Indebtedness, and such intercreditor agreement shall be customary in the good faith determination of the Issuer (for intercreditor agreements providing junior priority liens) as certified to the Trustee in writing by the Issuer, and if the Credit Agreement is then outstanding, shall be in a form approved by the Credit Agreement Collateral Agent (each, a "Junior Lien Intercreditor Agreement"). The Notes Collateral Agent (and, if applicable, the Trustee) shall sign any such Junior Lien Intercreditor Agreement upon delivery of an Officer's Certificate of the Issuer; it being understood that the First Lien/Second Lien Intercreditor Agreement (as defined in the Credit Agreement) constitutes a customary Junior Lien Intercreditor Agreement.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01 Notices. Any notice, request, direction, consent or communication made pursuant to the provisions of this Indenture or the Notes shall be in writing and delivered in person, sent by facsimile, sent by electronic mail in pdf format, delivered by commercial courier service or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Issuer or to any Guarantor:

Embecta Corp.
1 Becton Drive
Franklin Lakes, NJ 07417
Attention: Corporate Secretary

if to the Trustee, Notes Collateral Agent, Paying Agent or Registrar, at its corporate trust office, which corporate trust office for purposes of this Indenture is at the date hereof located at:

U.S. Bank Trust Company, National Association
333 Thornall St.
Edison, NJ 08837
Attention: Mark DiGiacomo

The Issuer, the Trustee, the Notes Collateral Agent, the Paying Agent and the Registrar by written notice to the others may designate additional or different addresses for subsequent notices or communications.

Any notice or communication shall be deemed to have been given or made as of the date so delivered if personally delivered or if delivered electronically, in pdf format; when receipt is acknowledged, if telecopied; and five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Any notice or communication sent to a Holder shall be electronically delivered or mailed to the Holder at the Holder's address as it appears in the Notes Register and shall be sufficiently given if so sent or mailed within the time prescribed.

Failure to mail or deliver electronically a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to DTC (or its designee) pursuant to the standing instructions from DTC or its designee.

SECTION 13.02 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Issuer or any of the Guarantors to the Trustee to take or refrain from taking any action under this Indenture, the Issuer or such Guarantor, as the case may be, shall furnish to the Trustee (except, as to paragraph (2) below, in the case of the initial issuance of the Notes on the date hereof):

(1) an Officer's Certificate in form satisfactory to the Trustee (which shall include the statements set forth in Section 13.03 hereof) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form satisfactory to the Trustee (which shall include the statements set forth in Section 13.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent have been satisfied and all covenants have been complied with.

SECTION 13.03 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, such individual has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving such Opinion of Counsel, counsel may rely as to factual matters on an Officer's Certificate or on certificates of public officials.

SECTION 13.04 When Notes Disregarded. In determining whether the Holders of the required aggregate principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer, any Guarantor or any Affiliate of them shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Also, subject to the foregoing, only Notes outstanding at the time shall be considered in any such determination.

SECTION 13.05 Rules by Trustee, Notes Collateral Agent, Paying Agent and Registrar. The Trustee and Notes Collateral Agent may make reasonable rules for action by, or at meetings of, Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 13.06 Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or other day on which commercial banking institutions are authorized or required to be closed in New York, New York or the jurisdiction of the place of payment. If a payment date or a Redemption Date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 13.07 Governing Law. THIS INDENTURE, THE NOTES, THE BD GUARANTEE AND THE NOTE GUARANTEES AND THE RIGHTS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 13.08 Jurisdiction. The parties hereto agree that any suit, action or proceeding brought by any Holder or the Trustee arising out of or based upon this Indenture, the Guarantee or the Notes may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, and any appellate court from any thereof, and each of them irrevocably submits to the exclusive jurisdiction of such courts in any suit, action or proceeding. The parties hereto irrevocably waive, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Indenture, the Guarantee or the Notes, including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum or that such courts do not have jurisdiction over such party. The parties hereto agree that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer or the Guarantors, as the case may be, and may be enforced in any court to the jurisdiction of which the Issuer or the Guarantors, as the case may be, are subject by a suit upon such judgment.

SECTION 13.09 Waivers of Jury Trial. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE GUARANTEES AND FOR ANY COUNTERCLAIM THEREIN.**

SECTION 13.10 USA PATRIOT Act. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account. The parties hereto agree that they will provide the Trustee with such information as it may request in order to satisfy the requirements of the USA PATRIOT Act.

SECTION 13.11 No Recourse against Others. No past, present or future director, officer, employee, incorporator, or stockholder of the Issuer or any of its Subsidiaries or Affiliates, as such (other than the Issuer and the Guarantors), shall have any liability for any obligations of the Issuer or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note 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 U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

SECTION 13.12 Successors. All agreements of the Issuer and each Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee, the Notes Collateral Agent, the Paying Agent and the Registrar, as applicable, in this Indenture shall bind its successors.

SECTION 13.13 Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic format shall be deemed to be their original signatures for all purposes.

SECTION 13.14 Electronic Transmission; Electronic Signatures. Neither the Trustee nor the Notes Collateral Agent shall have any duty to confirm that the person sending any notice, instruction or other communication (a "Notice") by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee and Notes Collateral Agent to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Trustee and Notes Collateral Agent) shall be deemed original signatures for all purposes. Each other party assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to the Trustee and the Notes Collateral Agent, including without limitation the risk of the Trustee or Notes Collateral Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, each of the Trustee and the Notes Collateral Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to it in lieu of, or in addition to, any such electronic Notice.

SECTION 13.15 Table of Contents; Headings. The table of contents, cross-reference table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 13.16 Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, epidemics, pandemics, civil or military disturbances, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, it being understood that the Trustee shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 13.17 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 13.18 Intercreditor Agreement.

(a) The terms of this Indenture are subject to the terms of the First Lien Pari Passu Intercreditor Agreement.

(b) If the Issuer or any Guarantor (i) incurs any obligations in respect of First Lien Obligations at any time when no First Lien Pari Passu Intercreditor Agreement is in effect or at any time when Indebtedness constituting First Lien Obligations entitled to the benefit of an existing First Lien Pari Passu Intercreditor Agreement is concurrently retired, or incurs any other obligations permitted hereunder and required to be subject to an intercreditor agreement, and (ii) delivers to the Notes Collateral Agent an Officer's Certificate so stating and requesting the Notes Collateral Agent to enter into an intercreditor agreement (on substantially the same terms as the First Lien Pari Passu Intercreditor Agreement) in favor of a designated agent or representative for the holders of the First Lien Obligations so incurred, the Notes Collateral Agent and the Trustee (as applicable) shall (and are hereby authorized and directed to) enter into such intercreditor agreement (at the sole expense and cost of the Issuer, including fees (including legal fees) and expenses of the Notes Collateral Agent), bind the Holders on the terms set forth therein and perform and observe its obligations thereunder.

SECTION 13.19 Waiver of Immunities. To the extent that the Issuer or any Guarantor or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to them, any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, or from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to their obligations, liabilities or any other matter under or arising out of or in connection with this Indenture, the Notes or the Note Guarantees, the Issuer and each Guarantor hereby irrevocably and unconditionally, to the extent permitted by applicable law, waives and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

[Signature on followings pages]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed all as of the date and year first written above.

Embecta Corp.

By: /s/ Jacob Elguicze
Name: Jacob Elguicze
Title: Senior Vice President and Chief Financial Officer

[Signature Page to Indenture]

U.S. Bank Trust Company, National Association,
as Trustee and as Notes Collateral Agent

By: /s/ Mark DiGiacomo
Name: Mark DiGiacomo
Title: Vice President

[Signature Page to Indenture]

EXHIBIT A

[FORM OF FACE OF GLOBAL RESTRICTED NOTE]

[Applicable Restricted Notes Legend]
[Depository Legend, if applicable][1]
[OID Legend, if applicable]

No. [___]

Principal Amount $[_____] [as revised by the Schedule of Increases and Decreases in Global Note attached hereto][1]
CUSIP NO. _____

ISIN NO. _____

Embecta Corp.

5.000% Senior Secured Notes due 2030

Embecta Corp., a Delaware corporation (the "Issuer"), promises to pay to [Cede & Co.],[2] or its registered assigns, the principal sum of U. S. dollars, [as revised by the Schedule of Increases and Decreases in Global Note attached hereto],[3] on February 15, 2030.

Interest Payment Dates: February 15 and August 15, commencing on August 15, 2022

Record Dates: February 1 and August 1

Additional provisions of this Note are set forth on the other side of this Note.

1 Insert in Global Notes only.
2 Insert in Global Notes only.
3 Insert in Global Notes only.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Embecta Corp.

By: _____
Name:
Title:

TRUSTEE CERTIFICATE OF AUTHENTICATION

This Note is one of the 5.000% Senior Secured Notes due 2030 referred to in the within-mentioned Indenture.

U.S. Bank Trust Company, National Association,
as Trustee

By: _____
Authorized Signatory

Dated: _____

[FORM OF REVERSE SIDE OF NOTE]
Embecta Corp.

5.000% Senior Secured Notes due 2030

Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture.

1. Interest

The Issuer promises to pay interest on the principal amount of this Note at 5.000% per annum from February 10, 2022 until maturity. The Issuer will pay interest semi-annually in arrears every February 15 and August 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date") to Holders of record on the immediately preceding February 1 and August 1 of each year, respectively. Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance to, but excluding, the relevant Interest Payment Date; *provided* that the first Interest Payment Date shall be August 15, 2022. The Issuer shall pay interest on overdue principal at the rate specified herein, and it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment

By no later than 11:00 a.m. (New York City time) on the date on which any principal of, premium, if any, or interest, on any Note is due and payable, the Issuer shall deposit with the Paying Agent a sum sufficient in immediately available funds to pay such principal, premium, if any, and interest then due. Interest on any Note which is payable, and is timely paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business on the preceding February 1 and August 1 at the office or agency of the Issuer maintained for such purpose pursuant to Section 2.03 of the Indenture. The principal of, premium, if any, and interest on the Notes shall be payable at the office or agency of Paying Agent or Registrar designated by the Issuer maintained for such purpose (which shall initially be the office of the Trustee maintained for such purpose), or at such other office or agency of the Issuer as may be maintained for such purpose pursuant to Section 2.03 of the Indenture; *provided*, *however*, that, at the option of the Paying Agent, each payment of interest, if any, may be paid by (i) check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Notes Register or (ii) wire transfer to an account located in the United States maintained by the payee, subject to the third to the last sentence of this paragraph. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company or any successor depository. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes will be made in accordance with the Notes Register, or by wire transfer to a Dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee or Paying Agent, as applicable, may accept in its discretion). If an Interest Payment Date or a Redemption Date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

3. Paying Agent and Registrar

The Issuer initially appoints U.S. Bank Trust Company, National Association as trustee (the "Trustee") and as notes collateral agent (the "Notes Collateral Agent") as Registrar and Paying Agent for the Notes. The Issuer may change any Registrar or Paying Agent without prior notice to the Holders. The Issuer or any Guarantor may act as Paying Agent, Registrar or transfer agent.

4. Indenture

The Issuer issued the Notes under an Indenture dated as of February 10, 2022, among the Issuer, the Guarantors party thereto from time to time, the Trustee and the Notes Collateral Agent (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), to be supplemented by the Supplemental Indenture, dated as of the Spin-Off Date, among the Issuer, the Subsidiary Guarantors, the Trustee and the Notes Collateral Agent. The terms of the Notes include those stated in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders are referred to the Indenture for a statement of those terms. In the event of a conflict between the terms of the Notes and the terms of the Indenture, the terms of the Indenture shall control.

The Notes are senior obligations of the Issuer. The aggregate principal amount of Notes that may be authenticated and delivered under the Indenture is unlimited. This Note is one of the 5.000% Senior Secured Notes due 2030 referred to in the Indenture. The Notes include (i) $500,000,000 principal amount of the Issuer's 5.000% Senior Secured Notes due 2030 issued under the Indenture on February 10, 2022 (the "Initial Notes") and (ii) if and when issued, additional Notes that may be issued from time to time under the Indenture subsequent to February 10, 2022 (the "Additional Notes") as provided in Section 2.01(a) of the Indenture. The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of the Indenture, including with respect to redemptions and offers to purchase; *provided* that the Additional Notes will not be issued with the same CUSIP as the existing Notes if such Additional Notes are not fungible with the Initial Notes for U.S. federal income tax purposes or if the Issuer otherwise determines that any such Additional Notes should be differentiated from any other Notes. The Indenture imposes certain limitations on the incurrence of indebtedness, the making of restricted payments, the sale of assets, the incurrence of certain liens, the making of payments for consents, the entering into of agreements that restrict distribution from guarantors and the consummation of mergers and consolidations. The Indenture also imposes requirements with respect to the provision of financial information to the Trustee and the provision of guarantees of the Notes by certain subsidiaries.

5. Guarantees; Collateral.

On the Issue Date, BD shall execute and deliver to the Trustee the Parent Guaranty Agreement, pursuant to which, the Notes will initially be guaranteed on an unsecured, unsubordinated basis by BD. Pursuant to the BD Guarantee as set forth in the Parent Guaranty Agreement, BD will unconditionally guarantee on an unsecured, unsubordinated basis, the full and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of principal of, premium, if any, and interest on the Notes and the other Obligations of the Issuer under this Indenture and the Notes. Pursuant to the Parent Guaranty Agreement, the BD Guarantee will be automatically and unconditionally terminated and released, without any action on the part of the Trustee, any Holder of the Notes or any other Person, upon the satisfaction of the BD Guarantee Release Condition.

(x) On the Spin-Off Date, each of the Subsidiaries of the Issuer that is required to guarantee the obligations under the Credit Agreement on or in connection with the Spin-Off Date shall execute and deliver to the Trustee the Supplemental Indenture and (y) subject to the provisions of Article X of the Indenture, from and after the Spin-Off Date, each Subsidiary of the Issuer that executes a supplemental indenture pursuant to which it agrees to become a Guarantor under the Indenture will, in each case, fully, unconditionally and irrevocably guarantee on a senior secured basis, as primary obligor and not merely as

surety, jointly and severally with each other Guarantor, to each Holder, and the Trustee and the Notes Collateral Agent the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise (including the amount that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Law), of the principal of, premium, if any, and interest on the Notes and all other Obligations and liabilities of the Issuer under the Indenture and the Notes when and as the same shall be due and payable.

Prior to the Spin-Off Date, the Notes and the BD Guarantee will be unsecured obligations. On and following the Spin-Off Date, subject to the provisions of the Indenture, the Notes and the Subsidiary Guarantees shall be secured by a first-priority security interest (subject to Permitted Liens) in the Collateral owned by the Issuer and such Guarantor on a *pari passu* basis with the other First Lien Obligations pursuant to the terms of the Notes Security Documents and the First Lien Pari Passu Intercreditor Agreement.

6. Redemption

(a) At any time on or prior to February 15, 2027, the Issuer may not redeem the Notes at its option.

(b) At any time and from time to time after February 15, 2027, the Issuer may redeem the Notes, in whole or in part, upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register at a redemption price equal to the percentage of the principal amount of the Notes to be redeemed as set forth in the table below, plus accrued and unpaid interest thereon, if any, to, but excluding the applicable Redemption Date, subject to the right of Holders of record of the Notes on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on February 15 of each of the years indicated in the table below:

Year	Percentage
2027	101.250%
2028 and thereafter	100.000%

(c) Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes validly tender and do not validly 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 validly withdrawn by such Holders, the Issuer or such third party shall have the right upon at least 10 but not more than 60 days' prior notice, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the Notes Register, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder (excluding any early tender or incentive fee) 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 date of such redemption. In determining whether the Holders of at least 90% of the aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

(d) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(e) Any redemption pursuant to this paragraph 6 shall be made pursuant to the provisions of Sections 5.01 through 5.06 of the Indenture.

Except as set forth in paragraph 7, the Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. Special Mandatory Redemption

(a) If (x) the Spin-Off is not consummated on or prior to 11:59 p.m. on August 5, 2022 (such date and time, the "Outside Date"), (y) prior to the date of the consummation of the Spin-Off (the "Spin-Off Date"), the Issuer notifies the Trustee in writing that BD does not expect to consummate the Spin-Off by the Outside Date, or (z) prior to the Spin-Off Date, BD has made a public announcement that it has determined not to proceed with the Spin-Off (the earliest date of any such event described in the foregoing clauses (x), (y), or (z) being the "Special Termination Date"), then the Issuer shall redeem all of the Notes (the "Special Mandatory Redemption") at a special mandatory redemption price (the "Special Mandatory Redemption Price") equal to 100% of the aggregate principal amount of the Notes, plus accrued and unpaid interest on the Notes, if any, from the Issue Date to, but excluding, the Special Mandatory Redemption Date (as defined below), subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date.

(b) Notice of a Special Mandatory Redemption shall be delivered by the Issuer electronically or, at the Issuer's option, mailed by first-class mail by the Issuer substantially in the form attached as Exhibit C hereto no later than two (2) Business Days following the applicable Special Termination Date, to the Trustee and the Holders, and will provide that the Notes shall be redeemed at the Special Mandatory Redemption Price on the third Business Day after such notice is given by the Issuer (such date, the "Special Mandatory Redemption Date") in accordance with the terms of this Indenture or otherwise in accordance with the applicable procedures of DTC. If funds sufficient to pay the applicable Special Mandatory Redemption Price in respect of the Notes to be redeemed on the Special Mandatory Redemption Date are deposited with the Trustee on or before such Special Mandatory Redemption Date, then the Notes to be redeemed will cease to bear interest on and after the Special Mandatory Redemption Date. For the avoidance of doubt, the Issuer shall not be required to effect any Special Mandatory Redemption following the time of the consummation of the Spin-Off.

8. Repurchase Provisions

If a Change of Control occurs, except as provided in the Indenture, the Issuer shall make an offer to purchase all of the Notes at a price in cash equal to 101.0% of the aggregate principal amount thereof plus accrued and unpaid interest, to, but excluding the applicable date of purchase; *provided* that if the repurchase date is on or after the record date and on or before the corresponding interest payment date, then Holders in whose names the Notes are registered at the close of business on such record date will receive the interest due on the repurchase date, as provided in, and subject to the terms of, the Indenture.

Upon certain Asset Dispositions, the Issuer may be required to use the Excess Proceeds from such Asset Dispositions to offer to purchase Notes and, at the Issuer's option, Pari Passu Indebtedness out of the Excess Proceeds in accordance with the procedures set forth in Section 3.05 and in Article V of the Indenture.

9. Denominations; Transfer; Exchange

The Notes shall be issuable only in fully registered form in minimum denominations of principal amount of $2,000 and any integral multiple of $1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay a sum sufficient to cover any tax and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Note (A) for a period beginning (1) fifteen (15) calendar days before the mailing of a notice (or electronic delivery) of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing (or electronic delivery) or (2) fifteen (15) calendar days before an Interest Payment Date and ending on such Interest Payment Date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

10. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal, premium, if any, or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuer at its written request unless an abandoned property law designates another Person to receive such money. After any such payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment as general creditors unless an abandoned property law designates another person for payment.

12. Discharge and Defeasance

Subject to certain exceptions and conditions set forth in the Indenture, the Issuer at any time may terminate some or all of its obligations under the Notes and the Indenture if the Issuer deposits with the Trustee money or U.S. Government Obligations for the payment of principal, premium, if any and interest on the Notes to redemption or maturity, as the case may be.

13. Amendment, Supplement, Waiver

Subject to certain exceptions contained in the Indenture, the Indenture, the Notes and the other Note Documents may be amended, or a Default thereunder may be waived, with the consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Issuer, the Guarantors, the Trustee and the Notes Collateral Agent, as applicable, may amend or supplement the Indenture, the Notes and the other Note Documents as provided in the Indenture.

14. Defaults and Remedies

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer or certain Guarantors) occurs and is continuing, the Trustee by written notice to the Issuer, or the Holders of at least 30.0% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may declare the principal of and accrued and unpaid interest, if any, and any other monetary obligations on all the Notes to be due and payable immediately. Upon the effectiveness of such declaration, such principal, unpaid interest, if any, and other monetary obligations will be due and payable immediately. If a bankruptcy, insolvency or reorganization of the Issuer or a Material Subsidiary (or any group of Restricted Subsidiaries, that taken together as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries, would constitute a Material Subsidiary) occurs and is continuing, the principal of and accrued and unpaid interest, if any, and any other monetary obligations on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in aggregate principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

15. Trustee Dealings with the Issuer

Subject to certain limitations set forth in the Indenture, the Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer, Guarantors or their Affiliates with the same rights it would have if it were not Trustee. In addition, the Trustee shall be permitted to engage in transactions with the Issuer and its Affiliates and Subsidiaries.

16. No Recourse Against Others

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such (other than the Issuer and the Guarantors), 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 a note 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.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with rights of survivorship and not as tenants in common), CUST (= custodian) and U/G/M/A (= Uniform Gift to Minors Act).

19. CUSIP and ISIN Numbers

The Issuer has caused CUSIP and ISIN numbers, if applicable, to be printed on the Notes and has directed the Trustee to use CUSIP and ISIN numbers, if applicable, in notices of redemption or purchase as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption or purchase and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

The Issuer will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture. Requests may be made to:

Embecta Corp.
1 Becton Drive
Franklin Lakes, NJ 07417
Attention: Corporate Secretary

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to:

(Print or type assignee's name, address and zip code)

(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: Your Signature: _____

Signature Guarantee: _____

(Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

The undersigned hereby certifies that it ☐ is / ☐ is not an Affiliate of the Issuer and that, to its knowledge, the proposed transferee ☐ is / ☐ is not an Affiliate of the Issuer.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Issuer or any Affiliate of the Issuer, the undersigned confirms that such Notes are being:

CHECK ONE BOX BELOW:

(1) ☐ acquired for the undersigned's own account, without transfer; or

(2) ☐ transferred to the Issuer; or

(3) ☐ transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"); or

(4) ☐ transferred pursuant to an effective registration statement under the Securities Act; or

(5) ☐ transferred pursuant to and in compliance with Regulation S under the Securities Act; or

(6) ☐ transferred to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) or an "accredited investor" (as defined in Rule 501(a)(4) under the Securities Act), that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter appears as Section 2.08 or 2.10 of the Indenture, respectively); or

(7) ☐ transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; *provided, however*, that if box (5), (6) or (7) is checked, the Issuer may require, prior to registering any such transfer of the Notes, in its sole discretion, such legal opinions, certifications and other information as the Issuer may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended, such as the exemption provided by Rule 144 under such Act.

_____

Signature

Signature Guarantee:

_____ _____

(Signature must be guaranteed) Signature

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

TO BE COMPLETED BY PURCHASER IF BOX (1) OR (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

_____

Dated:

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTES

The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you elect to have this Note purchased by the Issuer pursuant to Section 3.05 or Section 3.09 of the Indenture, check either box:

Section 3.05 ☐ Section 3.09 ☐

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 3.05 or Section 3.09 of the Indenture, state the principal amount (must be in minimum denominations of $2,000 or an integral multiple of $1,000 in excess thereof): $_____ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Notes to be issued to the Holder for the portion of the within Note not being repurchased (in the absence of any such specification, one such Note will be issued for the portion not being repurchased): _____.

Date: _____ Your Signature _____

(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee: _____

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

Form of Supplemental Indenture to Add Guarantors

[ ] SUPPLEMENTAL INDENTURE, dated as of [ ] (this "Supplemental Indenture"), by and among the parties that are signatories hereto as Guarantors (each, a "Guaranteeing Subsidiary" and together, the "Guaranteeing Subsidiaries"), Embecta Corp., a Delaware Corporation (the "Issuer"), and U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below (in such capacity, the "Trustee") and as notes collateral agent under the Indenture referred to below (in such capacity, the "Notes Collateral Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, the Trustee and the Notes Collateral Agent have heretofore executed and delivered an indenture, dated as of February 10, 2022 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), providing for the issuance of $500,000,000 aggregate principal amount of 5.000% Senior Secured Notes due 2030 (the "Notes");

WHEREAS, the Indenture provides that, under certain circumstances, each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee, on a joint and several basis with the other Guaranteeing Subsidiaries and the other Guarantors, all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer, any Guarantor, the Trustee and the Notes Collateral Agent are authorized to execute and deliver this Supplemental Indenture without the consent of any Holder of the Notes;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, the Issuer, the other Guarantors, the Trustee and the Notes Collateral Agent mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I

DEFINITIONS

Section 1.1. *Defined Terms*. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recitals hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular Section hereof.

ARTICLE II

AGREEMENT TO BE BOUND; GUARANTEE

Section 2.1. *Agreement to be Bound*. Each Guaranteeing Subsidiary hereby becomes a party to the Indenture as a Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under the Indenture.

Section 2.2. *Guarantee*. Each Guaranteeing Subsidiary agrees, on a joint and several basis with all the existing Guarantors [and the other Guaranteeing Subsidiaries], to fully, unconditionally and irrevocably Guarantee to each Holder of the Notes and the Trustee the Guaranteed Obligations pursuant to Article X of the Indenture on a senior basis.

ARTICLE III

MISCELLANEOUS

Section 3.1. *Notices*. All notices and other communications to the Issuer and the Guaranteeing Subsidiaries shall be given as provided in the Indenture to such Guaranteeing Subsidiaries, at their addresses set forth below, with a copy to the Issuer as provided in the Indenture for notices to the Issuer.

[INSERT ADDRESS]

Section 3.2. [*Reserved*].

Section 3.3. *Release of Guarantee*. This Guarantee shall be released in accordance with Section 10.02 of the Indenture.

Section 3.4. *Parties*. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

Section 3.5. *Governing Law*. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 3.6. *Severability*. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

Section 3.7. *Benefits Acknowledged*. Each Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. Each Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

Section 3.8. *Ratification of Indenture; Supplemental Indentures Part of Indenture*. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

Section 3.9. *The Trustee and the Notes Collateral Agent*. Neither the Trustee nor the Notes Collateral Agent make any representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

Section 3.10. *Counterparts*. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. This Supplemental Indenture may be executed in multiple counterparts, which, when taken together, shall constitute one instrument. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic transmission shall be deemed to be their original signatures for all purposes.

Section 3.11. *Execution and Delivery*. Each Guaranteeing Subsidiary agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of any such Guarantee.

Section 3.12. *Headings*. The headings of the Articles and the Sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[GUARANTEEING SUBSIDIARY],
as a Guarantor

By: _____
Name:
Title:

EMBECTA CORP., as Issuer

By: _____
Name:
Title:

[Signature Page to Supplemental Indenture]

U.S. Bank Trust Company, National Association,
as Trustee and as Notes Collateral Agent

By: _____
Name:
Title:

[Signature Page to Supplemental Indenture]

Form of Special Mandatory Redemption Notice

TO THE HOLDERS OF

5.000% Senior Secured Notes due 2030

NOTICE IS HEREBY GIVEN that Embecta Corp., a Delaware corporation (the "**Issuer**"), pursuant to the Indenture, dated as of February 10, 2022 (the "**Indenture**"), among the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**") and as notes collateral agent, will redeem all of its outstanding 5.000% Senior Secured Notes due 2030 (the "**Notes**") on [_____], 2022 (the "**Redemption Date**") pursuant to Section 5.09(a) of the Indenture and paragraph 7 of the Notes. The redemption price for each Note will be $1,000 per $1,000 principal amount thereof, plus accrued and unpaid interest thereon from [February 10, 2022][[•][•] (the last date on which interest was paid on the Notes)] to, but excluding, the Redemption Date (the "**Redemption Price**"). Capitalized terms used herein (but otherwise not defined) shall have such meanings as set forth in the Indenture.

Unless the Issuer defaults in payment of the Redemption Price, interest on the Notes called for redemption shall cease to accrue on and after the Redemption Date.

In order to receive the redemption payment, the Notes called for redemption must be surrendered for payment at the following location of U.S. Bank Trust Company, National Association, the Trustee and Paying Agent. Notes to be redeemed must be surrendered for payment: (a) in book-entry form by transferring the Notes to be redeemed to the Trustee's account at The Depository Trust Company ("**DTC**") in accordance with DTC's procedures; or (b) by delivering the Notes to be redeemed to the Trustee at:

U.S. Bank Trust Company, National Association
333 Thornall Street
Edison, NJ 08837
Attention: Mark DiGiacomo

The method of delivery of the Notes is at the election and risk of the Holder. If delivered by mail, certified or registered mail, properly insured, is recommended.

No representation is being made as to the correctness of the CUSIP numbers either as printed on the Notes or as contained in this notice. Holders should rely only on the other identification numbers printed on the Notes.

IMPORTANT NOTICE

For holders of Notes who have not established an exemption, payments made upon the redemption of the Notes may be subject to U.S. federal withholding of 24% of the payments to be made, as and to the extent required by the provisions of the U.S. Internal Revenue Code. To establish an exemption from such withholding, holders of Notes should submit a completed and signed Internal Revenue Service Form W-9 (or applicable Internal Revenue Service Form W-8) when surrendering their Notes for payment.

Date: [_____], 20[_]

By: EMBECTA CORP.

Exhibit 99.1

February 11, 2022

Dear Becton, Dickinson and Company ("BD") Shareholder:

In May 2021, BD announced its plan to separate its diabetes care business into an independent public company. The separation will occur through a distribution by BD of all of the outstanding shares of a newly formed company, Embecta Corp. ("Embecta"), which will hold BD's diabetes care business.

The separation will better position the diabetes care business and BD's remaining businesses for long-term growth and success. The diabetes care business and BD's remaining businesses have distinct business profiles, and the separation will allow Embecta and BD to better allocate resources and deploy capital in line with the distinct growth and cash flow profiles of these businesses. BD's decision to pursue the separation demonstrates its strong ongoing commitment to the BD 2025 strategy, which includes its three strategic pillars of Grow, Simplify and Empower. We expect the separation will allow BD to strengthen its growth profile, enables a greater investment focus on its other core businesses and high-growth opportunities, and make a greater impact for its customers and patients.

Upon completion of the separation, each BD shareholder as of March 22, 2022, the record date for the distribution, will receive one share of Embecta common stock for every five shares of BD common stock held as of the close of business on the record date. Embecta common stock will be issued in book-entry form only, which means that no physical share certificates will be issued. For U.S. federal income tax purposes, the distribution is intended to be tax-free to BD shareholders (other than any cash that BD shareholders receive in lieu of fractional shares).

No vote of BD shareholders is required for the distribution. You do not need to take any action to receive shares of Embecta common stock to which you are entitled as a BD shareholder, and you do not need to pay any consideration or surrender or exchange your BD common stock or take any other action to receive your shares of Embecta common stock.

Embecta's common stock has been approved for listing subject to official notice of issuance on the Nasdaq Global Select Market under the symbol "EMBC." Following the distribution, BD common stock will continue to trade on the New York Stock Exchange under the symbol "BDX."

We encourage you to read the attached information statement, which is being made available to BD shareholders as of the record date for the distribution. The information statement describes the distribution in detail and contains important business and financial information about Embecta.

We believe the separation provides tremendous opportunities for our businesses, as we work to continue to build long-term value. We appreciate your continuing support of BD and look forward to your future support of BD and Embecta.

Sincerely,

Tom Polen
Chairman, Chief Executive Officer and President
Becton, Dickinson and Company

February 11, 2022

Dear Future Shareholder of Embecta Corp. (“Embecta”):

I am excited to welcome you as a future shareholder of Embecta. Embecta will hold BD’s diabetes care business, which includes the manufacturing and sale of syringes, pen needles and other products related to the injection or infusion of insulin and other drugs used in the treatment and management of diabetes.

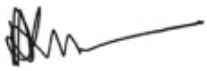
As a pure-play diabetes care company, we believe we will be attractively positioned to:

- continue our proven success and global reach as one of the most well-known franchises in pen needles, insulin syringes and insulin injection safety products among people with diabetes and healthcare professionals around the world;
- use our manufacturing proficiency, distribution network and global commercial team to provide reliable and consistent supply of our products to our end-user customers, including in high-growth regions;
- invest in next-generation products to be used in the treatment and management of diabetes;
- pursue strategic innovation and acquisition opportunities that will enable us to accelerate our growth; and
- attract and retain key talent and create a strong culture focused on best serving the needs of people with diabetes globally.

Although Embecta will be a new, publicly traded company, its diabetes care business has an over 95-year history, starting when BD introduced the world’s first specialized insulin syringe in 1924. Since then, the diabetes care business has played a significant role in driving the adoption of insulin syringes and insulin pens combined with pen needles as the leading modality for insulin administration. Today, the diabetes care business is the leading producer of diabetes injection devices, producing approximately 7.6 billion units of injection devices annually and serving an estimated 30 million patients worldwide—more than any other company in the world.

Our vision for the future is clear. We intend to build innovative solutions and focus on improving care for people with diabetes. We plan to generate strong cash flow and maintain a capital structure that would allow for organic and inorganic growth opportunities, providing the best outcomes for our shareholders. We will strive to attract and retain superior talent to ensure operational excellence and accelerate growth. We look forward to our future as an independent, publicly traded company and to your support as a holder of Embecta common stock.

Sincerely,



Devdatt (Dev) Kurdikar
President and Chief Executive Officer
Embecta Corp.

INFORMATION STATEMENT

Embecta Corp.

This information statement is being furnished in connection with the distribution by Becton, Dickinson and Company ("BD") to its shareholders of all of the outstanding shares of common stock of Embecta Corp. ("Embecta"), a wholly owned subsidiary of BD that will hold BD's diabetes care business. To implement the separation, BD will contribute to Embecta certain of the assets and liabilities associated with BD's diabetes care business and then distribute all of the shares of Embecta common stock on a pro rata basis to BD shareholders in a distribution that is intended to qualify as tax-free to the BD shareholders for U.S. federal income tax purposes (other than any cash that BD shareholders receive in lieu of fractional shares). Following the distribution, Embecta will be an independent public company.

For every five shares of common stock of BD held of record by you as of the close of business on March 22, 2022, which is the record date for the distribution, you will receive one share of Embecta common stock. You will receive cash in lieu of any fractional shares of Embecta common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of BD common stock in the "regular-way" market after the record date and before the distribution date, you also will be selling your right to receive shares of Embecta common stock in connection with the distribution. We expect the shares of Embecta common stock to be distributed by BD to you at 12:01 a.m., Eastern Time, on April 1, 2022. We refer to the date of the distribution of the Embecta common stock as the "distribution date."

Until the separation and distribution occur, Embecta will be a wholly owned subsidiary of BD, and consequently, BD will have the sole and absolute discretion to determine and change the terms of the separation (or to terminate the separation).

No vote of BD shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send BD a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of BD common stock or take any other action to receive your shares of Embecta common stock.

There is no current trading market for Embecta common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect "regular-way" trading of Embecta common stock to begin on the first trading day following the completion of the distribution. Embecta's common stock has been approved for listing subject to official notice of issuance on the Nasdaq Global Select Market ("Nasdaq") under the symbol "EMBC." Following the distribution, BD common stock will continue to trade on the New York Stock Exchange ("NYSE") under the symbol "BDX."

In reviewing this information statement, you should carefully consider the matters described under the section entitled "Risk Factors."

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is February 11, 2022.

This information statement will be made publicly available on or about February 11, 2022. Notice of this information statement's availability will be first sent to BD shareholders on or about February 11, 2022.

TABLE OF CONTENTS

Presentation of Information

Unless the context otherwise requires:

- The information included in this information statement about Embecta, including the Combined Financial Statements of the Diabetes Care Business (as defined in the historical combined financial statements included in this information statement), assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.
- References in this information statement to "Embecta," "we," "us," "our," "our company" and "the company" refer to Embecta Corp., a Delaware corporation, and its subsidiaries.
- References in this information statement to "BD" refer to Becton, Dickinson and Company, a New Jersey corporation, and its consolidated subsidiaries, including the diabetes care business prior to completion of the separation, unless the context otherwise requires or unless otherwise specified.
- References in this information statement to the "diabetes care business" refer to the diabetes care business of BD that will be contributed to Embecta in connection with the separation.
- References in this information statement to the "BD Business" refer to BD's businesses other than the diabetes care business, which includes the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry and the general public.
- References in this information statement to the "separation" refer to the separation of the diabetes care business from BD's other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Embecta, to hold the assets and liabilities associated with the diabetes care business after the distribution.

- References in this information statement to the “distribution” refer to the distribution by BD of all of Embecta’s issued and outstanding shares of common stock to BD shareholders as of the close of business on March 22, 2022, which is the record date for the distribution.
- References in this information statement to Embecta’s per share data assume a distribution ratio of one share of Embecta common stock for every five shares of BD common stock.
- References in this information statement to Embecta’s historical assets, liabilities, products, businesses or activities generally refer to the historical assets, liabilities, products, businesses or activities of the diabetes care business as conducted by BD prior to the completion of the separation.

Industry Information

Unless indicated otherwise, the information concerning the industries in which Embecta participates contained in this information statement is based on Embecta’s general knowledge of and expectations concerning the industry. Embecta’s competitive position and industry size are based on estimates using Embecta’s internal data and estimates, data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. In addition, Embecta believes that data regarding industry size and its competitive position within such industry provide general guidance but are inherently imprecise. Further, Embecta’s estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the “Risk Factors” section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Embecta and why is BD separating the diabetes care business and distributing Embecta common stock?	Embecta, which is currently a wholly owned subsidiary of BD, was formed to hold the diabetes care business. BD intends to separate its diabetes care business from the rest of BD by distributing all of the outstanding Embecta common stock to BD shareholders as of the record date for the distribution. The separation of the diabetes care business from BD is intended, among other things, to enable the management of the two companies to pursue opportunities for long-term growth and profitability unique to each company's businesses and to allow each company to more effectively implement the distinct capital allocation strategies of these businesses. BD expects that the separation will result in enhanced long-term performance of the businesses held by both BD and Embecta for the reasons discussed in the section entitled "The Separation and Distribution—Reasons for the Separation."
Why am I receiving this document?	BD is delivering this document to you because you are a holder of shares of BD common stock. If you are a holder of shares of BD common stock as of the close of business on March 22, 2022, the record date of the distribution, you will be entitled to receive one share of Embecta common stock for every five shares of BD common stock that you hold at the close of business on such date. This document will help you understand how the separation and distribution will affect your post-separation ownership in BD and Embecta.
How will the separation of the diabetes care business from BD work?	As part of the separation, BD and its subsidiaries expect to conduct an internal reorganization (which this information statement refers to as the "internal reorganization") in order to transfer BD's diabetes care business to Embecta. BD will then distribute all of the outstanding shares of Embecta common stock to BD shareholders as of the record date on a pro rata basis. The distribution is intended to be tax-free to BD and BD shareholders for U.S. federal income tax purposes (other than any cash that BD shareholders receive in lieu of fractional shares). Following the separation, the number of shares of BD common stock you own will not change as a result of the separation.
Why is the separation of Embecta structured as a distribution?	BD believes that a distribution of shares of Embecta common stock to BD shareholders that is tax-free for U.S. federal income tax purposes is an efficient way to separate the diabetes care business in a manner that will create long-term value for BD shareholders.
What is the record date for the distribution?	The record date for the distribution will be the close of business on March 22, 2022.
When will the distribution occur?	The distribution is subject to a number of conditions, but subject to the satisfaction or waiver of such conditions, it is expected that the distribution will occur at 12:01 a.m., Eastern Time, on April 1, 2022, to holders of record of shares of BD common stock at the close of business on March 22, 2022, the record date for the distribution.

What do shareholders need to do to participate in the distribution?	Shareholders of BD as of the record date for the distribution are not required to take any action to receive Embecta common stock in the distribution, but you are urged to read this entire information statement carefully. No BD shareholder approval is required for the distribution, and you are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of BD common stock or take any other action to receive your shares of Embecta common stock. Please do not send in your BD stock certificates. The distribution will not affect the number of outstanding shares of BD common stock or any rights of BD shareholders, although it will affect the market value of each outstanding share of BD common stock.
How will shares of Embecta common stock be issued?	You will receive shares of Embecta common stock through the same channels that you currently use to hold or trade shares of BD common stock, whether through a brokerage account, 401(k) plan or other channels. Receipt of Embecta shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements. If you own shares of BD common stock as of the close of business on the record date for the distribution, including shares owned in certificate form, BD, with the assistance of Computershare Trust Company, N.A., the distribution agent for the distribution (the "distribution agent" or "Computershare"), will electronically distribute shares of Embecta common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of Embecta common stock, or your bank or brokerage firm will credit your account for the shares.
How many shares of Embecta common stock will I receive in the distribution?	You are entitled to receive one share of Embecta common stock for every five shares of BD common stock held by you as of close of business on the record date for the distribution. Based on 284,023,582 shares of BD common stock outstanding as of October 31, 2021, a total of approximately 56,804,716 shares of Embecta common stock will be distributed to BD's shareholders. For additional information on the distribution, see "The Separation and Distribution."
Will Embecta issue fractional shares of its common stock in the distribution?	No. Embecta will not issue fractional shares of its common stock in the distribution. Fractional shares that BD shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares. A U.S. holder that receives cash in lieu of a fractional share of Embecta common stock in the distribution will generally be treated as having received such fractional share pursuant to the distribution and then as having sold such fractional share for cash. See "Material U.S. Federal Income Tax Consequences—Distribution".

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by BD in its sole and absolute discretion) of the following conditions:

- the U.S. Securities and Exchange Commission (the "SEC") shall have declared effective the registration statement of which this information statement forms a part; there shall be no order suspending the effectiveness of the registration statement in effect; and there shall be no proceedings for such purposes having been instituted or threatened by the SEC;
- this information statement shall have been made available to the holders of record of shares of BD common stock at the close of business on March 22, 2022, the record date for the distribution;
- BD shall have received (i) a private letter ruling from the Internal Revenue Service (the "IRS"), satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of its outside tax counsel satisfactory to the BD Board of Directors regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code") and such opinion shall not have been withdrawn or rescinded;
- the transfer of assets and liabilities (other than certain delayed assets and liabilities) contemplated to be transferred from BD to Embecta on or prior to the distribution shall have occurred in accordance with the separation and distribution agreement and the transfer of assets and liabilities (other than certain delayed assets and liabilities) contemplated to be transferred from Embecta to BD on or prior to the distribution shall have occurred in accordance with the separation and distribution agreement;
- the BD Board of Directors shall have received one or more opinions from an independent appraisal firm acceptable to BD as to the solvency and financial viability of BD and Embecta after the completion of the distribution, in each case, in a form and substance acceptable to the BD Board of Directors in its sole and absolute discretion and such opinions shall not have been withdrawn or rescinded;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities or blue sky laws and the rules and regulations thereunder shall have been taken or made and, where applicable, shall have become effective or been accepted by the applicable government authority;
- certain agreements contemplated by the separation and distribution agreement shall have been executed;
- there shall be no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the

separation, the distribution or any of the related transactions pending or in effect;

- the shares of Embecta common stock to be distributed shall have been accepted for listing on Nasdaq, subject to official notice of distribution;
- Embecta shall have completed the debt financing arrangements described under "Description of Material Indebtedness," and BD shall be satisfied in its sole and absolute discretion that, as of the effective time of the distribution, BD will have no further liability under such debt financing arrangements;
- Embecta shall have completed Embecta-to-BD Distribution Transaction described under "Description of Material Indebtedness—Embecta-to-BD Distribution Transaction"; and
- there shall be no other events or developments existing or having occurred that, in the judgment of BD's Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

BD and Embecta cannot assure you that any or all of these conditions will be met, or that the separation or distribution will be consummated even if all of the conditions are met. BD can decline at any time to go forward with the separation or distribution. In addition, BD may waive any of the conditions to the distribution. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution—Conditions to the Distribution."

What is the expected date of completion of the distribution?

The completion and timing of the distribution are dependent upon a number of conditions. It is currently expected that the shares of Embecta common stock will be distributed by BD at 12:01 a.m., Eastern Time, on April 1, 2022, to the holders of record of shares of BD common stock at the close of business on March 22, 2022, the record date for the distribution. However, no assurance can be provided as to the timing of the distribution or that all conditions to the distribution will be met.

Can BD decide to cancel the distribution of Embecta common stock even if all the conditions have been met?

Yes. Until the distribution has occurred, the BD Board of Directors has the right to terminate the distribution, even if all of the conditions described in the section entitled "The Separation and Distribution—Conditions to the Distribution" are satisfied.

What if I want to sell my BD common stock or my Embecta common stock?

You should consult with your financial advisors, such as your stock broker, bank or tax advisor. If you sell your shares of BD common stock in the "regular-way" market after the record date and before the distribution date, you also will be selling your right to receive shares of Embecta common stock in connection with the distribution.

What is "regular-way" and "ex-distribution" trading of BD common stock?

Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, Embecta expects that there will be two markets in BD common stock: a "regular-way" market and an "ex-distribution" market. BD common stock that trades in the "regular-way" market will trade with an entitlement to shares of

	Embecta common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to Embecta common stock distributed pursuant to the distribution. If you are the registered holder of your shares and want to sell your shares, you should determine whether you want to sell your shares with or without an entitlement to shares of Embecta common stock in the distribution, and make any trades in the "regular way" or "ex-distribution" market accordingly. If you decide to sell any shares of BD common stock before the distribution date and hold your shares in "street name," you should make sure your stockbroker, bank or other nominee understands whether you want to sell your BD common stock with or without your entitlement to Embecta common stock pursuant to the distribution.
Where will I be able to trade shares of Embecta common stock?	Embecta's common stock has been approved for listing subject to official notice of issuance on Nasdaq under the symbol "EMBC." It is anticipated that trading in shares of Embecta common stock will begin on a "when-issued" basis on or shortly before the record date for the distribution and will continue up to and through the distribution date, and that "regular-way" trading in Embecta common stock will begin on the first trading day following the completion of the distribution. If trading begins on a "when-issued" basis, you may purchase or sell Embecta common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Embecta cannot predict the trading prices for its common stock before, on or after the distribution date.
What will happen to the listing of BD common stock?	BD common stock will continue to trade on the NYSE after the distribution under the symbol "BDX."
Will the number of shares of BD common stock that I own change as a result of the distribution?	No. The number of shares of BD common stock that you own will not change as a result of the distribution.
Will the distribution affect the market price of my BD common stock?	Yes. As a result of the distribution, it is expected that the trading price of shares of BD common stock immediately following the distribution will be different from the "regular-way" trading price of such shares immediately prior to the distribution because the trading price of BD common stock will no longer reflect the value of the diabetes care business. There can be no assurance whether the sum of the market value of the BD common stock and the Embecta common stock following the separation will be higher or lower than the market value of BD common stock if the separation did not occur. This means, for example, that the combined trading prices of five shares of BD common stock and one share of Embecta common stock after the distribution may be equal to, greater than or less than the trading price of five shares of BD common stock before the distribution.

What are the material U.S. federal income tax consequences of the separation and the distribution?	It is a condition to the distribution that BD receive (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of BD's outside tax counsel, satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code and such opinion has not been withdrawn or rescinded. Assuming that the distribution, together with certain related transactions, so qualifies, you will not recognize gain or loss or otherwise include any amount in income for U.S. federal income tax purposes upon your receipt of Embecta common stock in the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Embecta common stock. For more information regarding the U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences." You should consult your own tax advisor as to the particular tax consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any non-U.S. tax laws.
What will Embecta's relationship be with BD following the separation?	After the distribution, BD and Embecta will be separate companies with separate management teams and separate boards of directors. BD and Embecta will enter into a separation and distribution agreement to effect the separation and to provide a framework for Embecta's relationship with BD after the separation, and they will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements and other transaction agreements. See "Certain Relationships and Related Party Transactions." These agreements will provide for the allocation between Embecta and BD of the assets, employees, liabilities and obligations (including, among others, investments, property (including intellectual property) and employee benefits and tax-related assets and liabilities) of BD and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between Embecta and BD subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation and Distribution" and "Certain Relationships and Related Party Transactions."
Who will manage Embecta after the separation?	Embecta's management team will be led by Devdatt (Dev) Kurdikar, who will be Embecta's President and Chief Executive Officer. For more information regarding Embecta's management and directors, see "Management" and "Directors."
Are there risks associated with owning Embecta common stock?	Yes. Ownership of Embecta common stock is subject to both general and specific risks relating to its business, the industry in which it operates, its

ongoing contractual relationships with BD and its status as a separate, publicly traded company. Ownership of Embecta common stock is also subject to risks relating to the separation. Certain of these risks are described in the "Risk Factors" section of this information statement. We encourage you to read that section carefully.

Does Embecta plan to pay dividends and does BD plan to change its dividend policy following the spin-off?

Prior to the completion of the separation and distribution, Embecta's Board of Directors will adopt a policy with respect to the payment of dividends on Embecta common stock following the separation and distribution. Embecta currently expects that it will initially pay a regular cash dividend following the separation and distribution. Embecta expects that its targeted dividend payout will be approximately 20% as a percentage of post-separation net income. However, the timing, declaration, amount of, and payment of any dividends following the separation and the distribution will be within the discretion of Embecta's Board of Directors and will depend upon many factors, and there can be no assurances that Embecta will continue to pay a dividend in the future. See "Dividend Policy."

BD previously announced that it does not expect the spin-off to affect its current dividend policy. There can also be no assurance that, after the separation and distribution, the combined annual dividends on the common stock of Embecta and BD, if any, will be equal to the annual dividends on BD common stock prior to the separation and distribution.

Will Embecta incur any indebtedness prior to or at the time of the distribution?

Yes. Embecta expects to complete one or more financing transactions on or prior to the completion of the distribution, including the issuance of $500 million in senior secured 5.000% notes, the incurrence of $1,150 million of term loans and the entry into a $500 million revolving credit facility (which Embecta anticipates will be undrawn as of the completion of the distribution). Prior to the completion of the distribution, it is expected that Embecta will pay a dividend to BD equal to all Embecta's cash and cash equivalents in excess of $160 million.

However, prior to the completion of the distribution, BD may cause Embecta to issue to BD debt instruments of Embecta on terms and conditions determined by BD (any such debt instruments, the "Exchange Debt"). BD would use any such Exchange Debt to retire some of BD's existing debt in a debt-for-debt exchange transaction (a "Debt-For-Debt Exchange"). The Exchange Debt could take the form of senior secured notes or term loans, as determined by BD, but regardless of the form, Embecta anticipates that it will have outstanding indebtedness equal to approximately $1,650 million. Therefore, if the Exchange Debt takes the form of additional secured notes (above the $500 million in senior secured 5.000% notes noted above), then Embecta would reduce the aggregate principal amount of term loans incurred on or prior to the completion of the distribution so that the aggregate term loans outstanding as of the distribution would be equal to (a) $1,150 million less (b) the aggregate principal amount of any such Exchange Debt. In addition, in the event that BD determines that Embecta shall issue Exchange Debt to BD, then the amount of the cash dividend from Embecta to BD shall be equal to (1) the amount of the cash dividend from Embecta to BD that would have been made if the Exchange Debt had not been issued, *less* (2) the aggregate

principal amount of any such Exchange Debt. We refer to the cash dividend, taken together with the issuance of the Exchange Debt, if applicable, as the "Embecta-to-BD Distribution Transaction."

Who will be the distribution agent for the distribution and transfer agent and registrar for Embecta common stock?

The distribution agent, transfer agent and registrar for the Embecta common stock will be Computershare. For questions relating to the transfer or mechanics of the stock distribution, you should contact Computershare toll free at 877-498-8861 or non-toll free at +1-781-575-2879.

Where can I find more information about BD and Embecta?

Before the distribution, if you have any questions relating to BD's business performance, you should contact:

Becton, Dickinson and Company
1 Becton Drive
Franklin Lakes, NJ 07417-1880
Attention: Investor Relations Department

After the distribution, Embecta shareholders who have any questions relating to Embecta's business performance should contact Embecta at:

Embecta Corp.
1 Becton Drive
Franklin Lakes, NJ 07417-1880
Attention: Corporate Secretary

The Embecta investor website (*www.embecta.com*) will be operational on or around April 1, 2022. **The Embecta website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

INFORMATION STATEMENT SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and Embecta's business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about Embecta, including the Combined Financial Statements of the Diabetes Care Business, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, or when otherwise specified, references in this information statement to "Embecta," "we," "us," "our," "our company" and "the company" refer to Embecta Corp., a Delaware corporation, and its subsidiaries. Unless the context otherwise requires, references in this information statement to "BD" refer to Becton, Dickinson and Company, a New Jersey corporation, and its consolidated subsidiaries, including the diabetes care business prior to completion of the separation.

Unless the context otherwise requires, or when otherwise specified, references in this information statement to Embecta's historical assets, liabilities, products, businesses or activities of Embecta's businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the diabetes care business of BD as it was conducted as part of BD prior to completion of the separation.

Our Company

Embecta is a leading global medical device company focused on providing solutions to improve the health and wellbeing of people living with diabetes. Over the 95-year history of our business, we believe that our products have become one of the most widely recognized and respected brands in diabetes management in the world. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our business traces its origins to 1924, when BD developed the first dedicated insulin syringe. Since then, we have built a world-class organization with a unique manufacturing supply chain and commercial footprint, delivering over 7.6 billion units of diabetes injection devices globally in 2021. We generated revenues of $1,165 million, $1,086 million and $1,109 million in 2021, 2020 and 2019, respectively.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety devices, which are complemented by our proprietary digital applications designed to assist people with managing their diabetes. Our pen needles are sterile, single-use, medical devices, designed to be used in conjunction with insulin pens and are used to inject insulin or other diabetes medications. We also sell safety pen needles, which includes resin injection-molded shields on both ends of the cannula that automatically deploy to help prevent needlestick exposure and injury during injection and disposal. Our traditional and safety pen needles are compatible and frequently used with widely available pen injectors in the market today. In addition to pen needles, we sell sterile, single-use insulin syringes, which are used to inject insulin drawn from insulin vials. We also sell safety insulin syringes, which incorporates a manually activated sliding sleeve to help prevent needlestick exposure and injury during injection and disposal.

In addition to selling pen needles, syringes and safety devices, we seek to promote advances in diabetes care through thought leadership and engagement with people with diabetes, healthcare providers and other stakeholders. To foster connection with and offer support to people with diabetes, we launched our diabetes care app (the "diabetes care app") in 2018. The diabetes care app serves as a channel for our support, education of and engagement with this community. We are also proud sponsors of key scientific seminars seeking to improve the management of diabetes. For example, we founded and sponsor the Forum for Injection Technique & Therapy Expert Recommendations (FITTER), which is the latest in a series of scientific seminars focused on improving the management of diabetes for healthcare professionals and people with diabetes globally. FITTER seeks to

promote evidence-based clinical best practice, safety and self-care of diabetes injectable and infusion therapies for improved health outcomes, well-being, lower healthcare costs and reduced burden on care providers and the wider society.

We believe that the technology and know-how incorporated into our products distinguishes them in a meaningful way from other products in the market in the minds of our end-user customers and healthcare providers. We have a track record of delivering innovation in diabetes care informed by our deep understanding of the needs of people with diabetes. For example, we were instrumental in the development and global commercialization of the pen needle, which revolutionized insulin delivery and today is the primary mode of insulin delivery globally. As an independent diabetes-focused entity, our research and development programs will be geared toward both incremental improvements in our existing products as well as the development of new products. For example, we are working on developing a potential insulin patch pump focused on serving the needs of people living with Type 2 diabetes. We anticipate this insulin patch pump will have an increased reservoir size to hold more insulin and a simplified delivery system compared to existing insulin patch pumps, and overall provide for an improved user experience. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. We are still in the process of designing and developing these products and, if and when we complete this process, we will need to apply for and obtain clearance from the FDA and similar regulatory authorities in jurisdictions outside of the United States for each product to market and sell any such product in the United States and abroad.

Our global manufacturing, commercial team and distribution networks enable us to produce and distribute our products to end users and healthcare providers in over 100 countries. We have three manufacturing sites located in Ireland, the United States and China. We believe that these manufacturing sites enable us to efficiently and consistently produce high-quality, safe and reliable products. Upon the separation, we also expect to have over 600 employees focused on commercialization activities, including general management, sales, marketing, digital, market access & development and insights & analytics, over 50% of whom will be in emerging markets within Eastern Europe, the Middle East, Africa, Latin America, Central and Southeast Asia and Mainland China. We will distribute our products through a variety of channels, including retail, hospitals, pharmacies and other institutional channels. Our commercial team and distribution networks enable us to reach a broad base of customers across the globe.

Our Competitive Strengths

We believe the following strengths position us with long-term competitive advantages:

- ***Pure-play leader in diabetes management, a significant and growing industry***. We currently manufacture over 7.6 billion units of injection devices annually and estimate that these devices serve 30 million end-user customers around the world. Based on our internal estimates, we believe that we provide injection devices to more people with diabetes globally than any other medical device company. As a chronic and progressive condition, diabetes affects the physical, emotional and social well-being of the affected individuals and their caregivers. Improper management can result in significant and long-term complications ranging from cardiovascular to renal and neurological diseases, further driving demand for effective products to help treat the disease. We believe the demand for injection devices will continue to grow due to an anticipated rise in people with diabetes and increased expenditures on diabetes care.
- ***Globally recognized franchise with 95-year history***. We believe that we have a reputation among people with diabetes and healthcare professionals around the world for making the highest quality insulin delivery products, including pen needles, insulin syringes and diabetes medication injection safety products. Our business traces its history to 1924, when BD became the first company to develop a dedicated insulin syringe. Since then, our business developed the world's first self-contained insulin syringe, the first safety-engineered syringe, the first 8mm, 5mm and 4mm pen needles and the first safety pen needle with dual protective shields, among other innovations. We believe that our business

is recognized as the standard-bearer in pen needles, insulin syringes and diabetes medication injection safety products among people with diabetes and healthcare providers worldwide, and based on our internal estimates we believe we are the industry leader by volume for each of these products globally, including the industry leader by volume in pen needles in each of the United States, Canada, EMEA (which includes Europe, the Middle East and Africa), Latin America, China and the Central Asia, South Asia and Japan regions. Over the past several years, we have continued to invest in our core product franchises as well as advocacy initiatives to enhance the lives of people with diabetes. Our FITTER education initiatives, focused around the importance of injection technique and user experience, have helped strengthen our franchise's reputation with patients, pharmacists, healthcare providers and healthcare institutions. We believe that these factors make us the needle of choice for first-time insulin-injection prescriptions, with strong conversion rates to long-term use and loyalty to the franchise.

- ***Geographically diversified revenue and strong cash flow generation supports future growth***. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our sales provide us with a strong, stable and recurring revenue base that is geographically diversified, generating revenues of $1,165 million in fiscal year 2021, net income of $415 million and Adjusted EBITDA of $546 million, which represents a net income margin of approximately 35.6% and an Adjusted EBITDA margin of approximately 46.9%. In fiscal year 2021, approximately 48% of our total revenue was generated outside of the United States. In particular, our revenue in emerging markets represents a meaningful and rapidly growing share of our total revenue year over year. The combination of our scale and highly efficient operations results in strong cash flow generation. We anticipate our strong cash flow will enable us to continue to invest in our business both organically and inorganically through strategic partnerships and acquisitions to support our competitive position, drive future revenue growth and lead in driving innovation.

- ***Global sales and manufacturing infrastructure***. We have an extensive sales and manufacturing infrastructure to support our global presence. We sell products using a worldwide network of highly efficient, strategically placed direct and indirect sales representatives, which we believe is the single largest sales organization dedicated to pen needles and insulin syringes. We also have long-term relationships with manufacturers of diabetes medications, many major pharmacies, retail outlets and payors. Our varied distribution channels include individual practitioners, retail pharmacies, wholesalers and long-term acute care hospitals, and we believe that these channels help us reach a broad set of stakeholders in diabetes care. We also have an extensive manufacturing network supported by our global logistics infrastructure and close to 800,000 square feet of manufacturing space located across the United States, Ireland and China. For example, in China, we currently have world-class manufacturing operations with dedicated sales and marketing teams to support our growing presence in the country. Overall, we believe that our extensive manufacturing infrastructure and global distribution network enable us to provide our customers with a reliable and consistent supply of quality products.

- ***History of innovation and pipeline of new products***. We have a holistic approach to innovation with a track record of developing devices that we believe have improved the standard of diabetes care. We have a pipeline of products under development, including those that may represent a potential improvement on existing products and entirely new products. For example, we are currently working on developing a potential insulin patch pump focused on serving the needs of people with Type 2 diabetes. We anticipate this insulin patch pump will have an increased reservoir size to hold more insulin and a simplified delivery system compared to existing insulin patch pumps, and overall provide for an improved user experience. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. Any such products, if and when developed, will require clearance from the FDA and similar regulatory authorities in jurisdictions outside of the United States before we can market and sell such products. We also focus on engaging

with and supporting our user base. To this end, we have developed our diabetes care app, which provides users with an integrated diabetes self-management solution. Our diabetes care app has been downloaded over 400,000 times since its first launch in May 2018, and is available for download in the United States, Canada, Brazil, Germany, France, Mexico, Switzerland, Italy and Japan. We view digital engagement as a key vector for our future growth, and we plan to continue to enhance our digital capabilities in coming years.

- ***Proven executive leadership and a highly motivated workforce***. We have assembled an experienced and accomplished senior management team. Our leadership and employees are energized by the prospect of being part of a leading pure-play leader in the diabetes space and are excited at the prospect of driving continued innovation and improvements in the standard of diabetes care globally.

Our Business Strategy

We intend to continue to grow our business by pursuing the following core strategies:

- ***Increase use of our products through sales and marketing efforts, education and diabetes management solutions***. According to the International Diabetes Federation (the "IDF"), approximately 537 million adults (aged 20-79) worldwide were living with diabetes in 2021, including those who are not yet diagnosed, and the number is projected to increase to 643 million adults by 2030 and 783 million adults by 2045. We seek to increase use of our products by bringing awareness of the effectiveness and quality of our products to the different players in this growing market. Our products are inspired and supported by the decades of research collaborations with healthcare providers and opinion leaders around the world, which has resulted in several clinical studies and peer-reviewed publications, ultimately informing global clinical practice guidelines. We plan to increase the awareness of the effectiveness and quality of our products through clinician engagement, sales and marketing efforts and digital solutions that foster education, engagement, adherence and personalized diabetes management solutions for people with diabetes. We also seek to grow the number of people we serve by leveraging our global employee base, world-class manufacturing facilities and unique insights into the needs of people with diabetes and caregivers to expand our global commercial impact and footprint.
- ***Expand our business in emerging markets***. Our net sales in emerging markets represented approximately 16% of our total net sales in fiscal year 2021 and the sales in emerging markets has grown approximately 4.9% per year since fiscal year 2018. We expect that demand for insulin administration products will continue to grow in emerging markets, such as the China region, India and Mexico, and we will continue to invest in our business in these regions. For example, we expect to use our large manufacturing infrastructure in China to supply other high-growth markets in South and Central Asia. In addition, we expect that over 50% of our employees focused on commercialization activities will be in emerging markets within Eastern Europe, the Middle East, Africa, Latin America, Central and Southeast Asia and Mainland China. We believe that our operating history in these countries, strong franchise, existing infrastructure, growing direct presence and country specific product portfolio will position us well in these high growth regions.
- ***Invest in next-generation products***. Over the past several years, we have invested in developing new products, including the next generation of pen needles, safety pen needles, syringes and safety syringes. As a pure-play leader in the diabetes space, we will have increased flexibility to invest capital in innovative new products to better serve the evolving needs of people with diabetes. For example, we are currently developing a potential insulin patch pump designed to be a fully integrated solution for people living with Type 2 diabetes. If successful, we believe this product could result in significant additional sales given that Type 2 diabetes constitutes approximately 90% of the overall diabetes population according to the IDF. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. We are also continuing to further

develop our diabetes care app, which we believe helps us communicate with end-user customers more effectively and positions us uniquely in interconnected diabetes management solutions. Through this app, our goal is to provide end users with actionable insights to influence behavioral or lifestyle changes that improve glycemic control and improve quality of life and overall health. This digital offering increases connectivity to members of the diabetes community and provides a potential base for entry into the e-commerce channel.

- ***Pursue strategic partnerships and acquisition opportunities***. We intend to continue to explore strategic partnerships and acquisition opportunities that enable us to accelerate our growth. We intend to selectively pursue strategic opportunities that give us access to innovative technologies, complementary product lines or new markets, while retaining our focus on improving the user experience and clinical outcomes and potentially other adjacent chronic conditions. Our independence will give us the freedom and flexibility to strategically allocate capital toward strategic partnerships and acquisitions to accelerate the growth of our business.
- ***Seek to provide other products and services that will be useful for diabetes management***. As an independent, pure-play, diabetes focused business, we will seek opportunities to provide other products and services for diabetes management. We have a long and deep history of driving improvements in the standard of diabetes care from diagnosis to periodic monitoring, lifestyle improvements, therapy selection and administration of insulin. We believe a fully coordinated and integrated chronic disease management platform will drive improved care and outcomes for people with diabetes. Our diabetes care app positions us uniquely in interconnected diabetes management solutions, and we will seek opportunities to use it to sell other products and services that will be useful for diabetes management.

Summary of Risk Factors

An investment in Embecta is subject to a number of risks, including risks relating to its business, risks related to Embecta's separation from BD, and risks related to Embecta common stock. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section entitled "Risk Factors" of this information statement for a more thorough description of these and other risks.

Risks Related to Embecta's Business

- The medical technology industry is very competitive.
- Embecta generates a significant amount of its products and cash flows from a few key products, and any events that adversely affect the sale or profitability of these products could have an adverse impact on Embecta's sales, results of operations and cash flows.
- Technological breakthroughs in diabetes treatment or prevention may reduce demand for Embecta's products.
- Embecta will obtain components and raw materials for its products from third parties, including BD. These third parties may fail to perform under their agreements with Embecta, or there may be a reduction or interruption in the manufacturing and supply of these components and raw materials. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.
- Embecta may experience difficulties and delays in the manufacturing of its products or sterilization operations, and any such difficulties and delays could adversely affect Embecta's business.
- Embecta's products are subject to continuous reimbursement, coverage and access scrutiny by both private and government payers, including the scope of products covered, access and coverage among product brands and manufacturers, reimbursement limitations and price adjustment restrictions. A change in any of these factors could have an adverse impact on Embecta's financial condition and results of operations.

- Embecta may enter into strategic collaborations, in-licensing arrangements or alliances with third parties that may not result in the development of commercially viable products or the generation of revenue.
- Embecta's sales and marketing efforts rely upon independent distributors that are free to market products that compete with Embecta's products, and if Embecta is unable to maintain or expand its network of independent distributors, its business could be materially adversely affected.
- Embecta's future growth is dependent in part upon the development of new products, and there can be no assurance that such products will be developed or be successful.
- If the third parties on which Embecta relies to conduct its clinical trials and to assist it with pre-clinical development do not perform as contractually required or expected, or if market or clinical studies are unfavorable to its products in development, Embecta may not be able to obtain regulatory clearance or approval or commercialize its products.
- Embecta's failure to maintain strong relationships with physicians and other healthcare professionals could adversely affect its business.
- Embecta's international operations subject it to certain business risks.
- If Embecta fails to protect its intellectual property or proprietary technology, such failure could adversely affect its business and results of operations.

Risks Related to the Separation and Distribution

- Embecta has no history of operating as an independent company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- Following the separation, Embecta's financial profile will change, and it will be a smaller, less diversified company than BD prior to the separation.
- Embecta may not achieve some or all of the expected benefits of the separation.
- If Embecta is unable to replace the services that BD currently provides to it on terms that are at least as favorable to Embecta as the terms on which BD is providing such services, Embecta's business and results of operations could be adversely affected.
- Embecta's accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which it will be subject as a standalone publicly traded company following the distribution.
- Following the separation, Embecta will be required to rebrand its products to remove the BD name, which could adversely affect its ability to attract and maintain end users.
- Embecta will incur debt obligations that could adversely affect its business and profitability and its ability to meet other obligations.

Risks Related to Embecta Common Stock

- There is no assurance that an active trading market for Embecta common stock will develop or be sustained after the distribution and, following the distribution, the price of Embecta common stock may fluctuate significantly.

- A significant number of shares of Embecta common stock may be sold following the distribution, which may cause the Embecta stock price to decline.
- Your percentage of ownership in Embecta may be diluted in the future.
- Embecta cannot guarantee the timing, amount or payment of dividends on its common stock.

The Separation and Distribution

On May 6, 2021, BD announced that it intended to separate its diabetes care business into an independent public company, with the separation to occur through a pro rata distribution to the BD shareholders of 100% of the shares of common stock of a company formed to hold the diabetes care business.

On February 1, 2022, the BD Board of Directors approved the distribution of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022, the record date for the distribution.

Embecta's Post-Separation Relationship with BD

After the distribution, BD and Embecta will each be separate companies with separate management teams and separate boards of directors. Prior to the distribution, BD and Embecta will enter into the separation and distribution agreement. In connection with the separation, Embecta will also enter into various other agreements to effect the separation and to provide a framework for Embecta's relationship with BD after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements and other transaction agreements. See "Certain Relationships and Related Party Transactions." These agreements will provide for the allocation between Embecta and BD of the assets, employees, liabilities and obligations (including, among others, investments, property (including intellectual property) and employee benefits and tax-related assets and liabilities) of BD and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between us and BD subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation and Distribution" and "Certain Relationships and Related Party Transactions."

Reasons for the Separation

The BD Board of Directors believes that the separation of the diabetes care business from BD into an independent, publicly traded company is in the best interests of BD and its shareholders for a number of reasons, including:

- *Enhanced Focus on Strategic, Operational Drivers to Accelerate Revenue Growth.* The separation will permit each of BD and Embecta to more effectively pursue its own distinct operating priorities and strategies, and will enable the management teams of each of the two companies to focus on strengthening its core business and addressing its unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.
- *More Efficient Resource and Capital Allocation to Pursue Each Company's Strategic Goals.* The separation will permit each of BD and Embecta to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies. In addition, after the separation, the diabetes care business will no longer be required to compete internally with BD's other businesses for capital and

other corporate resources. As an independent entity, Embecta will be free to invest its strong capital generation for its own organic and inorganic opportunities in order to accelerate growth and expand its leadership for the benefit of patients and to drive shareholder value.

- *Targeted Investment Opportunity.* The separation will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Creation of Independent Equity Currencies.* The separation will create independent equity securities for Embecta, affording Embecta direct access to the capital markets, enabling it to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Embecta will have more flexibility to capitalize on its unique strategic opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow Embecta to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with its specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at Embecta to be better aligned with its business. Similarly, recruitment and retention for Embecta will be enhanced by more consistent talent requirements across its business, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with its core business activities, principles and risks of each company.

The BD Board of Directors also considered a number of potentially negative factors in evaluating the separation, including that (1) the anticipated benefits of the separation may not be achieved for a variety of reasons; and (2) after the separation, as a standalone company, Embecta may be unable to obtain the goods and services that the diabetes care business previously obtained as part of BD at prices or on terms as favorable as those currently obtained by BD. In determining to pursue the separation, the BD Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Corporate Information

Embecta was incorporated in Delaware for the purpose of holding BD's diabetes care business in connection with the separation and distribution described in this information statement. Prior to the transfer of the diabetes care business to Embecta by BD, which will occur prior to the distribution, Embecta will have no operations other than those incidental to the separation. The address of Embecta's principal executive offices will be 1 Becton Drive, Franklin Lakes, NJ 07417. Its telephone number after the distribution will be (201) 847-6800. Embecta will maintain an Internet site at *www.embecta.com*. This website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to BD shareholders who will receive shares of Embecta common stock in the distribution. It is not to be construed as an inducement or encouragement to buy or sell any of Embecta's securities. The information contained in this information statement is believed by Embecta to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither BD nor Embecta will update the information except as may be required in the normal course of their respective disclosure obligations and practices.

Summary Historical and Unaudited Pro Forma Financial Information

The following tables set forth summary historical combined and unaudited pro forma financial information. You should read this information in conjunction with the information under "Selected Historical Combined Financial Data of the Diabetes Care Business," "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited annual combined financial statements and the related notes included elsewhere in this information statement.

We derived the selected historical combined financial information for each of the fiscal years in the three-year period ended September 30, 2021 from our audited annual combined financial statements included elsewhere in this information statement.

The selected unaudited pro forma financial information as of and for the year ended September 30, 2021 is unaudited and has been derived from our unaudited pro forma financial information included elsewhere in this information statement.

Combined Balance Sheet

Millions of dollars	Pro Forma as of September 30, 2021	As of September 30, 2021	As of September 30, 2020
Assets			
Current Assets			
Cash and cash equivalents	$ 265	$ —	$ —
Trade receivables, net	45	151	120
Inventories	117	118	102
Prepaid expenses and other	23	23	13
Total Current Assets	450	292	235
Property, Plant and Equipment, Net	390	451	462
Goodwill and Other Intangible Assets	34	34	30
Other Assets	56	11	11
Total Assets	$ 930	$ 788	$ 738
Liabilities and Parent's Equity			
Current Liabilities			
Accounts payable	$ 53	$ 54	$ 50
Accrued expenses	86	82	68
Salaries, wages and related items	31	28	19
Total Current Liabilities	170	164	137
Deferred Income Taxes and Other Liabilities	62	30	29
Long-term Debt	1,600	—	—
Commitments and Contingencies (See Note 6)			
Equity			
Net parent investment	—	865	834
Common stock, $0.01 par value, 250,000,000 shares authorized; 57,857,600 shares issued and outstanding on a pro forma basis	1	—	—
Accumulated deficit	(632)	—	—
Accumulated other comprehensive loss	(271)	(271)	(262)
Total equity	(902)	594	572
Total liabilities and equity	$ 930	$ 788	$ 738

Combined Statement of Income

Millions of dollars	Pro Forma Year Ended September 30, 2021	For the Year Ended September 30, 2021	2020	2019
Revenues	$ 1,188	$ 1,165	$ 1,086	$ 1,109
Cost of products sold(1)	410	365	323	323
Gross Profit	778	800	763	786
Operating expenses:				
Selling and administrative expense	241	240	215	222
Research and development expense	63	63	61	62
Other operating expense	5	5	—	—
Total Operating Costs and Expenses	309	308	276	284
Operating Income	469	492	487	502
Other income (expense), net	2	3	(1)	(2)
Interest expense	(72)	—	—	—
Income Before Income Taxes	399	495	486	500
Income tax provision	59	80	58	68
Net Income	$ 340	$ 415	$ 428	$ 432
Basic earnings per common share	5.88			
Diluted earnings per common share	5.87			
Weighted-average common shares outstanding				
Basic	57,857,600			
Diluted	57,889,097			
Other data(2)				
EBITDA	$ 508	$ 533	$ 524	$ 536
Adjusted EBITDA	$ 521	$ 546	$ 537	$ 548

(1) Includes costs for inventory purchases from related parties of $41 million in 2021, $38 million in 2020 and $37 million in 2019.

(2) In addition to our operating results, as calculated in accordance with U.S. generally accepted accounting principles (GAAP), we use, and plan to continue using, EBITDA and Adjusted EBITDA when monitoring and evaluating operating performance. EBITDA means earnings attributable to the Diabetes Care business before interest, taxes, depreciation and amortization. Adjusted EBITDA means EBITDA adjusted for certain items that we believe are outside of underlying operational results or that affect period-to-period comparability. We believe that these non-GAAP measures better enable an understanding of our performance year-over-year and provide additional insight and transparency as to how we evaluate our business and make operational decisions. Additionally, EBITDA and Adjusted EBITDA are important metrics for debt investors who utilize debt-to-EBITDA ratios. Because EBITDA and Adjusted EBITDA are not measures determined in accordance with GAAP, they have no standardized meaning prescribed by GAAP. Therefore, the EBITDA and Adjusted EBITDA measures presented below may differ from similar measures used by other companies, even when similar terms are used to identify such measures. These metrics should be considered in addition to, but not as a substitute for or superior to, information prepared in accordance with GAAP. EBITDA and Adjusted EBITDA are not calculated or presented in accordance with U.S. GAAP, and other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures. Our combined balance sheet and statement of income do not include an allocation of third-party debt or interest expense from BD because we were not the legal obligor of the debt and because BD’s borrowings were not directly attributable to our business.

However, in connection with the spin-off, we expect to incur debt and such indebtedness would cause us to record additional interest expense in future periods. See “Description of Material Indebtedness.”

A reconciliation between GAAP financial measures, EBITDA and Adjusted EBITDA is as follows:

Millions of dollars	Pro Forma Year Ended September 30, 2021	For the Year Ended September 30, 2021	2020	2019
Net income	$ 340	$ 415	$ 428	$ 432
Income tax provision	59	80	58	68
Depreciation and amortization	37	38	38	36
Interest expense	72	—	—	—
EBITDA	$ 508	$ 533	$ 524	$ 536
Share-based compensation	13	13	13	12
Adjusted EBITDA	$ 521	$ 546	$ 537	$ 548

Items excluded from Adjusted EBITDA are evaluated on an individual basis and consist of items that are outside of underlying operational results or that affect period-to-period comparability. Excluded from Adjusted EBITDA is share-based compensation (see Note 8 to our annual combined financial statements).

Pro forma EBITDA and pro forma Adjusted EBITDA presented above have been prepared to provide certain non-GAAP information for Embecta, giving effect to the pro forma adjustments to our historical results of operations to arrive at our pro forma results of operations. The unaudited pro forma non-GAAP measures assume that the separation and related transactions occurred as of October 1, 2020.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Embecta and Embecta common stock. Any of the following risks and uncertainties could materially adversely affect Embecta's business, financial condition or results of operations.

Risks Related to Embecta's Business

The medical technology industry is very competitive.

Embecta faces significant competition from a wide range of companies in each market in which its products are sold. These include large companies with multiple product lines and non-traditional entrants such as technology companies, some of which may have greater financial and marketing resources than Embecta in the United States or other markets, as well as smaller, more specialized companies.

Embecta's ability to compete will also be affected by changing preferences and requirements of people with diabetes, as well as changes in the ways healthcare services are delivered. Efforts to contain healthcare costs by governments and the private sector are also resulting in increased emphasis on products that reduce costs, improve clinical results and expand access. Embecta's ability to remain competitive will depend on how well it will meet these changing market demands in terms of its product offerings and marketing approaches.

The medical technology industry is subject to rapid technological change and frequent introduction of new products. The development of new or improved products, processes or technologies by other companies (such as new technologies to administer insulin) that provide better features, pricing, clinical outcomes or economic value may make Embecta's existing or new products less competitive. In some instances, competitors, including pharmaceutical companies, also offer, or are attempting to develop, alternative therapies for disease states (including diabetes) that may be delivered without a medical device, such as pen needles. Lower cost producers have also created pricing pressure, particularly in emerging markets. There can be no assurance that Embecta's products will be commercially successful, and it is possible that its business will be adversely affected from time to time as a result of products developed by its competitors.

Consolidation among healthcare systems and other providers is resulting in greater purchasing power for these companies. Group purchasing organizations and integrated health delivery networks have also served to concentrate purchasing decisions for some customers, which has led to downward pricing pressure for medical device suppliers. Further consolidation in the industry could intensify competition among medical device suppliers and exert additional pressure on the demand for and prices of Embecta's products.

Embecta generates a significant amount of its products and cash flows from a few key products, and any events that adversely affect the sale or profitability of these products could have an adverse impact on Embecta's sales, results of operations and cash flows.

Embecta's ability to generate profits and operating cash flow depends largely upon the continued profitability of its key products, such as its pen needles and syringes. For example, for the fiscal year ended September 30, 2021, sales of pen needles (including both conventional and safety pen needles) accounted for $941 million, or 81%, of its total sales. Any event that adversely affects the sale or profitability of this product could adversely affect Embecta's sales, results of operations and cash flows. These adverse events could include a decrease in the demand for such products, the pressure to decrease the price of such products, any increase in costs of manufacturing such products or other supply chain disruptions, increased availability of competitive products, increased competition from the introduction of new products related to the treatment of diabetes or removal from the market of these products for any reason.

Technological breakthroughs in diabetes treatment or prevention may reduce demand for Embecta's products.

The diabetes treatment industry is subject to technological change and product innovation. A number of companies and medical researchers are pursuing new ways to deliver insulin to patients, including insulin

administration technologies that do not require the use of a needle, or to treat diabetes without the use of insulin or by delaying the use of insulin. If they are successful in developing these technologies or treatment therapies, the demand for Embecta's products could decline. Furthermore, the National Institutes of Health and other supporters of diabetes research are continually seeking ways to prevent diabetes. Any technological breakthroughs in diabetes prevention or treatment could decrease demand for Embecta's products and have a material adverse effect on its business or results of operations.

Embecta will obtain components and raw materials for its products from third parties, including BD. These third parties may fail to perform under their agreements with Embecta, or there may be a reduction or interruption in the manufacturing and supply of these components and raw materials. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.

Embecta will rely on a number of third parties to supply and manufacture the components and raw materials for its products. For example, in connection with the separation and prior to the distribution, Embecta and BD will enter into a cannula supply agreement, whereby BD will sell to Embecta cannulas for incorporation into Embecta's products for sale within the diabetes care sector. Cannulas are a component part of a wide variety of medical devices that use needles to deliver fluid into, or through which blood is drawn from, the body. After the separation, BD will retain ownership of all cannula production activities and all intellectual property rights of BD and its subsidiaries relating to cannula, the manufacture thereof and other critical cannula-related technology. The cannula supply agreement will be terminable by BD without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than ten years from the distribution date. In the event of a change of control of Embecta, BD will also have the right to terminate the cannula supply agreement. The cannula supply agreement will also terminate automatically, subject to a 36-month wind-down period, if Embecta's yearly forecast is below the required minimum purchase amount, and the parties will have other customary termination rights for material breach or bankruptcy of the other party. Embecta is also limited to a maximum number of cannulas that it can purchase under the cannula supply agreement. If BD fails to perform under this agreement or BD terminates this agreement in accordance with its terms and, in either case, Embecta cannot find a way to purchase cannula from another party or manufacture cannula, or if Embecta needs to purchase more cannula than it is permitted under cannula supply agreement, Embecta may have insufficient cannulas for its products, which could materially adversely affect Embecta's business, financial condition or results of operations.

Embecta also obtains other component parts and raw materials from other third parties. In many cases, Embecta will not have long-term supply agreements with suppliers of these component parts and raw materials, and its arrangements with these suppliers are on a purchase-order basis. Certain raw materials that we obtain from suppliers are subject to fluctuations in price and availability attributable to a number of factors, including general economic conditions, commodity price fluctuations, the demand by other companies for the same raw materials and the availability of complementary and substitute materials. In some cases, Embecta's agreements with suppliers can be terminated by either party by convenience upon short notice.

Certain raw materials and components used in the manufacture of pen needles and syringes, including cannulas, certain oil-based resins and rubber stoppers, are not always available from multiple sources. In addition, for quality assurance, cost-effectiveness and other reasons, Embecta purchases certain raw materials and components from a single supplier. The price and supply of these materials and components may be affected or disrupted for reasons beyond Embecta's control. While Embecta works with suppliers to ensure continuity of supply, no assurance can be given that these efforts will be successful. In the event that any of its existing supply arrangements are terminated or there is a reduction or interruption of supply under these existing arrangements, Embecta expects that it will be able to enter into new arrangements with alternative suppliers, but these new arrangements may be on terms that are less favorable, including with respect to price and volume, and it may be costly or cause delays in Embecta's manufacturing process to transition to a new supplier, particularly in cases in which Embecta must comply with regulatory requirements relating to qualification of new suppliers. The termination, reduction or interruption in supply of these raw materials and components could adversely impact Embecta's ability to manufacture and sell certain of its products.

Third-party suppliers may encounter problems during manufacturing for a variety of reasons, including failure to follow specific protocols and procedures, failure to comply with applicable regulations, equipment malfunction, component part supply constraints and environmental factors, any of which could delay or impede their ability to supply the components and raw materials for Embecta's products. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.

Embecta may experience difficulties and delays in the manufacturing of its products or sterilization operations, and any such difficulties and delays could adversely affect Embecta's business.

Embecta may experience difficulties and delays inherent in manufacturing its products, such as failure of Embecta or its suppliers to comply with applicable regulations and quality assurance guidelines, which failures may lead to: manufacturing shutdowns or manufacturing delays; delays related to the construction of new facilities or the expansion of existing facilities; and other manufacturing or distribution problems, including changes in manufacturing production sites and limits to manufacturing capacity resulting from regulatory requirements, changes in types of products produced and physical limitations that could affect supply. In addition, Embecta could experience difficulties or delays in manufacturing its products caused by natural disasters. Manufacturing difficulties can also result in product shortages, leading to lost sales and reputational harm to us. In addition, many of Embecta's products require sterilization prior to sale. In some instances, only a few facilities are qualified under applicable regulations to conduct this sterilization. To the extent Embecta or third parties (including BD) are unable to sterilize Embecta's products, whether due to lack of capacity, regulatory requirements or otherwise, Embecta may be unable to transition sterilization to other sites or modalities in a timely or cost effective manner, or at all, which could have an adverse impact on Embecta's business.

A substantial portion of Embecta's revenue is derived from sales to a few customers. If these customers reduce the amount of product that they purchase from Embecta reduce the amount that they are willing to pay for such products or increase charges to distribute such products, Embecta's business, financial condition and results of operations could be adversely affected.

A substantial portion of Embecta's revenues is derived from sales to a few customers. For example, for the fiscal year ended September 30, 2021, sales to McKesson Corporation, Cardinal Health and AmerisourceBergen Drug Corporation, Embecta's three largest distributors, together represented approximately 39% of Embecta's worldwide sales. The costs changed by these and other distributors to distribute Embecta's products is also subject to negotiation, and such distributors may propose increases in such charges from time to time. In addition, for the fiscal year ended September 30, 2021, direct sales to the five largest retail pharmacies for Embecta's products together represented approximately 14% of Embecta's worldwide sales. If any of Embecta's largest customers reduce the amount of product that they purchase from Embecta, decrease the price that they pay for such products or increase the charges to distribute such products, each could have a material adverse effect on Embecta's business, financial condition and results of operations.

Embecta's products are subject to continuous reimbursement, coverage and access scrutiny by both private and government payers, including the scope of products covered, access and coverage among product brands and manufacturers, reimbursement limitations and price adjustment restrictions. A change in any of these factors could have an adverse impact on Embecta's financial condition and results of operations.

In the United States, both public and private payers continue to take aggressive steps to control their expenditures for medical devices by placing restrictions on how many and which brands of devices they will provide coverage for across the spectrum of available products. Important competitive factors include quality, price, price guarantees and demonstrated ability to supply markets. Any failure by Embecta to differentiate its products with existing payers based on these and other factors or establish new payer relationships may adversely affect its financial condition and results of operations.

In addition, consolidation and integration among healthcare institutions and providers significantly affects the competitive landscape for medical devices. Health plans, pharmacy benefit managers, wholesalers, and other supply chain stakeholders have been consolidating into fewer, larger entities, thus enhancing their purchasing strength and importance. Specifically, private third-party insurers and governments typically maintain formularies that specify coverage (the conditions under which drugs and medical devices are included on a plan's formulary) and reimbursement (including both the associated out-of-pocket cost to the consumer and payment to the distributor) to control costs by negotiating discounted prices, inflation guarantees and other terms in exchange for formulary inclusion.

Adverse formulary placement can lead to reduced usage of a medical device for the relevant patient population due to coverage restrictions, such as prior authorizations and formulary exclusions, or due to reimbursement limitations that result in higher consumer out-of-pocket cost, such as nonpreferred co-pay tiers, increased co-insurance levels, and higher deductibles. Consequently, medical device companies compete for formulary placement not only on the basis of product attributes but also by providing rebates. Price to the end customer is an increasingly important factor in formulary decisions, particularly in treatment areas in which the payer has taken the position that multiple branded products are therapeutically comparable (like that of diabetes). These downward pricing pressures could continue to negatively affect Embecta's business. In addition to formulary placement, changes in insurance designs continue to drive greater consumer cost-sharing through high deductible plans and higher co-insurance or co-pays, increasing consumer sensitivity to product choice.

Embecta is consistently managing the burden of continued pressures associated with payers' discount requirements to maintain positive formulary positions. If Embecta fails to maintain these formulary positions or reduces prices on its products to maintain these formulary positions, it could adversely affect Embecta's results of operations. In addition to the evolving payer market that continues to put price pressure on Embecta's products, new competitors have emerged. Competitors that are new to the pen needle and insulin syringe categories, along with some that have emerged to begin engaging with payers, have accelerated the focus on these product categories, providing payers more choices for formulary partners within these medical device categories.

In addition to the ongoing challenges faced across the United States, Embecta faces similar access, pricing and reimbursement trends outside of the United States. Although payers' preferences for particular devices varies regionally, key foundational considerations for choice include: product specifications, clinical evidence demonstrating efficacy and positive clinical outcomes and pricing. Embecta is challenged to deliver new, innovative and differentiated products, along with price concessions, in markets outside of the United States, and price guarantees in these regions are critical to maintain access to key distributors and end users. For example, in EMEA (which includes Europe, the Middle East and Africa), the demand for medical devices that are paid out of pocket by the end user is limited. Access to these products is largely defined by the availability and size of government reimbursement, or, in a limited number of countries, the ability of manufacturers to negotiate reimbursement directly with insurance companies. In China, the most notable threat continues to be access through volume-based procurement and GPOs, with potential significant price erosions and cost containment within the healthcare landscape. These continued pricing pressures could adversely affect Embecta's financial condition and results of operations.

Embecta may enter into strategic collaborations, in-licensing arrangements or alliances with third parties that may not result in the development of commercially viable products or the generation of revenue.

In the ordinary course of its business, Embecta may enter into strategic collaborations, in-licensing arrangements or alliances to develop product candidates. Other companies, including those with substantially greater financial, marketing, sales, technology or other resources, may compete with us for these arrangements. These arrangements are subject to a variety of risks, including:

- Embecta may not identify or secure these collaborations in a timely manner, on a cost-effective basis, on acceptable terms or at all;

- these collaborations may not result in the development of products that achieve commercial success or result in any revenue to Embecta;
- Embecta may not exercise sole decision making authority with respect to material commercial decisions under these collaborations, resulting in gridlock with its partners, and its collaborators may have economic or business interests or goals that are, or that may become, inconsistent with its business interests or goals;
- Embecta may have limited control over the amount and timing of resources that its current collaborators or any future collaborators devote to its collaborators' or its future products;
- disputes between Embecta and its collaborators may result in litigation or arbitration that would increase Embecta's expenses and divert the attention of its management; and
- these collaborations may be terminated or dissolved in accordance with their terms prior to the development of any Embecta products or any realization by Embecta of any other benefits.

Embecta's sales and marketing efforts rely upon independent distributors that are free to market products that compete with Embecta's products, and if Embecta is unable to maintain or expand its network of independent distributors, its business could be materially adversely affected.

Embecta believes that a significant portion of its sales will continue to be to independent distributors for the foreseeable future, and it is possible that the percentage of its sales to independent distributors could increase. None of Embecta's independent distributors in the United States has been required to sell Embecta's products exclusively, and each of them may freely sell the products of Embecta's competitors. If Embecta is unable to maintain or expand its network of independent distributors, its sales may be negatively affected. For the fiscal year ended September 30, 2021, McKesson Corporation, Cardinal Health and AmerisourceBergen Drug Corporation, Embecta's three largest distributors, together represented approximately 39% of Embecta's worldwide sales. If any of its key independent distributors were to cease to distribute Embecta's products or reduce their promotion of such products as compared to the products of Embecta's competitors, Embecta may need to seek alternative independent distributors or increase its reliance on other independent distributors or its direct sales representatives, which alternative arrangements may not be sufficient to prevent a material reduction in sales of its products.

Embecta's future growth is dependent in part upon the development of new products, and there can be no assurance that such products will be developed or be successful.

A significant element of Embecta's strategy is to increase revenue growth by focusing on innovation and new product development. For example, Embecta is currently working on developing an insulin patch pump focused on serving the needs of people with Type 2 diabetes. Embecta is also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for ease and comfort. However, these potential products are still in the product development phase, and Embecta has not yet submitted an application to the FDA seeking clearance for any of these products. In addition, even if Embecta submits an application to the FDA for clearance, there is no assurance that such clearance will be obtained or that Embecta will be able to market and sell such products successfully. New product development requires significant investment in research and development. The results of Embecta's product development efforts may be affected by a number of factors, including Embecta's ability to anticipate the needs of people with diabetes, successfully complete clinical trials, obtain regulatory clearance and approvals for its products, manufacture such products in a cost-effective manner, obtain appropriate intellectual property protection for such products, gain and maintain market acceptance of such products and obtain reimbursement for such products. There can be no assurance that Embecta will be able to successfully develop or commercialize any products now in development or that Embecta may seek to develop or commercialize in the future.

If the third parties on which Embecta relies to conduct its clinical trials and to assist it with pre-clinical development do not perform as contractually required or expected, or if market or clinical studies are unfavorable to its products in development, Embecta may not be able to obtain regulatory clearance or approval or commercialize its products.

Embecta relies on third parties, such as contract research organizations, medical institutions, clinical investigators, contract laboratories and other third parties, to conduct some of its clinical trials and pre-clinical investigations. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or if the quality or accuracy of the data they obtain is compromised due to failure to adhere to Embecta's clinical protocols or regulatory requirements or for other reasons, Embecta's pre-clinical development activities or clinical trials may be extended, delayed, suspended or terminated, and Embecta may not be able to obtain regulatory clearance or approval for, or successfully commercialize, its products on a timely basis, or at all, and Embecta's business and operating results may be adversely affected. Furthermore, Embecta's third-party clinical trial investigators may be delayed in conducting such clinical trials for reasons outside of their control.

In addition, if future clinical trials fail to support the efficacy or safety of Embecta's current or future products, Embecta's sales may be adversely affected and may have a material adverse effect on its business, financial condition and results of operations. In addition, future clinical studies or other articles regarding Embecta's existing products or any competing products may be published that either support a claim, or are perceived to support a claim, that a competitor's product is clinically more effective or easier to use than Embecta's insulin patch pump, redesigned safety pen needle and/or finer gauged pen needle in development or that any such product is not as effective as Embecta claims. Any of these events may negatively affect Embecta's sales efforts and result in decreased revenue.

Embecta's failure to maintain strong relationships with physicians and other healthcare professionals could adversely affect its business.

Embecta depends on its ability to maintain strong working relationships with physicians and other healthcare professionals in connection with research and development for some of its products. Embecta relies on these professionals to provide it with considerable knowledge and advice regarding the development and use of these products. If Embecta fails to maintain its working relationships with physicians and, as a result, no longer has the benefit of their knowledge and advice, Embecta's products may not be developed in a manner that is responsive to the needs and expectations of the professionals who use and support such products, which could have a material adverse effect on Embecta's business.

Embecta may not be able to successfully execute its acquisition strategy, which could adversely affect its financial condition and results of operations.

Embecta intends to explore strategic partnerships and acquisition opportunities that enable it to accelerate its growth. There is no assurance that future acquisitions will be available on attractive terms and Embecta's ability to consummate any acquisition will be subject to various risks and uncertainties, including the negotiation of agreements on satisfactory terms, obtaining applicable regulatory clearances and approvals and, after consummation, achieving anticipated synergies and other benefits. If Embecta does not successfully execute on its acquisition strategy, it could adversely affect its financial condition and results of operations.

Embecta's international operations subject it to certain business risks.

A substantial amount of Embecta's sales come from its operations outside the United States, and Embecta intends to continue to pursue growth opportunities outside of the United States, especially in emerging markets. Embecta's international operations subject it to certain risks relating to, among other things, fluctuations in foreign currency exchange, local economic and political conditions, competition from local companies, increases

in trade protectionism, U.S. relations with the governments of the foreign countries in which Embecta operates, foreign regulatory requirements or changes in such requirements, changes in local healthcare payment systems and healthcare delivery systems, local product preferences and requirements, longer payment terms for account receivables than we experience in the United States, difficulty in establishing, staffing and managing foreign operations, changes to international trade agreements and treaties, changes in tax laws, weakening or loss of the protection of intellectual property rights in some countries and import or export licensing requirements. The success of Embecta's international operations also depends, in part, on its ability to make necessary infrastructure enhancements to, among other things, its production facilities and sales and distribution networks. These and other factors may adversely impact its ability to pursue its growth strategy in these regions.

In addition to the risks discussed elsewhere, other risks associated with doing business internationally, include, but are not limited to:

- political instability and actual or anticipated military or political conflicts;
- trade protection measures, such as tariffs, and import and export licensing and control requirements;
- negative consequences from changes in or interpretations of tax laws;
- difficulty in establishing, staffing and managing international operations;
- difficulties associated with foreign legal systems, including increased costs associated with enforcing contractual obligations in foreign jurisdictions;
- changes in regulatory requirements;
- adapting to the differing laws and regulations, business and clinical practices, and consumer preferences in foreign markets;
- difficulties in managing foreign relationships and operations, including any relationships that we establish with foreign partners, distributors or sales or marketing agents; and
- difficulty in collecting accounts receivable and longer collection periods.

In addition, Embecta's international operations are governed by the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws outside the United States. Global enforcement of anti-corruption laws has increased substantially in recent years, with more enforcement proceedings by U.S. and foreign governmental agencies and the imposition of significant fines and penalties. Embecta's international operations, which often involve customer relationships with foreign governments, create the risk that there may be unauthorized payments or offers of payments made by employees, consultants, sales agents or distributors. Any alleged or actual violations of these laws may subject Embecta to government investigations and significant criminal or civil sanctions and other liabilities, and negatively affect its reputation.

Changes in U.S. policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact Embecta's business. The United States has imposed tariffs on certain goods imported from China and certain other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the United States on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could result in an increase in supply chain costs that Embecta may not be able to offset or that otherwise adversely impact its results of operations. In addition, political tensions between the United States and China have escalated in recent years. Rising political tensions could reduce trade, investment and other economic activities between the two major economies. Any of these factors could have a material adverse effect on Embecta's business, prospects, financial condition and results of operations.

The departure of the United Kingdom from the European Union ("EU") (commonly known as "Brexit") on January 31, 2020 has created uncertainties affecting business operations in the United Kingdom, the EU and a

number of other countries, including with respect to compliance with the regulatory regimes regarding the labeling and registration of the products Embecta sells in these markets. Embecta could face increased costs, volatility in exchange rates, market instability and other risks as a result of Brexit.

Foreign currency exchange rate, inflation, commodity price and interest rate fluctuations may adversely affect Embecta's financial condition and results of operations.

Embecta is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, commodity prices and interest rates. Products manufactured in, and sold into, regions outside of the United States represent a significant portion of Embecta's operations. The combined financial statements of the diabetes care business reflect translation of financial statements denominated in non-U.S. currencies to U.S. dollars as well as the foreign currency exchange gains and losses resulting from the re-measurement of assets and liabilities. A strengthening or weakening of the U.S. dollar in relation to the foreign currencies of the countries in which Embecta sells or manufacture its products, such as the euro, will affect its U.S. dollar-reported revenue and income. Changes in the relative values of currencies may, in some instances, have a significant effect on its results of operations.

Many of Embecta's products have significant resin content. Embecta also uses quantities of other commodities, such as rubber, corrugate and steel. Increases in the prices of these commodities, including due to inflation in the United States or in other markets, could increase the production and other input costs of Embecta's products. Embecta may not be able to pass on these costs to its customers, which could have a material adverse effect on its results of operations and cash flows.

Increases in interest rates may adversely affect the financial condition of Embecta's distributors and suppliers, thereby adversely affecting their ability to buy Embecta's products and supply the components or raw materials needed by Embecta, in each case adversely affecting Embecta's financial condition or results of operations.

Fluctuations in Embecta's effective tax rate and changes to tax laws may adversely affect it.

As a global company, Embecta is subject to taxation in numerous countries, states and other jurisdictions. Embecta's effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which it operates. In preparing its financial statements, Embecta estimates the amount of tax that will become payable in each of these jurisdictions. Embecta's effective tax rate may, however, differ from the estimated amount due to numerous factors, including a change in the mix of its profitability from country to country and changes in tax laws, including potential tax legislation sponsored by the Biden Administration. If these proposals are ultimately enacted into legislation, they could materially impact Embecta's tax provision, cash tax liability and effective tax rate. Any of these factors could cause Embecta to experience an effective tax rate significantly different from previous periods or its current expectations, which could have an adverse effect on its business, financial condition, results of operations and cash flows.

If Embecta fails to protect its intellectual property or proprietary technology, such failure could adversely affect its business and results of operations.

Embecta relies primarily on patent, trademark and trade secret laws, as well as confidentiality and non-disclosure agreements covering its know-how and confidential information, to protect its proprietary technologies. Third parties, including its competitors, may contest or oppose its patents and trademarks and future patent and trademark applications, and if such patents or trademarks are successfully challenged, it may be easier for its competitors to offer the same or similar products or technologies or require Embecta to rebrand its products. Embecta can also lose the protection afforded by these intellectual property assets through patent expirations, legal challenges or governmental action. Patents attained by competitors may also adversely affect Embecta's competitive position. In addition, competitors may seek to invalidate patents on its products or claim

that its products infringe upon their intellectual property, which could result in a loss of competitive advantage or the payment of significant legal fees, damage awards and past or future royalties, as well as injunctions against future sales of its products. Embecta has entered into confidentiality agreements and intellectual property assignment agreements with its officers, certain employees, consultants and potential collaborators regarding its intellectual property and proprietary technology. In the event of unauthorized use or disclosure or other breaches of those agreements, Embecta may not be provided with meaningful protection for its trade secrets, know-how or other proprietary information. Embecta also operates in countries that do not protect intellectual property rights to the same extent as in the United States, which could make it easier for competitors to compete with Embecta in those countries. The loss of a significant portion of its portfolio of intellectual property assets may have an adverse effect on its business and results of operations.

Embecta's products or processes may infringe the intellectual property rights of others, which may cause Embecta to pay unexpected litigation costs, damages, or settlement fees (including royalties) or prevent Embecta from selling its products.

Embecta cannot be certain that its products do not and will not infringe issued patents or other intellectual property rights of third parties. Embecta may be subject to legal proceedings and claims in the ordinary course of its business, including claims of alleged infringement of the intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in litigation and divert the time and attention of its management team. If Embecta is found liable for infringement, it may be required to enter into licensing agreements (which may not be available on acceptable terms or at all) or to pay damages or cease making or selling certain products. Embecta may also need to redesign some of Embecta's products or processes to avoid future infringement liability.

Breaches of Embecta's information systems could have a material adverse effect on its operations.

Embecta relies on information systems to process, transmit, and store electronic information in its day-to-day operations, including sensitive personal or proprietary information. In addition, some of its products include information systems that collect data regarding patients and patient therapy on behalf of Embecta's customers and some connect to Embecta's systems for maintenance and management purposes. These information systems are subject to attack via malicious code execution, and cyber- or phishing- attacks. Cyberattacks could result in unauthorized access to Embecta's systems and products that could also affect its compliance with privacy and other laws and regulations, and result in actions by regulatory bodies or litigation, which in turn could have a material adverse impact on Embecta's operations.

Embecta needs to attract and retain key employees to be competitive.

Embecta's ability to compete effectively depends upon its ability to attract and retain executives and other key employees. Competition for experienced employees, particularly for persons with specialized skills, can be intense. Embecta's ability to recruit such talent will depend on a number of factors, including compensation and benefits, work location and work environment. If Embecta cannot effectively recruit and retain qualified executives and employees, its business could be adversely affected.

Embecta's business may be adversely affected by work stoppages, union negotiations and labor disputes.

As of today, only certain employees, all outside of the United States and representing approximately 33% of our headcount, are represented by various collective bargaining groups. Historically, the effects of collective bargaining and other similar labor agreements have not been significant. However, if a larger number of Embecta's employees were to unionize, including in the wake of any future legislation or administrative regulation that makes it easier for employees to unionize, the effect could be significant.

A significant portion of Embecta's unionized employees have collective bargaining agreements. Any inability to negotiate acceptable new contracts under these collective bargaining arrangements could cause strikes

or other work stoppages, and new contracts could result in increased operating costs for Embecta. If any such strikes or other work stoppages occur, or if additional employees become represented by a union, a disruption of Embecta's operations and higher labor costs could result. Labor relations matters affecting Embecta's suppliers of products and services could also adversely affect Embecta's business from time to time.

Embecta is subject to extensive regulation.

Embecta's operations are global and are affected by complex state, federal and international laws relating to healthcare, environmental protection, antitrust, anti-corruption, marketing, fraud and abuse (including anti-kickback and false claims laws), export control, product safety and efficacy, employment, privacy, financial transparency, conflict minerals and other areas. Violations of these laws can result in criminal or civil sanctions, including substantial fines and, in some cases, exclusion from participation in healthcare programs such as Medicare and Medicaid. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase Embecta's costs of operations or necessitate closures of or changes to its manufacturing plants or processes or those of its suppliers, or result in liability to Embecta. Embecta is also subject to various laws and regulations relating to the safety and effectiveness of medical devices, including relating to design, development and manufacturing, advertising and promotion and clinical trials and post-market studies with respect to its products. Failure to comply with these laws may result in enforcement actions by the Food and Drug Administration (the "FDA") and other liability to Embecta. The enactment of additional laws or changes in existing laws may increase compliance costs or otherwise adversely impact Embecta's operations.

Healthcare reform may have a material adverse effect on Embecta's financial condition and results of operations.

Political, economic and regulatory developments have effected fundamental changes in the healthcare industry. The Patient Protection and Affordable Care Act (the "Affordable Care Act") substantially changed the way healthcare is financed by both government and private insurers. It also encourages improvements in the quality of healthcare products and services and significantly impacts the U.S. pharmaceutical and medical device industries. Among other things, the Affordable Care Act:

- established a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research;
- implemented payment system reforms, including a national pilot program to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models; and
- created an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate.

We cannot predict at this time the full impact of the Affordable Care Act or other healthcare reform measures that may be adopted in the future on Embecta's financial condition, results of operations and cash flows. In this regard, several legislative initiatives to repeal and replace the Affordable Care Act have been proposed, and legal challenges to the constitutionality of the Affordable Care Act or its component parts have been made. The nature and effect of any modification or repeal of, or legislative substitution for, the Affordable Care Act, or any court decision regarding the Affordable Care Act's validity, is uncertain, and we cannot predict the effect that any of these events would have on the longer-term viability of the act, or on Embecta's financial condition, results of operations or cash flows.

Certain modifications to Embecta's products may require new 510(k) clearances or other marketing authorizations and may require Embecta to recall or cease marketing its products.

Once a medical device is permitted to be legally marketed in the United States pursuant to a 510(k) clearance, a manufacturer may be required to notify the FDA of certain modifications to the device.

Manufacturers determine in the first instance whether a change to a product requires a new 510(k) clearance or premarket submission, but the FDA may review any manufacturer's decision. The FDA may not agree with Embecta's decisions regarding whether new clearances are necessary. Embecta has made modifications to its products in the past and has determined based on its review of the applicable FDA regulations and guidance that in certain instances new 510(k) clearances or other premarket submissions were not required. Embecta may make similar modifications or add additional features in the future that it believes does not require a new 510(k) clearance. If the FDA disagrees with Embecta's determinations and requires it to submit new 510(k) notifications, Embecta may be required to cease marketing or to recall the modified product until it obtains clearance, and it may be subject to significant regulatory fines or penalties.

Embecta may be subject to enforcement actions if it engages in improper marketing or promotion of its products.

Embecta's promotional materials and training methods must comply with applicable laws and regulations, including of the FDA and the Federal Trade Commission (the "FTC"). If the FDA or the FTC determines that Embecta's promotional or training material constitutes off-label, false or misleading, unfair or deceptive promotion of its products, it could request that Embecta modify its training or promotional materials or subject Embecta to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider Embecta's promotional or training materials to constitute off-label, false or misleading, unfair or deceptive promotion of its products, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement, and reputational harm.

Embecta is subject to complex and evolving laws and regulations regarding privacy and data protection, many of which are subject to change and uncertain interpretation, which could result in claims, changes to its business practices, penalties, increased cost of operations or declines in user growth or engagement, or otherwise adversely affect its business.

Embecta is subject to complex and frequently changing laws in the United States and elsewhere regarding privacy and the collection, use, storage and protection of personal information, and noncompliance with these laws could result in substantial fines or litigation. For instance, the EU has also adopted the General Data Protection Regulation ("GDPR"), which will apply to personal data involved in Embecta's operations in the EU or products and services that Embecta offers to EU users involving personal data. The GDPR creates a range of new compliance obligations that could require Embecta to change its existing business practices policies, and significantly increases financial penalties for noncompliance.

In the state of California, the California Consumer Privacy Act ("CCPA"), which provides certain privacy rights and consumer protection for residents of the state became effective in 2020, and the California Privacy Rights Act, which amends and expands the CCPA, will take effect in 2023. These consumer rights include the right to know what personal information is collected, the right to know whether the data is sold or disclosed and to whom, the right to request a company to delete the personal information it has collected, the right to opt-out of the sale of personal information and the right to non-discrimination in terms of price or service when a consumer exercises a privacy right. California's and other states' laws apply more broadly and now or in the future may reach data we hold that relates to employees and healthcare providers, not just customers. In addition, data security protection laws passed by the federal government and many states require notification to data subjects, including customers and others, when there is a security breach of personal data. If we fail to comply with these regulations, we could be subject to civil sanctions, including fines and penalties for noncompliance.

In addition, foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. Data localization laws in some countries generally mandate that certain types of data collected in a particular country be stored and/or processed within that country. Embecta could be subject to

audits in Europe and around the world, particularly in the areas of consumer and data protection, as Embecta continues to grow and expand its operations. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that make Embecta's products less useful to users, require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change Embecta's business practices. These changes or increased costs could affect Embecta's business and results of operations.

Embecta is subject to risks associated with public health threats, including the ongoing COVID-19 pandemic.

Embecta is subject to risks associated with public health threats, including the COVID-19 pandemic. The COVID-19 pandemic has the potential to significantly impact Embecta's supply chain if the manufacturing plants that produce its products, raw materials or product components, the distribution centers where Embecta manages its inventory or the operations of its logistics and other service providers, including third parties that sterilize its products, are disrupted, temporarily closed or experience worker shortages for a sustained period of time.

Embecta's manufacturing sites in China, Ireland and the United States, where Embecta manufactures a significant amount of products, largely avoided any significant disruption due to the COVID-19 pandemic. However, notwithstanding that each of these communities has experienced a relative recovery in COVID-19 transmission and a lessening of restrictions related to COVID-19, a future outbreak of COVID-19 at any of Embecta's manufacturing sites in China, Ireland and/or the United States or in the surrounding communities, could lead to delays in the manufacturing of Embecta's products, which could have a material adverse effect on Embecta's business and results of operations.

Moreover, any resurgence in COVID-19 infections, including due to new variants of the virus for which current vaccines may not be effective, could result in the imposition of new governmental lockdowns, quarantine requirements or other restrictions to slow the spread of the virus, which could result in closures or other restrictions that significantly disrupt Embecta's operations or those of distributors or suppliers in Embecta's supply chain.

Risks Related to the Separation and Distribution

Embecta has no history of operating as an independent company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.

The historical information about Embecta in this information statement refers to the diabetes care business as operated by and integrated with BD. The historical and pro forma financial information of Embecta included in this information statement is derived from the Consolidated Financial Statements and accounting records of BD. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that Embecta will achieve in the future primarily as a result of the factors described below:

- Generally, Embecta's working capital requirements and capital for its general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate-wide cash management policies of BD. Following the completion of the distribution, Embecta's results of operations and cash flows may be more volatile, and it may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the distribution, Embecta's business has been operated by BD as part of its broader corporate organization, rather than as an independent company. BD or one of its affiliates

performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. The Diabetes Care Business (as defined in the historical combined financial statements included in this information statement) historical and pro forma financial results reflect allocations of corporate expenses from BD for such functions, which are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company.

- Currently, Embecta's business is integrated with the other businesses of BD. Historically, Embecta's business shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we have sought to minimize the impact on Embecta when separating these arrangements, there is no guarantee these arrangements will continue to capture these benefits in the future.
- As a current part of BD, Embecta's business currently takes advantage of BD's overall size and scope to procure more advantageous arrangements. After the distribution, as a standalone company, Embecta may be unable to obtain similar arrangements to the same extent as BD did, or on terms as favorable as those BD obtained, prior to completion of the distribution.
- After the completion of the distribution, the cost of capital for Embecta's business may be higher than BD's cost of capital prior to the distribution.
- Embecta's historical financial information does not reflect the debt that we will incur as part of the distribution.
- As an independent public company, Embecta will separately become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act and will be required to prepare its standalone financial statements according to the rules and regulations required by the SEC. These reporting and other obligations will place significant demands on Embecta's management and administrative and operational resources. Moreover, to comply with these requirements, we anticipate that Embecta will need to migrate its systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures, and hire additional accounting and finance staff. Embecta expects to incur additional annual expenses related to these steps, and those expenses may be significant. If Embecta is unable to upgrade its financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, its ability to comply with financial reporting requirements and other rules that apply to reporting companies under the Securities Exchange Act of 1934, as amended, could be impaired.

Other significant changes may occur in Embecta's cost structure, management, financing and business operations as a result of operating as a company separate from BD. For additional information about the past financial performance of its business and the basis of presentation of the historical combined financial statements and the Unaudited Pro Forma Condensed Combined Financial Statements of its business, see "Unaudited Pro Forma Condensed Combined Financial Information," "Selected Historical Combined Financial Data of the Diabetes Care Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical combined financial statements and accompanying notes included elsewhere in this information statement.

Following the separation, Embecta's financial profile will change, and it will be a smaller, less diversified company than BD prior to the separation.

The separation will result in Embecta being a smaller, less diversified company than BD. As a result, Embecta may be more vulnerable to changing market conditions, which could have a material adverse effect on its business, financial condition and results of operations. In addition, the diversification of Embecta's revenues,

costs, and cash flows will diminish as a standalone company, such that its results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and its ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. Following the separation we may also lose capital allocation efficiency and flexibility, as Embecta will no longer have access to cash flow from BD to fund Embecta's business.

Embecta may not achieve some or all of the expected benefits of the separation.

Embecta may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation is expected to provide the following benefits, among others: (1) enabling management of BD and Embecta to more effectively pursue the distinct operating priorities and strategies of their respective businesses; (2) permitting BD and Embecta to allocate financial resources to meet the unique needs of their respective businesses, which will allow them to intensify their focus on distinct strategic priorities and to more effectively pursue their own distinct capital structures and capital allocation strategies; (3) allowing BD and Embecta to more effectively articulate a clear investment thesis to attract a long-term investor base suited to their businesses and providing investors with a distinct and targeted investment opportunity; (4) creating an independent equity security tracking Embecta's underlying business, affording Embecta with direct access to the capital markets and facilitating its ability to consummate future acquisitions or other transactions using its common stock; and (5) permitting Embecta to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely aligns management and employee incentives with specific business goals and objectives related to Embecta's business.

Embecta may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (1) the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating and growing Embecta's business; (2) following the separation, Embecta may be more susceptible to market fluctuations, and other adverse events than if it were still a part of BD because Embecta's business will be less diversified than BD's businesses prior to the completion of the separation; (3) after the separation, as a standalone company, Embecta may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those BD obtained prior to completion of the separation; (4) the separation may require Embecta to pay costs that could be substantial and material to its financial resources, including accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management and personnel new to Embecta, tax costs and costs to separate information systems; (5) under the terms of the tax matters agreement that Embecta will enter into with BD, it will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free to BD and BD shareholders, or could result in certain other taxes to BD, and these restrictions may limit us for a period of time from pursuing certain strategic transactions and equity issuances or engaging in other transactions that might increase the value of its business; and (6) the contractual arrangements between Embecta and BD may be on less favorable terms than the existing intercompany arrangements from which Embecta benefits, and such arrangements may be inadequate to provide for the ongoing operation and growth of Embecta's business. If Embecta fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on its competitive position, business, financial condition, results of operations and cash flows.

If Embecta is unable to replace the services that BD currently provides to it on terms that are at least as favorable to Embecta as the terms on which BD is providing such services, Embecta's business and results of operations could be adversely affected.

Embecta will engage in the process of creating its own, or engaging third parties separate from BD to provide, systems and services to replace many of the systems and services that BD currently provides to Embecta, including, for example, information technology infrastructure and systems and accounting and reporting systems. Embecta may incur temporary interruptions in business operations if it cannot transition

effectively from BD's existing operating systems, databases and programming languages that support these functions to its own systems. The failure to implement the new systems and transition data successfully and cost-effectively could disrupt Embecta's business operations and have a material adverse effect on its profitability. In addition, Embecta's costs for the operation of these systems may be higher than the amounts reflected in its historical combined financial statements.

Embecta's accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which it will be subject as a standalone publicly traded company following the distribution.

Embecta's financial results previously were included within the consolidated results of BD. Embecta was not directly subject to the reporting and other requirements of the Exchange Act. As a result of the distribution, Embecta will be directly subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 of Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of its internal control over financial reporting and a report by its independent registered public accounting firm addressing these assessments. These reporting and other obligations will place significant demands on Embecta's management and administrative and operational resources, including accounting resources.

Moreover, to comply with these requirements, Embecta anticipates that it will need to migrate its systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. Embecta expects to incur additional annual expenses related to these steps, and those expenses may be significant. If Embecta is unable to upgrade its financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting companies under the Securities Exchange Act of 1934, as amended, could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Following the separation, Embecta will be required to rebrand its products to remove the BD name, which could adversely affect its ability to attract and maintain end users.

Embecta has historically marketed its products using the "BD" name and logo, which is a globally recognized brand with a strong reputation for high-quality products among people with diabetes and Embecta's distributors. Under the terms of the agreements to be entered into with BD in connection with the separation and distribution, Embecta will obtain a temporary license to use the "BD" and "Becton Dickinson" name and logo on its products, certain legal entities and relevant regulatory registrations. Following the expiration of this license, Embecta will be required to rebrand and update, as applicable, its products and regulatory registrations using the "Embecta" name or other names and marks and remove the "BD" name and logo on its products. These new names and brands may not benefit from the same recognition and association with product quality as the BD name, which could adversely affect Embecta's ability to attract and maintain its customers, who may prefer to use products with a stronger brand identity.

Embecta will incur debt obligations that could adversely affect its business and profitability and its ability to meet other obligations.

Embecta expects to complete one or more financing transactions on or prior to the completion of the distribution, including the issuance of $500 million in senior secured 5.000% notes, the incurrence of $1,150 million of term loans and the entry into a $500 million revolving credit facility (which Embecta anticipates will be undrawn as of the completion of the distribution). Prior to the completion of the distribution, it is expected that Embecta will pay a dividend to BD equal to all Embecta's cash and cash equivalents in excess of $160 million.

However, prior to the completion of the distribution, BD may cause Embecta to issue the Exchange Debt. BD would use any such Exchange Debt to retire some of BD's existing debt in a Debt-For-Debt Exchange. The Exchange Debt could take the form of senior secured notes or term loans, as determined by BD, but regardless of the form, Embecta anticipates that it will have outstanding indebtedness equal to approximately $1,650 million. Therefore, if the Exchange Debt takes the form of additional secured notes (above the $500 million in senior secured 5.000% notes noted above), then Embecta would reduce the aggregate principal amount of term loans incurred on or prior to the completion of the distribution so that the aggregate term loans outstanding as of the distribution would be equal to (a) $1,150 million *less* (b) the aggregate principal amount of any such Exchange Debt. In addition, in the event that BD determines that Embecta shall issue the Exchange Debt to BD, then the amount of the cash dividend from Embecta to BD shall be equal to (1) the amount of the cash dividend from Embecta to BD that would have been made if the Exchange Debt had not been issued, *less* (2) the aggregate principal amount of any such Exchange Debt. We refer to the cash dividend, taken together with the issuance of the Exchange Debt, if applicable, as the "Embecta-to-BD Distribution Transaction" As a result of such transactions, Embecta anticipates having approximately $1,650 million in aggregate principal amount of indebtedness outstanding upon completion of the distribution (not including undrawn commitments of $500 million under its revolving credit facility). Embecta may also incur additional indebtedness in the future.

This significant amount of debt could potentially have important consequences to Embecta and its debt and equity investors, including:

- requiring a substantial portion of its cash flow from operations to make interest payments;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing its vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow its business;
- limiting Embecta's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing Embecta at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Embecta's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

To the extent that Embecta incurs additional indebtedness, the foregoing risks could increase. In addition, Embecta's actual cash requirements in the future may be greater than expected. Its cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and Embecta may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

Embecta may be affected by significant restrictions under the tax matters agreement, including on its ability to engage in certain corporate transactions for a two-year period after the distribution, in order to avoid triggering significant tax-related liabilities.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its shareholders as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. Under the tax matters agreement that Embecta will enter into with BD, Embecta will be restricted from taking certain actions that could prevent the distribution and certain related transactions from being tax-free for U.S. federal income tax purposes, or could result in certain other taxes to BD. In particular, under the tax matters agreement, for the two-year period

following the distribution, as described in the section entitled "Certain Relationships and Related Party Transactions—Agreements with BD—Tax Matters Agreement," Embecta will be subject to specific restrictions on its ability to pursue or enter into acquisition, merger, sale and redemption transactions with respect to Embecta stock. These restrictions may limit Embecta's ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its stockholders or that might increase the value of its business. In addition, under the tax matters agreement, Embecta may be required to indemnify BD and its affiliates against any tax-related liabilities incurred by them as a result of the acquisition of Embecta's stock or assets, even if Embecta does not participate in or otherwise facilitate the acquisition, or as a result of certain other actions taken by Embecta. Furthermore, Embecta will be subject to specific restrictions on discontinuing the active conduct of its trade or business, the issuance or sale of stock or other securities (including securities convertible into Embecta stock but excluding certain compensatory arrangements), and sales of assets outside the ordinary course of business. Such restrictions may reduce Embecta's strategic and operating flexibility. For more information, see the section entitled "Certain Relationships and Related Party Transactions—Agreements with BD —Tax Matters Agreement."

Embecta may be held liable to BD if it fails to perform under its agreements with BD, and the performance of such services may negatively affect Embecta's business and operations.

In connection with the separation, Embecta and BD will enter various agreements, including a separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements and other transaction agreements. See "Certain Relationships and Related Party Transactions." These agreements will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. If Embecta does not satisfactorily perform its obligations under these agreements, it may be held liable for any resulting losses suffered by BD, subject to certain limits. In addition, during the transition services periods under the transition services agreement, Embecta's management and employees may be required to divert their attention away from its business in order to provide services to BD, which could adversely affect Embecta's business.

Embecta's agreements with BD may be on terms that are less beneficial to Embecta than the terms may have otherwise been from unaffiliated third parties.

The agreements that Embecta will enter into with BD in connection with the separation include the separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements and other transaction agreements. See "Certain Relationships and Related Party Transactions." These agreements were prepared in the context of the separation while Embecta was still a wholly owned subsidiary of BD. Accordingly, during the period in which the terms of those agreements were prepared, Embecta did not have an independent Board of Directors or a management team that was independent of BD. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties.

If there is a determination that the distribution or certain related transactions are taxable for U.S. federal income tax purposes, BD and its shareholders could incur significant tax liabilities, and Embecta could incur significant liabilities pursuant to its indemnification obligations under the tax matters agreement.

BD has received a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D), 355, and 361 of the Code. It is a condition to the distribution that BD receive (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of its outside tax counsel, satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code and such opinion has not been withdrawn or rescinded. The opinion of its outside tax counsel will be, and

the private letter ruling is, based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of BD and Embecta, including facts, assumptions, representations, statements and undertakings relating to the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations and statements are or become inaccurate or incomplete, or if any such undertaking is not complied with, BD may not be able to rely on the opinion of its outside tax counsel or the private letter ruling, and the conclusions reached therein could be jeopardized.

Notwithstanding BD's receipt of a private letter ruling from the IRS and the opinion of its outside tax counsel, the IRS could determine on audit that the distribution or certain related transactions are taxable for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements and undertakings upon which the private letter ruling or the opinion was based are incorrect or have been violated, or if it disagrees with any of the conclusions in the opinion. Accordingly, notwithstanding BD's receipt of a private letter ruling from the IRS and the opinion of its outside tax counsel, there can be no assurance that the IRS will not assert that the distribution or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes, or that a court would not sustain such a challenge. In the event the IRS were to prevail in such a challenge, BD and BD's shareholders could incur significant tax liabilities. For a discussion of the U.S. federal income tax consequences of the distribution, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement that Embecta will enter into with BD, Embecta generally will be required to indemnify BD for any taxes incurred by BD that arise as a result of any representations made by Embecta being inaccurate or Embecta taking or failing to take, as the case may be, certain actions, including in each case those provided in connection with the private letter ruling from the IRS or the opinion of its outside tax counsel that result in the distribution and certain related transactions failing to qualify as tax-free for U.S. federal income tax purposes or result in certain other taxes to BD. Any such indemnification could materially adversely affect Embecta's financial condition, results of operations and cash flows. For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Agreements with BD—Tax Matters Agreement."

The transfer to Embecta of certain contracts, permits and other assets and rights may require the consents, approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, Embecta may not be entitled to the full benefit of such contracts, permits and other assets and rights, which could increase its expenses or otherwise harm its business and financial performance.

The separation and distribution agreement will provide that certain contracts, permits and other assets and rights are to be transferred from BD or its subsidiaries to Embecta or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, Embecta and BD are joint beneficiaries of contracts, and Embecta and BD may need the consents of third parties in order to split or separate the existing contracts or the relevant portion of the existing contracts to Embecta or BD.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of price increases. This could require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If Embecta is unable to obtain required consents or approvals, it may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to Embecta as part of its separation from BD, and Embecta may be required to seek alternative arrangements to obtain services and assets that may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively affect Embecta's business, financial condition, results of operations and cash flows.

The closing of the separation may be delayed in certain jurisdictions, or not occur at all, due to local regulatory requirements, which may adversely affect Embecta's business, financial condition and results of operations.

The closing of the transfer of certain assets related to the diabetes care business in certain jurisdictions, including China, Mexico, and Italy, as contemplated by the separation and distribution agreement may not occur

at or prior to the distribution, if at all, due to local regulatory requirements. If Embecta is unable to obtain required approval of local regulators or otherwise comply with such local regulatory requirements to effect the separation in these jurisdictions, it may be unable to obtain the assets that are intended to be allocated to Embecta as part of its separation from BD. The failure to timely complete the transfer or these local assets could negatively affect Embecta's business, financial condition, results of operations and cash flows.

Until the distribution occurs, the BD Board of Directors has sole and absolute discretion to change the terms of the separation in ways which may be unfavorable to Embecta, including to determine not to effect the distribution at all.

On February 1, 2022, the BD Board of Directors approved the distribution of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022, the record date for the distribution. The distribution is subject to the satisfaction of certain conditions (or waiver by BD in its sole and absolute discretion), including that there shall be no other events or developments existing or having occurred that, in the judgment of BD's Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions. See "The Separation and Distribution—Conditions to the Distribution." The separation is complex in nature, and unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of BD's markets, regulatory approvals or clearances, the uncertainty of the financial markets and challenges in executing the separation and distribution, could delay or prevent the completion of the proposed separation or distribution, or cause the separation and distribution to occur on terms or conditions that are different or less favorable than expected. Additionally, the BD Board of Directors, in its sole and absolute discretion, may decide not to proceed with the distribution at any time prior to the distribution date.

No vote of BD shareholders is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive Embecta common stock in the distribution, your sole recourse will be to divest yourself of your BD common stock prior to the distribution date.

No vote of BD shareholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive Embecta common stock in the distribution, your only recourse will be to divest your BD common stock prior to the record date for the distribution or, following the record date, in the "regular way" market for BD common stock before the distribution date.

Satisfaction of indemnification obligations following the distribution could have a material adverse effect on Embecta's financial condition, results of operations and cash flows.

Pursuant to the separation and distribution agreement and certain other agreements Embecta expects to enter into with BD in connection with the separation and distribution, BD will agree to indemnify Embecta for certain liabilities, and Embecta will agree to indemnify BD for certain liabilities as discussed further in "Certain Relationships and Related Party Transactions." Indemnities that Embecta will be required to provide BD could negatively affect Embecta's business, particularly with respect to indemnities provided in the tax matters agreement.

The indemnity from BD may not be sufficient to protect Embecta against the full amount of such liabilities if, for example, BD is not able to fully satisfy its indemnification obligations. Moreover, even if Embecta ultimately succeeds in recovering from BD any amounts for which it is held liable, Embecta may be temporarily required to bear these losses itself, requiring Embecta to divert cash that would otherwise have been used in furtherance of its operating business. In addition, third parties could also seek to hold Embecta responsible for any of the liabilities that BD has agreed to retain. Each of these risks could have a material adverse effect on Embecta's financial condition, results of operations and cash flows.

Risks Related to Embecta Common Stock

There is no assurance that an active trading market for Embecta common stock will develop or be sustained after the distribution and, following the distribution, the price of Embecta common stock may fluctuate significantly.

A public market for Embecta common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of Embecta common stock will begin on a "when-issued" basis

and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for Embecta common stock after the distribution, nor can we predict the prices at which shares of Embecta common stock may trade after the distribution. Similarly, we cannot predict the effect of the distribution on the trading prices of Embecta common stock or whether the combined market value of one share of Embecta common stock and five shares of BD common stock will be less than, equal to or greater than the market value of five shares of BD common stock prior to the distribution.

The prices at which shares of Embecta common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The market price of Embecta common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in Embecta's operating results;
- changes in earnings estimated by securities analysts or Embecta's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which Embecta operates;
- actual or anticipated fluctuations in commodities prices;
- analyst research reports, recommendation and changes in recommendations, price targets, and withdrawals of coverage;
- whether Embecta common stock is included in stock market indices; and
- domestic and worldwide economic conditions.

A significant number of shares of Embecta common stock may be sold following the distribution, which may cause the Embecta stock price to decline.

Any sales of substantial amounts of Embecta common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of Embecta common stock to decline. Upon completion of the distribution, we expect that Embecta will have an aggregate of approximately 57 million shares of common stock issued and outstanding. Shares distributed to BD shareholders in the separation will generally be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), except for shares owned by Embecta's "affiliates," as that term is defined in Rule 405 under the Securities Act.

We cannot predict whether large amounts of Embecta common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers of Embecta common stock to meet the demand to sell shares of Embecta common stock at attractive prices would exist at that time.

Your percentage of ownership in Embecta may be diluted in the future.

In the future, your percentage ownership in Embecta may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that Embecta will grant to its directors, officers and employees. Embecta employees will have stock-based awards that correspond to shares of Embecta common stock after the distribution as a result of conversion of their BD stock-based awards. Such awards will have a dilutive effect on Embecta's earnings per share, which could adversely affect the market price of Embecta common stock. From time to time, Embecta will issue additional stock-based awards to its employees under its employee benefits plans.

Embecta cannot guarantee the timing, amount or payment of dividends on its common stock.

Embecta currently expects that it will pay a regular cash dividend of approximately 20% as a percentage of post-separation net income. The timing, declaration, amount and payment of any dividends following the

separation and distribution, however, will be within the discretion of Embecta's Board of Directors, and will depend upon many factors, including Embecta's financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of Embecta's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by Embecta's Board of Directors. Moreover, Embecta cannot guarantee that it will pay any dividends in the future or continue to pay any dividends if it commences paying dividends, and cannot guarantee the amount of any such dividends. For more information, see the section entitled "Dividend Policy."

Anti-takeover provisions could enable Embecta's Board of Directors to resist a takeover attempt by a third-party and limit the power of its shareholders.

Embecta's amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Embecta's Board of Directors rather than to attempt a hostile takeover. These provisions are expected to include, among others:

- until the annual stockholder meeting in 2026, Embecta's Board of Directors will be divided into three classes, with each class consisting, as nearly as may be possible, of one-third of the total number of directors, which could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- as long as the Board of Directors is classified, Embecta directors can be removed by stockholders only for cause;
- vacancies occurring on the Board of Directors can only be filled by a majority of the remaining members of Embecta's Board of Directors or by a sole remaining director;
- stockholders do not have the right to call a special meeting or act by written consent;
- Embecta's Board of Directors have the power to designate and issue, without any further vote or action by the Embecta stockholders, shares of preferred stock from time to time in one or more series; and
- stockholders have to follow certain procedures and notice requirements in order to present certain proposals or nominate directors for election at stockholder meetings.

In addition, Embecta will be subject to Section 203 of the Delaware General Corporate Law, which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect Embecta shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with Embecta's Board of Directors and by providing the Board with more time to assess any acquisition proposal. These provisions are not intended to make Embecta immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that Embecta's Board of Directors determines is not in the best interests of Embecta and its shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See "Description of Embecta Capital Stock—Anti-Takeover Effects of Governance Provisions."

In addition, an acquisition or further issuance of Embecta common stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to BD. For a discussion of Section 355(e) of the

Code, see “Material U.S. Federal Income Tax Consequences.” Under the tax matters agreement, Embecta would be required to indemnify BD for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that Embecta shareholders may consider favorable.

Embecta’s amended and restated certificate of incorporation will designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Embecta shareholders, which could discourage lawsuits against Embecta and its directors and officers.

Embecta’s amended and restated certificate of incorporation will provide that, unless Embecta (through approval of the Board of Directors) consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (1) any derivative action brought on behalf of Embecta, (2) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of Embecta to Embecta or Embecta’s stockholders, (3) any action asserting a claim against Embecta or any director or officer or other employee of Embecta arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the Delaware General Corporation Law (“DGCL”) or Embecta’s amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), (4) any action asserting a claim against Embecta or any director or officer or other employee of Embecta governed by the internal affairs doctrine, which is a conflict of laws principle which recognizes that only one state should have the authority to regulate a corporation’s internal affairs or (5) any action as to which the DGCL (as it may be amended from time to time) confers jurisdiction on the Court of Chancery of the State of Delaware. If and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions will not apply to actions asserting only federal law claims under the Securities Act or the Exchange Act, regardless of whether the state courts in the State of Delaware have jurisdiction over those claims. Although Embecta believes the exclusive forum provision benefits it by providing increased consistency in the application of law in the types of lawsuits to which it applies, the provision may limit the ability of Embecta stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Embecta or its directors or officers, and it may be costlier for Embecta stockholders to bring a claim in the Court of Chancery of the State of Delaware than other judicial forums, each of which may discourage such lawsuits against Embecta and its directors and officers.

Although Embecta’s amended and restated certificate of incorporation will include this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, Embecta may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect its business, results of operations and financial condition.

The combined post-separation value of five shares of BD common stock and one share of Embecta common stock may not equal or exceed the pre-distribution value of five shares of BD common stock.

As a result of the separation, the trading price of shares of BD common stock immediately following the separation may be different from the “regular-way” trading price of such shares immediately prior to the separation because the trading price of BD common stock will no longer reflect the value of the diabetes care business. There can be no assurance that the aggregate market value of five shares of BD common stock and one share of Embecta common stock following the separation will be higher than, lower than or the same as the market value of five shares of BD common stock if the separation did not occur.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials BD and Embecta have filed or will file with the SEC (and oral communications that BD or Embecta may make) contain or incorporate by reference statements that relate to future events and expectations and, as such, constitute forward-looking statements under the securities laws. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “guidance,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements that reflect BD’s or Embecta’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts relating to discussions of future operations and financial performance (including volume growth, pricing, sales and earnings per share growth and cash flows) and statements regarding BD’s or Embecta’s strategy for growth, future product development, regulatory clearances and approvals, competitive position and expenditures. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although each of BD and Embecta believes that the expectations reflected in any forward-looking statements it makes are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to:

- Competitive factors that could adversely affect Embecta’s operations, including new product introductions by Embecta’s competitors, the development of new technologies, lower cost producers that create pricing pressure and consolidation resulting in companies with greater scale and market presence than Embecta.
- Any events that adversely affect the sale or profitability of one of Embecta’s key products or the revenue delivered from sales to its key customers.
- Any failure by BD to perform of its obligations under the various separation agreements to be entered into in connection with the separation and distribution, including the cannula supply agreement.
- Increases in operating costs, including fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in its products, the ability to maintain favorable supplier arrangements and relationships, and the potential adverse effects of any disruption in the availability of such items.
- Changes in reimbursement practices of governments or private payers or other cost containment measures.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates, as well as regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates, and their potential effect on its operating performance.
- The impact of changes in U.S. federal laws and policy that could affect fiscal and tax policies, healthcare and international trade, including import and export regulation and international trade agreements. In particular, tariffs or other trade barriers imposed by the United States or other countries could adversely impact its supply chain costs or otherwise adversely impact its results of operations.
- Any impact of the COVID-19 pandemic on Embecta’s business, including disruptions in its operations and supply chains.
- New or changing laws and regulations affecting Embecta’s domestic and foreign operations, or changes in enforcement practices, including laws relating to healthcare, environmental protection, trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations) and licensing and regulatory requirements for products.

- The expected benefits and timing of the separation, and the risk that conditions to the separation will not be satisfied and/or that the separation will not be completed within the expected time frame, on the expected terms or at all.
- A determination by the IRS that the distribution or certain related transactions are taxable.
- The possibility that any consents or approvals required in connection with the separation will not be received or obtained within the expected time frame, on the expected terms or at all.
- Expected financing transactions undertaken in connection with the separation and risks associated with additional indebtedness.
- The risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed its estimates.
- The impact of the separation on its businesses and the risk that the separation may be more difficult, time-consuming or costly than expected, including the impact on its resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

There can be no assurance that the separation, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under "Risk Factors" in this information statement. Any forward-looking statement speaks only as of the date on which it is made, and each of BD and Embecta assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

THE SEPARATION AND DISTRIBUTION

Background

On May 6, 2021, BD announced that it intended to separate its diabetes care business into an independent public company. BD announced that it intended to effect the separation through a pro rata distribution to the BD shareholders of all of the common stock of a new entity formed to hold the assets and liabilities associated with the diabetes care business.

In connection with the distribution, it is expected that:

- BD will complete the internal reorganization as a result of which Embecta will become the parent company of the BD operations comprising, and the entities that will conduct, the diabetes care business;
- Embecta will incur approximately $1,650 million of indebtedness, consisting of $500 million in senior secured 5.000% notes and a $1,150 million term loan facility, and will enter into a $500 million revolving credit facility (which Embecta anticipates will be undrawn as of the completion of the distribution); and
- using a portion of the proceeds from one or more financing transactions on or prior to the completion of the distribution, Embecta will pay a dividend to BD equal to all Embecta's cash and cash equivalents in excess of $160 million. BD is expected to receive approximately $1,440 million from such transactions in connection with the separation and distribution (which amount is subject to change).

On February 1, 2022, the BD Board of Directors approved the distribution of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022, the record date for the distribution.

Subject to the satisfaction or waiver of the conditions to the distribution (see "—Conditions to the Distribution" below), at 12:01 a.m., Eastern Time, on April 1, 2022, the distribution date, each BD shareholder holding outstanding BD shares as of March 22, 2022 will receive one share of Embecta common stock for every five shares of BD common stock held at the close of business on the record date for the distribution, as described below. BD shareholders will receive cash in lieu of any fractional shares of Embecta common stock that they would have received after application of this ratio. Upon completion of the separation, each BD shareholder as of the record date will continue to own shares of BD common stock and will receive a proportionate share of the outstanding common stock of Embecta to be distributed. You will not be required to make any payment, surrender or exchange your BD common stock or take any other action to receive your shares of Embecta common stock in the distribution. The distribution of Embecta common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution" below.

Reasons for the Separation

The BD Board of Directors believes that the separation of the diabetes care business from BD into an independent, publicly traded company is in the best interests of BD and its shareholders for a number of reasons, including:

- *Enhanced Focus on Strategic, Operational Drivers to Accelerate Revenue Growth*. The separation will permit each of BD and Embecta to more effectively pursue its own distinct operating priorities and strategies, and will enable the management teams of each of the two companies to focus on strengthening its core business and addressing its unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.

- *More Efficient Resource and Capital Allocation to Pursue Each Company's Strategic Goals.* The separation will permit each of BD and Embecta to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies. In addition, after the separation, the diabetes care business will no longer be required to compete internally with BD's other businesses for capital and other corporate resources. As an independent entity, Embecta will be free to invest its strong capital generation for its own organic and inorganic opportunities in order to accelerate growth and expand its leadership for the benefit of patients and to drive shareholder value.
- *Targeted Investment Opportunity.* The separation will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Creation of Independent Equity Currencies.* The separation will create independent equity securities for Embecta, affording Embecta direct access to the capital markets, enabling it to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Embecta will have more flexibility to capitalize on its unique strategic opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow Embecta to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with its specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at Embecta to be better aligned with its business. Similarly, recruitment and retention for Embecta will be enhanced by more consistent talent requirements across its business, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with its core business activities, principles and risks of each company.

The BD Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* The anticipated benefits of the separation may not be achieved for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort; and following the separation, Embecta's business may be more susceptible to market fluctuations and other adverse events than if it were still a part of BD because Embecta's business will be less diversified than BD's businesses prior to the completion of the separation.
- *Loss of Scale and Increased Administrative Costs.* As a part of BD, Embecta currently takes advantage of BD's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, Embecta may be unable to obtain these goods and services at prices or on terms as favorable as those currently obtained by BD for the diabetes care business. In addition, as part of BD, Embecta benefits from certain functions performed by BD, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, BD will not perform these functions for Embecta, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of Embecta's smaller scale as a standalone company, its cost of performing such functions could be higher than the amounts reflected in its historical combined financial statements.

In determining to pursue the separation, the BD Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the section entitled "Risk Factors" included elsewhere in this information statement.

Formation of Embecta

Embecta was formed in Delaware on July 8, 2021 for the purpose of holding BD's diabetes care business. As part of the plan to separate the diabetes care business from the remainder of BD's businesses, in connection with the internal reorganization, BD plans to transfer the equity interests of certain entities and the assets and liabilities of the diabetes care business to Embecta prior to the distribution.

When and How You Will Receive the Distribution

With the assistance of Computershare, and subject to the satisfaction or waiver of the conditions to the distribution, BD expects to distribute Embecta common stock at 12:01 a.m., Eastern Time, on April 1, 2022, the distribution date, to all holders of outstanding BD common stock as of the close of business on March 22, 2022, the record date for the distribution. Computershare, which currently serves as the transfer agent and registrar for BD common stock, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Embecta common stock.

If you own BD common stock as of the close of business on the record date for the distribution, Embecta common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of Embecta common stock. If you hold your BD shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Embecta shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you sell BD common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Embecta common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your BD common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Embecta common stock that have been registered in book-entry form in your name.

Most BD shareholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your BD common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Embecta common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Embecta common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except in certain cases for shares received by persons who may be deemed to be Embecta's affiliates. Persons who may be deemed to be Embecta's affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Embecta, which may include certain of its executive officers or directors. Securities held by Embecta's affiliates will be subject to resale restrictions under the Securities Act. Embecta's affiliates will be permitted to sell shares of Embecta common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Embecta Common Stock You Will Receive

For every five shares of BD common stock that you own at the close of business on March 22, 2022, the record date for the distribution, you will receive one share of Embecta common stock on the distribution date. No

fractional shares of Embecta common stock will be distributed. Instead, if you are a registered holder, Computershare will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by BD or Embecta, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either BD or Embecta and the distribution agent is not an affiliate of either BD or Embecta. Neither Embecta nor BD will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.

The net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of certain material U.S. federal income tax consequences of the distribution. If you hold physical certificates for shares of BD common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the net cash proceeds of the sales. Embecta estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distribution of the net cash proceeds. If you hold your shares of BD common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity-Based Compensation

In connection with the separation, equity-based awards granted by BD that are outstanding immediately prior to the separation will be treated as follows:

Stock Appreciation Rights

Stock Appreciation Rights Held by Embecta Employees. Each award of BD stock appreciation rights held by an Embecta employee will be converted into an award of stock appreciation rights with respect to Embecta common stock. The exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation.

Stock Appreciation Rights Held by BD Employees and Former Employees. Each award of BD stock appreciation rights held by a BD employee or former employee who does not transfer to Embecta (a "BD Employee") will continue to relate to BD common stock, provided that the exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation.

Time Vesting Units

Time Vesting Units Held by Embecta Employees and Embecta Non-Employee Directors. Each award of BD time-vesting units held by an Embecta employee will be converted into an award of time-vesting units with respect to Embecta common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation. Each

unvested award of BD time-vesting units held by a BD Non-Employee Director who will become an Embecta Non-Employee Director immediately following the separation will be prorated with respect to the Non-Employee Director's time served at BD from the grant date through the separation and vested immediately prior to the separation, such that the prorated portion of such award will participate in the distribution.

Time Vesting Units Held by BD Employees and BD Non-Employee Directors. Each award of BD time-vesting units held by a BD Employee or a BD Non-Employee Director (other than a Non-Employee Director transferring to Embecta) will continue to relate to BD common stock, provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation.

Performance-Based Restricted Share Units

Performance-Based Restricted Share Units Held by Embecta Employees. Prior to the separation, the BD Board of Directors will determine the level of performance achieved with respect to each BD performance-based restricted share unit award and the number of shares of BD common stock subject to such BD performance-based restricted share unit award, which awards will be treated as follows (and the remaining shares of BD common stock subject to such BD performance-based restricted share unit awards shall be forfeited). Each award of BD performance-based restricted share units held by an Embecta employee will be converted into an award of time-vesting units with respect to Embecta common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation, except that the performance conditions will no longer apply.

Performance-Based Restricted Share Units Held by BD Employees. Each award of BD performance-based restricted share units held by a BD Employee will continue to relate to BD common stock, provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original BD award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original BD award immediately prior to the separation, subject to any adjustment to performance goals that the Compensation and Human Capital Committee of the BD Board of Directors (the "BD Compensation Committee") may make in order to reflect the impact of the separation.

Internal Reorganization

As part of the separation, and prior to the distribution, BD and its subsidiaries expect to complete an internal reorganization in order to transfer to Embecta the diabetes care business. The internal reorganization is expected to include various restructuring transactions pursuant to which (1) the operations, assets and liabilities of BD and its subsidiaries used to conduct the diabetes care business will be separated from the operations, assets and liabilities of BD and its subsidiaries used to conduct the BD Business and (2) such diabetes care business operations, assets and liabilities will be contributed, transferred or otherwise allocated to Embecta or one of its direct or indirect subsidiaries. These restructuring transactions may take the form of asset transfers, mergers, demergers, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the diabetes care business or BD Business in such jurisdictions.

As part of this internal reorganization, BD will contribute to Embecta certain liabilities and certain assets, including equity interests in entities that are expected to conduct the diabetes care business.

Following the completion of the internal reorganization and immediately prior to the distribution, Embecta will be the parent company of the entities that are expected to conduct the diabetes care business, and BD will remain the parent company of the entities that are expected to conduct the BD Business.

Results of the Distribution

After the distribution, Embecta will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on March 22, 2022, the record date for the distribution, and will reflect BD shares issued under BD equity compensation awards and BD share repurchases between the date on which the BD Board of Directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of BD common stock or any rights of BD shareholders. No fractional shares of Embecta common stock will be distributed.

Embecta will enter into a separation and distribution agreement and other related agreements with BD to effect the separation and to provide a framework for its relationship with BD after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, a cannula supply agreement, contract manufacturing agreements, an intellectual property matters agreement, a logistics services agreement, distribution agreements and other transaction agreements. See "Certain Relationships and Related Party Transactions." These agreements will provide for the allocation between Embecta and BD of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of BD and its subsidiaries attributable to periods prior to, at and after Embecta's separation from BD and will govern the relationship between Embecta and BD subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors —Risks Related to the Separation and Distribution" and "Certain Relationships and Related Party Transactions."

Market for Embecta Common Stock

There is currently no public trading market for Embecta common stock. Embecta's common stock has been approved for listing subject to official notice of issuance on Nasdaq under the symbol "EMBC." Embecta has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

Embecta cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of one share of Embecta common stock and five shares of BD common stock may not equal the "regular-way" trading price of five shares of BD common stock immediately prior to the distribution. The price at which Embecta common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Embecta common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Embecta Common Stock."

Incurrence of Debt

Embecta expects to complete one or more financing transactions on or prior to the completion of the distribution, including the issuance of $500 million in senior secured 5.000% notes, the incurrence of $1,150 million of term loans and the entry into a $500 million revolving credit facility (which Embecta anticipates will be undrawn as of the completion of the distribution). Prior to the completion of the distribution, it is expected that Embecta will pay a dividend to BD equal to all Embecta's cash and cash equivalents in excess of $160 million.

However, prior to the completion of the distribution, BD may cause Embecta to issue the Exchange Debt. BD would use any such Exchange Debt to retire some of BD's existing debt in a Debt-For-Debt Exchange. The Exchange Debt could take the form of senior secured notes or term loans, as determined by BD, but regardless of the form, Embecta anticipates that it will have outstanding indebtedness equal to approximately $1,650 million. Therefore, if the Exchange Debt takes the form of additional secured notes (above $500 million in senior secured 5.000% notes noted above), then Embecta would reduce the aggregate principal amount of term loans incurred on or prior to the completion of the distribution so that the aggregate term loans outstanding as of the distribution would be equal to (a) $1,150 million *less* (b) the aggregate principal amount of any such Exchange Debt. In addition, in the event that BD determines that Embecta shall issue the Exchange Debt to BD, then the amount of the cash dividend from Embecta to BD shall be equal to (1) the amount of the cash dividend from Embecta to BD

that would have been made if the Exchange Debt had not been issued, *less* (2) the principal amount of any such Exchange Debt. We refer to the cash dividend, taken together with the issuance of the Exchange Debt, if applicable, as the "Embecta-to-BD Distribution Transaction." For more information, see "Description of Material Indebtedness."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, BD expects that there will be two markets in BD common stock: a "regular-way" market and an "ex-distribution" market. BD common stock that trades on the "regular-way" market will trade with an entitlement to Embecta common stock distributed in the distribution. BD common stock that trades on the "ex-distribution" market will trade without an entitlement to Embecta common stock distributed in the distribution. Therefore, if you sell shares of BD common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Embecta common stock in the distribution. If you own BD common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Embecta common stock that you are entitled to receive pursuant to your ownership of shares of BD common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Embecta expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Embecta common stock that will be distributed to holders of BD common stock on the distribution date. If you owned BD common stock at the close of business on the record date for the distribution, you would be entitled to Embecta common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Embecta common stock, without trading the BD common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Embecta common stock will end, and "regular-way" trading with respect to Embecta common stock will begin.

Conditions to the Distribution

The distribution will be effective at 12:01 a.m., Eastern Time, on April 1, 2022, which is the distribution date, provided that the conditions set forth in the separation and distribution agreement have been satisfied (or waived by BD in its sole and absolute discretion), including, among others:

- the SEC shall have declared effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement in effect; and no proceedings for such purposes having been instituted or threatened by the SEC;
- this information statement shall have been made available to the holders of record of shares of BD common stock at the close of business on March 22, 2022, the record date for the distribution;
- BD shall have received (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of BD's outside tax counsel satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code and such opinion not having been withdrawn or rescinded;
- the transfer of assets and liabilities (other than certain delayed assets and liabilities) contemplated to be transferred from BD to Embecta on or prior to the distribution shall have occurred in accordance with the separation and distribution agreement and the transfer of assets and liabilities (other than certain delayed assets and liabilities) contemplated to be transferred from Embecta to BD on or prior to the distribution having occurred in accordance with the separation and distribution agreement;

- the BD Board of Directors shall have received one or more opinions from an independent appraisal firm acceptable to BD to the as to the solvency and financial viability of BD and Embecta after the completion of the distribution, in each case, in a form and substance acceptable to the BD Board of Directors in its sole and absolute discretion and such opinions not having been withdrawn or rescinded;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities or blue sky laws and the rules and regulations thereunder shall have been taken or made and, where applicable, having become effective or been accepted by the applicable government authority;
- certain agreements contemplated by the separation and distribution agreement shall have been executed;
- there shall be no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being pending or in effect;
- the shares of Embecta common stock to be distributed shall have been accepted for listing on Nasdaq, subject to official notice of distribution;
- Embecta shall have completed the debt financing arrangements described under “Description of Material Indebtedness,” and BD shall be satisfied in its sole and absolute discretion that, as of the effective time of the distribution, BD will have no further liability under such debt financing arrangements;
- Embecta shall have completed the Embecta-to-BD Distribution Transaction described under “Description of Material Indebtedness—Embecta-to-BD Distribution Transaction”; and
- there shall be no other events or developments existing or having occurred that, in the judgment of BD’s Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

BD will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio. BD will also have sole and absolute discretion to waive any of the conditions to the distribution. BD does not intend to notify its shareholders of any modifications to the terms of the separation or distribution that, in the judgment of its Board of Directors, are not material. The BD Board of Directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the BD Board of Directors determines that any modifications by BD materially change the material terms of the distribution, BD will notify BD shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K or circulating a supplement to this information statement.

DIVIDEND POLICY

Embecta currently expects that it will initially pay a regular cash dividend after the separation and distribution. Embecta expects that its targeted dividend payout will be approximately 20% as a percentage of post-separation net income. The timing, declaration, amount of and payment of any dividends following the separation and the distribution will be within the discretion of Embecta's Board of Directors and will depend upon many factors, including its financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of its debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by Embecta's Board of Directors. Moreover, Embecta cannot guarantee that it will pay any dividends in the future or continue to pay any dividends if it commences paying dividends, and cannot guarantee the amount of any such dividends.

CAPITALIZATION

The following sets forth the capitalization of Embecta as of September 30, 2021, on a historical and a pro forma basis, which reflects the adjustments described in more detail in the notes to the unaudited pro forma financial information included elsewhere in this information statement. You should read this information in conjunction with those notes, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited annual combined financial statements and the related notes included elsewhere in this information statement.

Millions of dollars	**Historical**	**Pro Forma**
Assets:		
Cash and cash equivalents	$ —	$ 265
Liabilities:		
Deferred income taxes and other liabilities	$ 30	$ 62
Long-term debt	—	1,600
Equity:		
Net parent investment	865	—
Common stock	—	1
Accumulated deficit	—	(632)
Accumulated other comprehensive loss	(271)	(271)
Total Capitalization	$ 624	$ 760

Embecta has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting the Diabetes Care Business (as defined in the historical combined financial statements included in this information statement) post-distribution capitalization will be included in an amendment to this information statement.

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF THE DIABETES CARE BUSINESS

References in this section to the "Diabetes Care Business" refer to the Diabetes Care Business as defined in the historical combined financial statements included in this information statement.

The following table presents the selected historical combined financial data for the Diabetes Care Business as of and for each of the fiscal years in the three-year period ended September 30, 2021. The selected combined statement of income data for the fiscal years ended September 30, 2021, 2020 and 2019, and the selected combined balance sheet data as of September 30, 2021, 2020 and 2019, was derived from the Diabetes Care Business' audited combined financial statements.

The historical results do not necessarily indicate the results expected for any future period. The selected historical combined financial data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Diabetes Care Business' audited combined financial statements and accompanying notes, which are included elsewhere in this information statement. Per share data has not been presented since Embecta was wholly owned by BD during the periods presented.

Selected Combined Financial Data

Millions of dollars	2021	2020	2019
Combined Statement of Income Data:			
Revenues	$1,165	$1,086	$1,109
Cost of products sold(1)	365	323	323
Selling and administrative expense	240	215	222
Research and development expense	63	61	62
Other operating expense	5	—	—
Other income (expense), net	3	(1)	(2)
Income Before Income Taxes	495	486	500
Income tax provision	80	58	68
Net Income	415	428	432
Combined Balance Sheet Data:			
Working capital	$ 128	$ 98	$ 122
Property, Plant and Equipment, Net	451	462	457
Total Assets	788	738	745
Total Parent's Equity	594	572	577

(1) Includes costs for inventory purchases from related parties of $41 million in 2021, $38 million in 2020 and $37 million in 2019.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

References in this section to the "Diabetes Care Business" refer to the Diabetes Care Business as defined in the historical combined financial statements included in this information statement.

On February 1, 2022, the BD Board of Directors approved the distribution of all of Embecta's issued and outstanding shares of common stock on the basis of one share of Embecta common stock for every five shares of BD common stock held as of the close of business on March 22, 2022, the record date for the distribution. The following unaudited pro forma condensed combined financial information of Embecta gives effect to the separation and related adjustments in accordance with Article 11 of Regulation S-X under the Exchange Act.

The unaudited condensed combined pro forma balance sheet gives effect to the separation and related transactions described below as if they had occurred on September 30, 2021. The unaudited pro forma adjustments to the condensed combined statement of income for the year ended September 30, 2021 assume that the separation and related transactions occurred as of October 1, 2020.

The unaudited pro forma condensed combined statement of income for the year ended September 30, 2021 has been derived from the audited historical combined statement of income for the year ended September 30, 2021. The unaudited pro forma condensed combined balance sheet as of September 30, 2021 has been derived from the audited historical combined balance sheet as of September 30, 2021.

The unaudited pro forma condensed combined statement of income for the year ended September 30, 2021 and the unaudited pro forma condensed combined balance sheet as of September 30, 2021 have been prepared to reflect adjustments to the Diabetes Care Business's historical combined financial information for transaction and autonomous entity adjustments.

Transaction accounting adjustments that reflect the effects of Embecta's legal separation from BD include the following adjustments:

- the adjustment for differences between the Diabetes Care Business's historical combined balance sheet prepared on a carve-out basis and assets and liabilities expected to be contributed by BD to Embecta;
- the effect of Embecta's anticipated post-separation capital structure, including the incurrence of indebtedness of approximately $1,650 million in aggregate principal amount and the distribution of approximately $1,440 million of the proceeds thereof to BD in connection with the separation and distribution (which amount is subject to change);
- the distribution of 100% of Embecta's issued and outstanding common stock by BD in connection with the separation; and
- other adjustments as described in the notes to these unaudited pro forma condensed combined financial statements.

Autonomous entity adjustments, which consist of contractual obligations or other changes necessary to reflect the operations and financial position of Embecta as an autonomous entity, include the following adjustments:

- the impact of, and transactions contemplated by the cannula supply agreement, the contract manufacturing agreements, the transition services agreement, the logistics services agreement, distribution agreements and other transaction agreements described under "Certain Relationships and Related Party Transactions"; and
- other adjustments as described in the notes to these unaudited pro forma condensed combined financial statements.

Management's adjustments, which consist of reasonably estimated transaction effects expected to occur include the following adjustment:

- The impact of, and transactions contemplated by, the separation and distribution agreement and the employee matters agreement; and
- the incremental costs Embecta expects to incur as a standalone entity.

The unaudited pro forma financial information is for informational purposes only and does not purport to represent what the Diabetes Care Business's financial position and results of operations actually would have been had the separation and distribution occurred on the dates indicated, or to project the Diabetes Care Business' financial performance for any future period. The audited annual combined financial statements of the Diabetes Care Business have been derived from BD's historical accounting records and reflect certain allocation of expenses. All of the allocations and estimates in such financial statements are based on assumptions that BD's management believes are reasonable. The historical combined financial statements of the Diabetes Care Business do not necessarily represent the financial position or results of operations of the Diabetes Care Business had it been a standalone company during the periods or at the dates presented. As a result, autonomous entity adjustments have been reflected in the pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information should be read in conjunction with the Diabetes Care Business's historical combined financial information, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The unaudited pro forma condensed combined financial information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this information statement.

DIABETES CARE BUSINESS
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

	Year ended September 30, 2021					
($ in millions except per share data)	Historical	Transaction Accounting Adjustments		Autonomous Entity Adjustments		Pro Forma
Revenues	$ 1,165	$ —		$ 23	(f)	$ 1,188
Cost of products sold	365	—		45	(f), (g), (k)	410
Gross profit	800	—		(22)		778
Operating expenses:						
Selling and administrative expense	240	—		1	(k)	241
Research and development expense	63	—		—		63
Other operating expense	5	—		—		5
Total operating costs and expenses	308	—		1		309
Operating Income	492	—		(23)		469
Other income (expense), net	3	—		(1)	(h)	2
Interest expense	—	(72)	(c)	—		(72)
Income before income taxes	495	(72)		(24)		399
Income tax (benefit) provision	80	(18)	(d)	(3)	(d)	59
Net Income	$ 415	$ (54)		$ (21)		$ 340
Basic earnings per common share					(i)	5.88
Diluted earnings per common share					(j)	5.87
Weighted-average common shares outstanding						
Basic					(i)	57,857,600
Diluted					(j)	57,899,097

See accompanying notes to unaudited condensed combined pro forma financial information.

DIABETES CARE BUSINESS
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

($ in millions except per share data)	As of September 30, 2021						
	Historical	Transaction Accounting Adjustments		Autonomous Entity Adjustments		Pro Forma
Assets						
Current assets						
Cash and cash equivalents	$ —	$ 160	(b)	$ 105	(h)	$ 265
Trade receivables, net	151	—		(106)	(h)	45
Inventories	118	(1)	(a)	—		117
Prepaid expenses and other	23	—		—		23
Total current assets	292	159		(1)		450
Property, plant and equipment, net	451	(61)	(a)	—		390
Goodwill and other intangible assets	34	—		—		34
Other assets	11	—		45	(d), (g)	56
Total assets	$ 788	$ 98		$ 44		$ 930
Liabilities and Equity						
Current liabilities						
Accounts payable	$ 54	$ (1)	(a)	$ —		$ 53
Accrued expenses	82	—		4	(g)	86
Salaries, wages and related items	28	3	(a)	—		31
Income taxes	—	—		—		—
Total current liabilities	164	2		4		170
Deferred income taxes and other liabilities	30	—		32	(d), (g)	62
Long-term Debt	—	1,600	(b)	—		1,600
Equity						
Net parent investment	865	(865)	(e)	—		—
Common stock, $0.01 par value, 250,000,000 shares authorized; 57,857,600 shares issued and outstanding on a pro forma basis	—	1	(e)	—		1
Retained earnings (Accumulated deficit)	—	(640)	(e)	8	(e)	(632)
Accumulated other comprehensive income (loss)	(271)	—		—		(271)
Total equity	594	(1,504)		8		(902)
Total liabilities and equity	$ 788	$ 98		$ 44		$ 930

See accompanying notes to unaudited condensed combined pro forma financial information.

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

This note should be read in conjunction with other notes in the unaudited pro forma condensed combined financial information.

(a) The historical combined financial statements of the Diabetes Care Business include operations which are related to other BD businesses that will be retained by BD but which reside in a certain legal entity that will be contributed to Embecta in connection with the spin-off, or, historically owned by BD that will transfer to Embecta in connection with the spin-off. Pro forma adjustments, including income tax, represent the impact of removing the historical results of such retained BD businesses from the Diabetes Care Business' historical combined financial statements, or, including assets expected to be transferred over that were not historically reflected in the historical combined financial statements.

(b) The unaudited pro forma condensed combined balance sheet reflects financing transactions of $1,650 million, consisting of a $1,150 million term loan and $500 million senior secured 5.000% notes, and related debt issuance costs of $50 million which are to be incurred in connection with the separation and distribution. Approximately $1,440 million of the proceeds of such financing is expected to be distributed to BD in connection with the separation and distribution (which amount is subject to change). As a result of such transactions, Embecta will have approximately $160 million in cash upon completion of the distribution. The terms of such indebtedness will be finalized prior to the separation and distribution.

Additionally, we expect to complete financing of a $500 million senior secured 5-year revolving credit facility following the separation. The revolving credit facility will be available for immediate working capital needs and for general corporate purposes, but we do not expect to draw upon the revolving credit facility upon consummation of the spin-off, and as a result, we expect there to be $500 million available for borrowings thereafter. As such, impacts related to the credit revolver facility are not reflected in the unaudited pro forma financial information.

(c) The interest rate on the $1,150 million term loan is 300 basis points over the secured overnight financing rate ("SOFR"), with a SOFR floor of 50 basis points. The interest rate on the $500 million senior secured notes is 5.000%. The unaudited pro forma condensed combined statement of income reflects estimated interest expense of $72 million related to the debt and amortization of related deferred issuance costs. Interest expense was calculated assuming constant debt levels throughout the periods. A 1/8% change to these annual rates would change interest expense by approximately $2 million for the year ended September 30, 2021.

(d) Reflects the tax effects of the pro forma adjustments at the applicable statutory income tax rates and the expected effects of the tax matters agreement.

(e) Represents the reclassification of BD's net investment in Embecta, and other pro forma adjustments, into Retained earnings (Accumulated deficit) and Common stock, par value $0.01 per share, to reflect the number of shares of Embecta common stock expected to be outstanding at the distribution date. The assumed number of outstanding shares of common stock is based on the number of BD common shares of 289,288,000 outstanding as of September 30, 2021 and an assumed pro-rata distribution ratio of one share of Embecta common stock for every five shares of BD common stock.

(f) Reflects the effect of manufacturing and supply agreements (MSAs) and reverse manufacturing and supply agreements (RMSAs) that Embecta and BD have entered into or will enter into prior to the separation. The historical combined statement of income reflects certain Revenues and Cost of products sold relating to the inventory transfers pursuant to newly entered or pre-existing intercompany arrangements between Embecta and BD during the year ended September 30, 2021.

The net adjustment to Revenues of $23 million reflects sales price adjustments relating to such historical inventory transfers to reflect the pricing terms set forth in the RMSAs, as well as additional revenue for other inventory transfers from Embecta to BD that will commence upon the separation pursuant to the RMSAs.

The Cost of products sold adjustment represents $42 million to reflect the approximate cost of products sold by BD to Embecta at the supply price set forth in the MSAs, as well as additional costs incurred for other inventory transfers from BD to Embecta that will commence upon the separation pursuant to the MSAs. Historically, inventory transfers from BD to Embecta were recorded at cost.

(g) The unaudited pro forma condensed combined balance sheet reflects $45 million in Other Assets, $4 million in Accrued expenses and $41 million in Deferred Income Taxes and Other Liabilities related to additional right-of-use assets and corresponding lease liabilities for real estate leases that Embecta and BD have entered into or will enter into prior to the separation and distribution. In addition, the net adjustment to Cost of products sold on the unaudited pro forma condensed combined statement of income includes a decrease of $2 million to remove lease expense reflected in the historical Cost of products sold amount and an increase of $4 million to record lease expense relating to real estate leases that Embecta and BD have entered into or will enter into prior to the separation and distribution.

(h) The unaudited pro forma condensed combined balance sheet reflects a decrease of $106 million in Trade receivables, net and an increase of $105 million in Cash and cash equivalents estimated in connection with Embecta's Trade Receivables Factoring Agreement with BD. Embecta owes BD a service fee calculated as 0.1% of annual revenues related to countries subject to the agreement, in exchange for the services provided by BD pursuant to the Trade Receivables Factoring Agreement.

(i) The number of Embecta shares used to compute basic earnings per share for the year ended September 30, 2021 is based on the number of shares of Embecta common stock assumed to be outstanding on September 30, 2021, using the distribution ratio of one share of Embecta common stock for every five shares of BD common stock outstanding. The number of BD shares used to determine the assumed distribution reflects the number of shares of BD common stock outstanding as of the balance sheet date.

(j) The number of shares used to compute diluted earnings per share is based on the number of basic shares of Embecta common stock as described in Note (i) above, plus incremental shares assuming exercise of dilutive outstanding options and vesting of other outstanding stock awards expected to be issued by Embecta as replacement awards to BD employees transferring to Embecta.

(k) The unaudited pro forma condensed combined statement of income reflects an estimated $2 million of incremental costs for services to be provided by BD to Embecta under the transition services agreement with respect to information technology services, research and development, distribution, support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services.

(l) The adjustment shown below include those that management deemed necessary for a fair statement of the pro forma information presented. The adjustment includes forward-looking information.

As a standalone public company, Embecta expects to incur certain costs in addition to those incurred pursuant to the transition services agreement as described in (k) above, including costs resulting from:

- separation and establishment of Embecta as a standalone company including incremental costs related to commercial, manufacturing, research and business support functions that were previously shared with BD;
- costs to perform financial reporting and regulatory compliance, and costs associated with accounting, auditing, accounting advisory, legal and tax counsel, information technology, human resources, investor relations, risk management, treasury and other general and administrative related functions;
- one-time expenses associated with the separation of Embecta's information systems and facilities, transfers of certain assets to BD, hiring costs associated with increasing Embecta's workforce, regulatory filings for the transfer of product registrations, development of Embecta's brand, and other matters;
- compensation including new equity-based awards in connection with the separation;

- insurance premiums; and
- depreciation and amortization related to information technology infrastructure investments.

Embecta expects to incur approximately $89 million of expenses (including one-time expenses of approximately $56 million expected to be incurred within 12 months following the completion of the separation, as well as $33 million of estimated recurring expenses as a standalone public company), in addition to BD's corporate and shared costs allocated in the historical combined financial statements and the costs to be incurred pursuant to the transition services agreement that are included as an autonomous entity adjustment. The additional expenses have been estimated based on assumptions that Embecta management believes are reasonable. However, actual additional costs that will be incurred could be different from the estimates and would depend on several factors, including the economic environment and strategic decisions made in areas such as separation, manufacturing, selling and marketing, research and development, information technology and infrastructure. Additionally, the separation and distribution agreement will provide for the allocation between BD and Embecta of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and set forth procedures for the administration of insured claims and related matters.

For the Year Ended September 30, 2021

Millions of dollars	
Unaudited pro forma condensed combined net income*	$ 340
Management's adjustments	(89)
Income tax benefit	10
Unaudited pro forma condensed combined net income after management's adjustments	$ 261
Basic earnings per share after management's adjustments	$4.51
Diluted earnings per share after management's adjustments	$4.51

* As shown in the Unaudited Pro Forma Condensed Combined Statement of Income

OUR BUSINESS

This section discusses Embecta's business assuming the completion of all of the transactions described in this information statement, including the separation. References to "we," "us," and "our" refer to the diabetes care business to be held by Embecta and its subsidiaries.

Overview

We are a leading global medical device company focused on providing solutions to improve the health and wellbeing of people living with diabetes. Over the 95-year history of our business, we believe that our products have become one of the most widely recognized and respected brands in diabetes management in the world. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our business traces its origins to 1924, when BD developed the first dedicated insulin syringe. Since then, we have built a world-class organization with a unique manufacturing supply chain and commercial footprint, delivering over 7.6 billion units of diabetes injection devices globally in 2021. We generated revenues of $1,165 million, $1,086 million and $1,109 million in 2021, 2020 and 2019, respectively.

Diabetes is a serious chronic disease for which there is no known cure. According to the International Diabetes Federation (the "IDF"), approximately 537 million adults (aged 20-79) worldwide were living with diabetes in 2021, with the number projected to increase to 643 million adults by 2030. Diabetes can require complex, daily management or otherwise it can result in serious health conditions, including nerve damage, cardiovascular disease, acidosis, amputation, vision loss, kidney disease, seizure and death. The IDF estimates the annual global health expenditure for diabetes care was close to $1,000 billion in 2021 and will exceed this figure by 2030. Insulin therapy is the most common approach to diabetes management, and we estimate that approximately 90-120 million people require insulin therapy, and that 95% of those who are undergoing insulin therapy administer insulin through injection. Our products are primarily used to administer insulin, but they can also be used to administer other classes of injectable diabetes medications, such as GLP-1 agonists. Based on internal estimates, we believe the total addressable market for insulin administration devices is approximately $6 billion to $8 billion per year, based on the number of insulin-dependent individuals worldwide.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety devices, which are complemented by our proprietary digital applications designed to assist people with managing their diabetes. Our pen needles are sterile, single-use, medical devices, designed to be used in conjunction with insulin pens and are used to inject insulin or other diabetes medications. We also sell safety pen needles, which includes resin injection-molded shields on both ends of the cannula that automatically deploy to help prevent needlestick exposure and injury during injection and disposal. Our traditional and safety pen needles are compatible and frequently used with widely available pen injectors in the market today. In addition to pen needles, we sell sterile, single-use insulin syringes, which are used to inject insulin drawn from insulin vials. We also sell safety insulin syringes, which incorporates a manually activated sliding sleeve to help prevent needlestick exposure and injury during injection and disposal.

In addition to selling pen needles, syringes and safety devices, we seek to promote advances in diabetes care through thought leadership and engagement with the diabetes community, healthcare providers and other stakeholders. To foster connection with and offer support to people with diabetes, we launched our diabetes care app in 2018, which has been downloaded over 400,000 times. The diabetes care app serves as a channel for our support, education of and engagement with the diabetes community. We are also proud sponsors of key scientific seminars seeking to improve the management of diabetes. For example, we founded and sponsor the Forum for Injection Technique & Therapy Expert Recommendations (FITTER), which is the latest in a series of scientific seminars focused on improving the management of diabetes. FITTER seeks to promote evidence-based clinical best practice, safety and self-care of diabetes injectable and infusion therapies for improved health outcomes, well-being, lower healthcare costs and reduced burden on care providers and the wider society.

We believe that the technology and know-how incorporated into our products distinguishes them in a meaningful way from other products in the market in the minds of our end-user customers and healthcare providers. We have a track record of delivering innovation in diabetes care informed by our deep understanding of the needs of people with diabetes. For example, we were instrumental in the development and global commercialization of the pen needle, which revolutionized insulin delivery and today is the primary mode of insulin delivery globally. As an independent diabetes-focused entity, our research and development programs will be geared toward both incremental improvements in our existing products as well as the development of new products. For example, we are currently working on developing a potential insulin patch pump focused on serving the needs of people living with Type 2 diabetes. We anticipate this insulin patch pump will have an increased reservoir size to hold more insulin and a simplified delivery system compared to existing insulin patch pumps, and overall provide for an improved user experience. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. We are still in the process of designing and developing these products and, if and when we complete this process, we will need to apply for and obtain clearance from the FDA and similar regulatory authorities in jurisdictions outside of the United States for each product to market and sell any such product in the United States and abroad.

Our global manufacturing, commercial team and distribution networks enable us to produce and distribute our products to end users and healthcare providers in over 100 countries. We have three manufacturing sites located in Ireland, the United States and China. We believe that these manufacturing sites enable us to efficiently and consistently produce high-quality, safe and reliable products. Upon the separation, we also expect to have over 600 employees focused on commercialization activities, including general management, sales, marketing, digital, market access & development and insights & analytics, over 50% of whom will be in emerging markets within Eastern Europe, the Middle East, Africa, Latin America, Central and Southeast Asia and Mainland China. We will distribute our products through a variety of channels, including retail, hospitals, pharmacies and other institutional channels. Our commercial team and distribution networks enable us to reach a broad base of customers across the globe.

Our Competitive Strengths

We believe the following strengths position us with long-term competitive advantages:

- ***Pure-play leader in diabetes management, a significant and growing industry***. We currently manufacture over 7.6 billion units of injection devices annually and estimate that these devices serve 30 million end-user customers around the world. Based on our internal estimates, we believe that we provide injection devices to more people with diabetes globally than any other medical device company. As a chronic and progressive condition, diabetes affects the physical, emotional and social well-being of the affected individuals and their caregivers. Improper management can result in significant and long-term complications ranging from cardiovascular to renal and neurological diseases, further driving demand for effective products to help treat the disease. We believe the demand for injection devices will continue to grow due to an anticipated rise in people with diabetes and increased expenditures on diabetes care.
- ***Globally recognized franchise with 95-year history***. We believe that we have a reputation among people with diabetes and healthcare professionals around the world for making the highest quality insulin delivery products, including pen needles, insulin syringes and diabetes medication injection safety products. Our business traces its history to 1924, when BD became the first company to develop a dedicated insulin syringe. Since then, our business developed the world's first self-contained insulin syringe, the first safety-engineered syringe, the first 8mm, 5mm and 4mm pen needles and the first safety pen needle with dual protective shields, among other innovations. We believe that our business is recognized as the standard-bearer in pen needles, insulin syringes and diabetes medication injection safety products among people with diabetes and healthcare providers worldwide, and based on our internal estimates we believe we are the industry leader by volume for each of these products globally, including the industry leader by volume in pen needles in each of the United States, Canada, EMEA (which includes Europe, the Middle East and Africa), Latin America, China and the Central Asia, South Asia and Japan regions. Over the past several years, we have continued to invest in our core product franchises as

well as advocacy initiatives to enhance the lives of people with diabetes. Our FITTER education initiatives, focused around the importance of injection technique and user experience, have helped strengthen our franchise's reputation with patients, pharmacists, healthcare providers and healthcare institutions. We believe that these factors make us the needle of choice for first-time insulin-injection prescriptions, with strong conversion rates to long-term use and loyalty to the franchise.

- ***Geographically diversified revenue and strong cash flow generation supports future growth***. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our sales provide us with a strong, stable and recurring revenue base that is geographically diversified, generating revenues of $1,165 million in fiscal year 2021, net income of $415 million and Adjusted EBITDA of $546 million, which represents a net income margin of approximately 35.6% and an Adjusted EBITDA margin of approximately 46.9%. In fiscal year 2021, approximately 48% of our total revenue was generated outside of the United States. In particular, our revenue in emerging markets represents a meaningful and rapidly growing share of our total revenue year over year. The combination of our scale and highly efficient operations results in strong cash flow generation. We anticipate our strong cash flow will enable us to continue to invest in our business both organically and inorganically through strategic partnerships and acquisitions to support our competitive position, drive future revenue growth and lead in driving innovation.

- ***Global sales and manufacturing infrastructure***. We have an extensive sales and manufacturing infrastructure to support our global presence. We sell products using a worldwide network of highly efficient, strategically placed direct and indirect sales representatives, which we believe is the single largest sales organization dedicated to pen needles and insulin syringes. We also have long-term relationships with manufacturers of diabetes medications, many major pharmacies, retail outlets and payors. Our varied distribution channels include individual practitioners, retail pharmacies, wholesalers and long-term acute care hospitals, and we believe that these channels help us reach a broad set of stakeholders in diabetes care. We also have an extensive manufacturing network supported by our global logistics infrastructure and close to 800,000 square feet of manufacturing space located across the United States, Ireland and China. For example, in China we currently have world-class manufacturing operations with dedicated sales and marketing teams to support our growing presence in the country. Overall, we believe that our extensive manufacturing infrastructure and global distribution network enable us to provide our customers with a reliable and consistent supply of quality products.

- ***History of innovation and pipeline of new products***. We have a holistic approach to innovation with a track record of developing devices that we believe have improved the standard of diabetes care. We have a pipeline of products under development, including those that may represent a potential improvement on existing products and entirely new products. For example, we are currently working on developing a potential insulin patch pump focused on serving the needs of people with Type 2 diabetes. We anticipate this insulin patch pump will have an increased reservoir size to hold more insulin and a simplified delivery system compared to existing insulin patch pumps, and overall provide for an improved user experience. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. Any such products, if and when developed, will require clearance from the FDA and similar regulatory authorities in jurisdictions outside of the United States before we can market and sell such products. We also focus on engaging with and supporting our user base. To this end, we have developed our diabetes care app, which provides users with an integrated diabetes self-management solution. Our diabetes care app has been downloaded over 400,000 times since its first launch in May 2018, and is available for download in the United States, Canada, Brazil, Germany, France, Mexico, Switzerland, Italy and Japan. We view digital engagement as a key vector for our future growth and we plan to continue to enhance our digital capabilities in coming years.

- ***Proven executive leadership and a highly motivated workforce***. We have assembled an experienced and accomplished senior management team. Our leadership and employees are energized by the

prospect of being part of a leading pure-play leader in the diabetes space and are excited at the prospect of driving continued innovation and improvements in the standard of diabetes care globally.

Our Business Strategy

We intend to continue to grow our business by pursuing the following core strategies:

- ***Increase use of our products through sales and marketing efforts, education and diabetes management solutions***. According to the IDF, approximately 537 million adults (aged 20-79) worldwide were living with diabetes in 2021, including those who are not yet diagnosed, and the number is projected to increase to 643 million adults by 2030 and 783 million adults by 2045. We seek to increase use of our products by bringing awareness of the effectiveness and quality of our products to the different players in this growing market. Our products are inspired and supported by the decades of research collaborations with healthcare providers and opinion leaders around the world, which has resulted in several clinical studies and peer-reviewed publications, ultimately informing global clinical practice guidelines. We plan to increase the awareness of the effectiveness and quality of our products through clinician engagement, sales and marketing efforts and digital solutions that foster education, engagement, adherence and personalized diabetes management solutions for people with diabetes. We also seek to grow the number of people we serve by leveraging our global employee base, world-class manufacturing facilities and unique insights into the needs of people with diabetes and caregivers to expand our global commercial impact and footprint.

- ***Expand our business in emerging markets***. Our net sales in emerging markets represented approximately 16% of our total net sales in fiscal year 2021 and the sales in emerging markets has grown approximately 4.9% per year since fiscal year 2018. We expect that demand for insulin administration products will continue to grow in emerging markets, such as the China region, India and Mexico, and we will continue to invest in our business in these regions. For example, we expect to use our large manufacturing infrastructure in China to supply other high-growth markets in South and Central Asia. In addition, we expect that over 50% of our employees focused on commercialization activities will be in emerging markets within Eastern Europe, the Middle East, Africa, Latin America, Central and Southeast Asia and Mainland China. We believe that our operating history in these countries, strong franchise, existing infrastructure, growing direct presence and country specific product portfolio will position us well in these high growth regions.

- ***Invest in next-generation products***. Over the past several years, we have invested in developing new products, including the next generation of pen needles, safety pen needles, syringes and safety syringes. As a pure-play leader in the diabetes space, we will have increased flexibility to invest capital in innovative new products to better serve the evolving needs of people with diabetes. For example, we are currently developing a potential insulin patch pump designed to be a fully integrated solution for people living with Type 2 diabetes. If successful, we believe this product could result in significant additional sales given that Type 2 diabetes constitutes approximately 90% of the overall diabetes population according to the IDF. We are also currently working on developing a redesigned safety pen needle and a new finer gauge pen needle for greater ease and comfort. We are also continuing to further develop our diabetes care app, which we believe helps us communicate with end-user customers more effectively and positions us uniquely in interconnected diabetes management solutions. Through this app, our goal is to provide end users with actionable insights to influence behavioral or lifestyle changes that improve glycemic control and improve quality of life and overall health. This digital offering increases connectivity to members of the diabetes community and provides a potential base for entry into the e-commerce channel.

- ***Pursue strategic partnerships and acquisition opportunities***. We intend to continue to explore strategic partnerships and acquisition opportunities that enable us to accelerate our growth. We intend to selectively pursue strategic opportunities that give us access to innovative technologies, complementary product lines or new markets, while retaining our focus on improving the user

experience and clinical outcomes and potentially other adjacent chronic conditions. Our independence will give us the freedom and flexibility to strategically allocate capital toward strategic partnerships and acquisitions to accelerate the growth of our business.

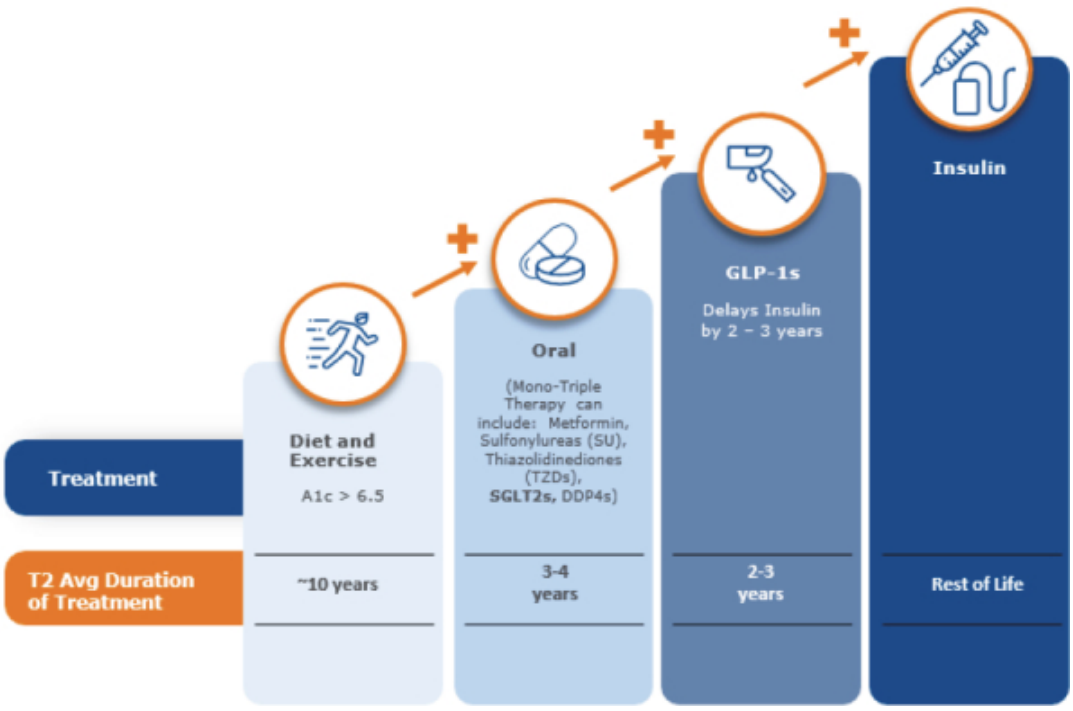
- ***Seek to provide other products and services that will be useful for diabetes management.*** As an independent, pure-play, diabetes focused business, we will seek opportunities to provide other products and services for diabetes management. We have a long and deep history of driving improvements in the standard of diabetes care from diagnosis to periodic monitoring, lifestyle improvements, therapy selection and administration of insulin. We believe a fully coordinated and integrated chronic disease management platform will drive improved care and outcomes for people with diabetes. Our diabetes care app positions us uniquely in interconnected diabetes management solutions, and we will seek opportunities to use it to sell other products and services that will be useful for diabetes management.

Our Industry

Diabetes is a serious chronic condition for which there is no known cure. Diabetes is caused either when the pancreas produces insufficient insulin or when the body cannot efficiently use insulin. Insulin is a peptide hormone produced by the pancreas. Insulin enables glucose formed by the breakdown of carbohydrates in food to enter cells to provide energy and regulates the storage of excess glucose in the liver in the form of glycogen. In healthy individuals, insulin levels will vary throughout the day depending, on among other things, activity levels, sleep and meals. This normal modulation of insulin levels helps to manage glucose levels in the bloodstream. The interplay between cellular absorption of glucose for energy and storage and release of stored excess glucose keeps blood glucose levels within a well-regulated range in healthy individuals. A lack of insulin or a body's insulin resistance causes a harmful dysregulation in blood glucose levels, known as hypo- (low) and hyper- (high) glycemia. Type 1 diabetes causes the body's immune system to attack cells responsible for producing insulin, reducing or eliminating an individual's ability to produce insulin. Type 2 diabetes is the most common form of diabetes (representing approximately 90% of cases) and is characterized by insulin resistance, or insufficient insulin production in the later stages of the disease. Left untreated or improperly managed, diabetes can lead to serious health problems, such as nerve damage, cardiovascular disease, acidosis, amputation, vision loss, kidney disease, seizure, and death.

According to the IDF, approximately 537 million adults (aged 20-79) worldwide were living with diabetes in 2021, including those who are not yet diagnosed, and the number is projected to increase to 643 million adults by 2030 and 783 million adults by 2045. The U.S. Centers for Disease Control and Prevention (the "CDC") estimates that approximately 34 million adults in the United States have diabetes, either diagnosed or undiagnosed. The IDF estimates annual global health expenditures on diabetes management was approximately $966 billion in 2021. There has been a considerable increase in global health expenditure due to diabetes, growing from $232 billion in 2007 to $966 billion in 2021, an increase of 316% over 15 years. The IDF anticipates the direct costs of diabetes will increase to $1.03 trillion by 2030 and $1.05 trillion by 2045. A 2020 study published in the *Journal of the American Medical Association* found that diabetes was the third highest healthcare expenditure in the United States, estimated at approximately $111 billion in 2016.

Individuals with Type 1 diabetes make little or no insulin and therefore all require daily insulin administration to control blood sugar levels. Individuals with Type 2 diabetes still make insulin and, depending on the status of their condition, may be able to control blood glucose levels with lifestyle changes (diet and exercise), oral medications, noninsulin injectable medications (such as glucagon-like peptide GLP-1 receptor agonists), insulin or a combination of these approaches, among others. While the initial care for Type 2 diabetes often does not include insulin therapy, Type 2 diabetes is progressive and people with Type 2 diabetes often eventually require insulin. According to the CDC, approximately 2.9 million adults aged 20 years or older—or 10.9% of all U.S. adults with diagnosed diabetes—start using insulin within a year of their initial diagnosis. Once an individual with Type 2 diabetes progresses to insulin therapy, they will typically use insulin for the remainder of their lifetime.



Our products are used to administer diabetes medication. The primary medication administered with our products is insulin; however, our pen needles can also be used for the administration of other classes of injectable diabetes medications such as GLP-1 agonists. The two primary means to administer insulin are injection through pen needles or syringes, and continuous subcutaneous insulin infusion, administered through insulin pumps. We estimate that approximately 95% of people with diabetes undergoing insulin therapy use injection to administer insulin. Of the people with diabetes globally who instead use pumps, a 2018 study published in *Diabetes Technology & Therapeutics* estimates that a majority are located in the United States or in Western Europe primarily due to the significantly higher price-point of infusion delivery. As a leading producer of diabetes medication injection devices, we produce products for the vast majority of people with diabetes who treat their disease through injection.

Based on internal estimates, we believe the total addressable market for insulin administration devices (including insulin injection and infusion) is approximately $6 billion to $8 billion per year, based on the number of insulin-dependent people with diabetes worldwide. Within the U.S. market, the CDC estimates there are 26.9 million people diagnosed with diabetes, over 1.5 million are diagnosed with Type 1 diabetes and 25.5 million are diagnosed with Type 2 diabetes. According to the CDC, of U.S. adults diagnosed with any type of diabetes, data from 2005-2012 shows that 14.1% treat their disease with insulin only, and 14.9% treat their disease with insulin combined with oral medication. The incidence of diabetes is expected to continue growing, with the Type 1 diabetes population in the United States growing at 5.5% per year, and the Type 2 diabetes diagnosed population in the United States growing at 4.5% per year, from 2000-2018, according to CDC estimates.

Our Products

We develop and manufacture products, devices and systems that promote adherence for people primarily suffering from Type 1 diabetes and Type 2 diabetes who require injections of insulin or other diabetes

medications to help control blood glucose variability. We primarily sell our products to wholesalers and distributors, which in turn sell these products to customers through retail and acute care hospitals, clinics and other institutional channels. We have a long history of driving innovation in products used to manage diabetes. In addition to seeking to provide a superior injection experience and increased safety, we strive to provide patients and healthcare providers with sound education and support across the diabetes care journey. Today, we are a leading provider of pen needles, syringes, safety devices and accessories, complemented by our proprietary digital applications. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our brands of injection products are widely recognized and valued throughout the world for their ease of use, quality, availability and compatibility with widely used insulin pens. We break our operations into two geographies: (1) the United States and (2) International.

Our sales for each of our regions are as follows:

($ in millions)	FY 2021	FY 2020	FY 2019
United States	$609.4	$ 562.5	$ 569.5
International	$555.9	$ 523.2	$ 539.0

Conventional Pen Needles

Conventional pen needles are sterile, single-use, medical devices that are designed to be used in conjunction with third-party pen injectors to inject insulin and other diabetes medications. A pen needle is made up of a resin injection-molded hub with an integrated cannula.

BD Pen Needle & Shield

Insulin Pen

Since the introduction of the first insulin pen in 1985, insulin pens and pen needles have become the standard of care for insulin delivery. Of those undergoing insulin therapy, we estimate that 95% use injection therapy. We believe that our pen needles, which include BD's cannula technology, are widely recognized in key regions around the world for their industry-leading comfort and form factor, which allows for reduced pain during injection. Since the introduction of our first pen needle in 1991, our business has led the industry in driving ease of use and comfort through innovations such as shorter needle lengths, thinner needles, wider inner diameters, and contoured hubs.

In 2021, conventional pen needle sales accounted for $853 million, or approximately 73%, of our total sales, with approximately 48% of such sales generated outside of the United States.

Conventional Insulin Syringes

We produce insulin syringes that are used to inject insulin. These syringes, which include BD's cannula technology, are sterile, single-use medical devices that are used to draw insulin from a glass medication vial for administration subcutaneously to an individual. Despite the growing popularity of insulin pens and pen needles, insulin syringes remain important administration tools for individual use and in certain settings such as hospitals and other professional care environments due largely to cost, reimbursement and familiarity.

A conventional insulin syringe consists of a graduated barrel, plunger rod, and a cannula/hub assembly. We also manufacture and offer a variety of insulin syringes with differential features and capabilities, including safety syringes that incorporate a manually activated sliding sleeve to help to reduce needlestick exposure and injury during injection and disposal.

In 2021, insulin syringe sales accounted for $175 million, or approximately 15%, of our total sales, with approximately 54% of such sales generated outside of the United States.

Safety Injection Devices

We manufacture safety pen needles and syringes that incorporate sophisticated features designed to minimize the risks of needle stick injury and also include BD's cannula technology. We have long been an innovator in diabetes administration and our leadership in creating safety injection products is an example of such innovation. We are also currently working on developing a redesigned safety pen needle, as well as a new finer gauge pen needle that combines the design of Nano 2nd Gen with a 4mm 34G Extra-Thin Wall for greater ease and comfort of insulin delivery. We believe that by creating safe, easy-to-use products designed to prevent needlestick injury, our products have a reputation among healthcare professionals and end-users for industry-leading safety and ease of use. We have long served as a pioneer and thought leader in the safety space, helping to provide education, guidance, and promote adherence in diabetes management for patients and healthcare providers around the world.

In 2021, safety injection device sales accounted for $121 million, or approximately 10%, of our total sales, with approximately 43% of such sales generated outside of the United States.

BD AutoShield Duo™ Safety Pen Needle

BD SafetyGlide™ Insulin Syringe

Accessories

We sell a variety of accessories used by people with diabetes in conjunction with injection devices when administering insulin. These accessories include sharps disposal by mail containers used for the safe disposal of

used injection devices via prepaid box, alcohol swabs for the sterilization of skin at the injection site, and our BD Safe Clip™ system for needle clipping and storage. In 2021, accessory sales accounted for $16 million, or approximately 2%, of our total sales, with approximately 39% of such sales generated outside of the United States.

Research & Development

Over its 95-year history, we believe that our business has developed a reputation as an industry leader in innovative insulin delivery solutions. As an independent entity, we expect to continue this tradition of innovation by using our increased flexibility to invest capital to better address the evolving needs of people with diabetes. We have a robust organization to execute on our current and future product development projects, comprised of highly skilled employees whom collectively hold twelve PhDs, Doctorate or MD degrees and 25 employees who hold additional advanced degrees. We expect our product development efforts to focus on three main areas: injection, digital diabetes management and infusion.

Injection

We expect to continue to invest in potential improvements in safe and reliable insulin delivery, improved comfort, ease of use and simplified injection management. We also are currently investing in the development of a next-gen passive dual-ended pen needle with differentiated feature sets and additional functionality. Our goal is to include features that would differentiate this potential product from others, including features that would allow for single handed injection, reduction of environmental waste and reduction of needle stick injury compared to conventional pen needles.

Digital Diabetes Management

We are currently investing in the development of a potential integrated diabetes management system that aims to provide people with beneficial tools and support for diabetes self-management, while providing security, privacy and data management through hosting solutions, tools and components for digital health products. Since its launch in 2018, our diabetes care app is currently available in nine countries and has over 10,000 active users. We believe that this app is a potential predecessor to a larger integrated diabetes management system, and see a potential opportunity to expand our digital offerings, including areas such as integration with continuous glucose monitoring systems, safe and secure data sharing, remote patient monitoring, dosing calculators and food analyzers, among others. As an independent entity, we may pursue investments in these and other digitally enabled diabetes management tools.

Infusion

We are investing in the potential development of a continuous subcutaneous insulin infusion delivery system to provide the benefits of insulin pump therapy to a broader population, in particular those with Type 2 diabetes. We believe there is a significant unmet need for alternative treatment options for people with Type 2 diabetes who currently administer insulin via injection yet remain unable to effectively control their diabetes. Some third-party research over the last 10 years has demonstrated improved outcomes of subcutaneous insulin infusion devices over conventional injection insulin therapy. For example, a 2017 article published in *Diabetes Metabolism Research and Reviews* highlighted insulin pump treatment as a more physiologic method to managing insulin therapy, attaining desired glucose levels and reducing the dose requirement of insulin for people with Type 2 diabetes.

Although insulin pump therapy has the potential to improve glycemic control and quality of life in individuals with Type 2 diabetes, it is not widely used in this population due to the complexity, extensive training requirements, total daily dose limitations and reimbursement issues associated with current insulin pump devices. As a result, we estimate that globally approximately 1% of people with Type 2 diabetes use infusion via a pump to administer insulin. According to the Barclays Medical Supplies and Devices market model, however, the total addressable U.S. market for insulin pump devices for people with Type 2 diabetes could be between approximately $1.5 and $1.7 billion by 2030. We are seeking to develop a potential insulin infusion pump that can be more easily used by people with Type 2 diabetes.

Clinical Evidence and Thought Leadership

For the millions of people with diabetes who inject insulin every day, correct injection technique is critical for optimal control of diabetes and insulin use safety. We strategically collaborate with leading nonprofit organizations, advocacy groups and foundations to identify and invest in programs and initiatives that address unmet healthcare needs to minimize the burdens and complications associated with diabetes. Our products are inspired and supported by the decades of research collaborations with healthcare providers and opinion leaders around the world, which have resulted in several clinical studies and peer-reviewed publications, ultimately informing the clinical practice guidelines around the world.

Highlights of these clinical practice guidelines and studies include the following:

- The American Diabetes Association (the "ADA") published the 2021 Standards of Medical Care in Diabetes to provide clinicians, researchers and payors with recommendations and therapeutic actions to improve diabetes outcomes. Several publications based on our sponsored or supported studies are referenced by the ADA as a source of information for their recommendations.
- The medical journal, *Mayo Clinic Proceedings*, published insulin delivery recommendations for healthcare professionals caring for people using insulin, including the results from the largest injection technique survey ever performed for people with diabetes. The analysis of this landmark injection technique survey is the result of an international workshop that we sponsored.
- The *Current Medical Research and Opinion* journal assessed user experiences of our 4mm pen needle versus other thinner pen needles manufactured by our competitors in a prospective randomized trial. The journal found that our 4mm pen needles with a second-generation extra thin-wall cannula with redesigned hub were associated with less participant-reported injection pain and less perceived dose delivery force compared to the comparators.

Our Properties

We have three manufacturing facilities in Ireland, the United States and China. We believe that the size and location of these facilities allow us to serve a global customer base, reduce lead time and better control costs. Our Ireland manufacturing site, established in 1969, is the world's largest manufacturer of pen needles, producing 4.7 billion pen needles and over 199 million safety pen needles in fiscal year 2021 in a 295,000 square-foot facility. The U.S. leased manufacturing site in Nebraska, established in 1966, is the world's largest manufacturer of insulin syringes, producing over 2 billion syringes in fiscal year 2021 in approximately 275,000 square feet of manufacturing space. With over 50 years' experience at each of these two large sites, we believe our technology and know-how are highly differentiated and distinguish our products in a meaningful way for end users and healthcare providers. In addition, our China manufacturing site, established in 2015, produced over 739 million pen needles in fiscal year 2021, primarily for use in China and adjacent regions in a 200,000 square-foot facility.

Sales and Marketing

We currently employ sales and marketing personnel for the direct sale and marketing of our products throughout the world with teams located around the globe, including North America, EMEA (which includes Europe, the Middle East and Africa), Greater Asia (which includes China, Japan and other countries within Asia Pacific) and Latin America. Our sales and marketing teams focus on healthcare providers and the people with diabetes whom they serve, with an emphasis on endocrinologists or diabetologists, general or primary care physicians, diabetes nurse educators and nurse practitioners across hospitals, clinics, long-term care facilities, and retail pharmacies. Our field-based efforts are complemented by our internal or contract inside sales teams present around the world.

Upon the separation, we expect to have over 600 employees worldwide focused on commercialization activities, including general management, sales, marketing, digital, market access & development and insights &

analytics. We believe our commercialization capabilities will allow us to execute customer engagement strategies across preferred channels and aimed at healthcare providers, people with diabetes, and payors. We expect that our employees will build and maintain an integrated digital ecosystem, focus on omnichannel marketing experiences, and elevate portfolio-selling capabilities to coordinate engagement for our portfolio across all channels and geographies. Our branded engagement includes direct face-to-face selling, virtual engagement, digital marketing, social media, and our websites. In addition, we believe we have the knowledge, capabilities, and resources to achieve optimal local market access for our portfolio in a changing external environment.

Our sales and marketing efforts are diverse, with revenue generated across both hospital and retail pharmacy, and through both e-commerce and more conventional means. Within retail pharmacy, we have sales and marketing teams focused on larger national chains, local pharmacy chains and independent pharmacies as well as an online retail presence. Our sales efforts focus on self-payers and customers that benefit from reimbursement. Our distribution model varies across regions, but most frequently we distribute our products through retail pharmacies. As a result, select members of our regional sales teams are focused on managing relationships with key pharmacy customers. We also have distribution agreements with regional or national distributors (including wholesalers and medical suppliers) to ensure broad availability of our portfolio. In certain regions, we conduct business through government-related tenders, GPO contracts and business-to-business opportunities that our teams are structured to manage.

In the United States, our field-based sales representatives and inside sales team call on healthcare providers and retail pharmacies across all 50 states. We also have a dedicated sales team focused on safety products that call on major integrated delivery networks and long-term care facilities. Our retail account teams support the major national and regional retailers while our wholesale account teams focus on relationships with key distributors such as McKesson Corporation, Cardinal Health and AmerisourceBergen Drug Corporation. We also actively monitor formulary coverage, accessibility and affordability of our products on the health plans.

In EMEA, our regional commercial team partners with local country teams in select markets to ensure effective promotion of our products in approximately 70 countries where our products are sold and generally reimbursed. Country-specific business leaders and their respective sales and marketing teams are responsible for the day-to-day management of the local business and call on a range of prescribers, pharmacists, and hospital customers. We have dedicated sales representatives in select markets that focus on safety products and driving safety adoption in acute-care hospitals and other long-term care facilities. We rely upon distribution agreements in certain regions of the Middle East and Africa where we do not have a direct sales presence. We continue to seek opportunities for expansion through reimbursement in new markets and partnering with governmental authorities.

In Greater Asia, our products are sold across 19 countries through a variety of go-to-market models from direct to distributor-led markets. In countries where we have direct presence, country business leaders and their commercial teams call on healthcare providers and key retail pharmacies and work closely with our distribution partners to support the broader hospital / retail base. We rely on distribution partners in some of the emerging economies where we do not have a direct presence. Country teams are supported by a regional commercial team that provides omnichannel marketing expertise, insights & analytics, commercial excellence and market access support, while China has its own country commercial team to support sales execution. Expansion into new markets and omnichannel marketing activities, including direct-to-consumer engagement and e-commerce, are also aspects of the commercial model in Greater Asia.

In Latin America, Embecta has a variety of go-to-market models across 16 countries where our products are sold. In the countries where we have local operations, our business is typically generated through retail channels where our field-based representatives focus on marketing, selling and distributing our products across retail pharmacies and private hospitals across the region. The majority of our non-retail business is generated through annual or bi-annual tenders and contracts. In countries where we do not have local operations or a direct presence, we operate through distributors and other intermediaries who distribute our products to our end customers. Our teams in Latin America are also expanding into direct-to-consumer engagement and e-commerce.

As the number of people with diabetes continues to expand, we believe our scale, diverse in-market knowledge and world-class injection devices position us to continue growing our global franchises and provide high-quality products. As one of the largest pure-play diabetes companies in the world, our relationships span the continuum of stakeholders in the diabetes market, from partnerships with major insulin producers to deep recognition with prescribers, nurses, payers, and retailers that offer our products to our estimated 30 million users living around the world with diabetes.

Competition

The diabetes care industry is highly competitive, subject to rapid change and significantly affected by new product introductions and innovation. Although most people who use diabetes medications are on injection therapy, our products compete across a continuum of therapies and administration modalities designed to manage diabetes. We face competition and innovation from both new and existing companies pursuing new delivery devices, injection technologies, drugs, and therapeutics for the treatment of diabetes. For example, GLP-1s, sodium-glucose cotransporter SGLT-2 inhibitors and other novel diabetes therapies do not always require injections (or require fewer injections) using pen needles and insulin syringes and are prescribed to certain people with diabetes to help manage their disease. The impact of these therapies in most cases has been to defer insulin injection therapy for certain people with diabetes, although in many cases the diabetes will progress with time such that insulin injection therapy will ultimately be required.

We currently compete with other providers of diabetes drug injection devices. Companies with whom we currently compete in the diabetes drug injection business include Novo Nordisk, HTL-Strefa, Terumo Medical Corporation and Ypsomed. We also compete with providers of insulin pumps and other insulin administration devices. We compete in the marketplace based on a number of factors, including product quality and efficacy, price, service and reputation.

Intellectual Property

Intellectual property is a strategic priority for our business. We use a combination of patents, copyrights, trademarks, trade secrets, nondisclosure agreements and other measures to establish and protect our proprietary rights. In many cases, we own this intellectual property directly, but in other cases, we access technologies through a combination of license and supply arrangements.

While no single patent or patent family is material to our business, our pen needle and syringe products contain features that are protected by a portfolio of utility and design patents, including features related to safety, comfort and ease of use. In addition, potential features of our insulin patch pump technology, redesigned safety pen needle and finer gauge pen needle currently under development and software we market to end users for managing diabetes are covered by a variety of patents and patent applications. Generally, patent protection for these products and technologies is sought in the United States, Canada, Europe and Japan. We are not aware of any pending third-party claims or challenges that would be expected to materially affect the patent protection of these products or technologies.

After the separation, Embecta will either own, or BD will continue to own and provide Embecta a license to use, intellectual property rights necessary to operate our business as of the separation. BD will grant Embecta a license to use such intellectual property rights on the terms and conditions set forth in an intellectual property matters agreement, which are described under “Certain Relationships and Related Party Transactions—Intellectual Property Matters Agreement.”

Raw Materials and Components

We use a broad range of raw materials in the manufacture of our products. We purchase all our raw materials and certain components from third-party suppliers. The primary materials that comprise our pen needles and insulin syringes are cannula, plastic resin, adhesive, needle lubricants, rubber stoppers and packaging

material. We purchase some of these and other materials from a single or limited number of sources for reasons for quality assurance, cost-effectiveness and other reasons. In connection with the separation and prior to the distribution, we will enter into a cannula supply agreement with BD, whereby BD will sell to us cannulas for incorporation into our pen needles and syringes for sale within the diabetes care sector, as described in greater detail in "Certain Relationships and Related Party Transactions—Cannula Supply Agreement." After the separation, BD will retain ownership of all cannula production activities and all intellectual property rights of BD and its subsidiaries relating to cannula, the manufacture thereof and other critical cannula-related technology.

The design and formulation of certain of these materials and components is proprietary and the intellectual property rights may be owned exclusively by one party. In the case of sole sourced parts, we manage risk through holding inventory ourselves and at the supplier to ensure continuity of supply and low risk of disruption. We expect that, if necessary or appropriate, we will be able to enter into new arrangements with alternative suppliers. We work closely with all suppliers to ensure continuity of supply while maintaining high-quality and reliability, although no assurance can be given that these efforts will be successful. See "Description of Material Indebtedness" and "Risk Factors—Risks Related to Embecta's Business—Embecta will obtain components and raw materials for its products from third parties, including BD." These third parties may fail to perform under their agreements with Embecta, or there may be a reduction or interruption in the manufacturing and supply of these components and raw materials. Any such failure to perform or a reduction or interruption in supply could have a material adverse effect on Embecta's business and operations.

We have written agreements with a variety of suppliers that provide the resins, rubber stoppers, packaging, plungers, barrel rods, hubs and other components used in the manufacture of pen needles and our other products. We rely on sole suppliers for certain of these components, but, subject to pre-qualification of a new supplier as required by applicable law, we expect we would be able to engage another supplier in the event one of our existing supply agreements were terminated.

Regulatory Matters

We distribute our products around the world. Changes in legislation or government policies, including with respect to licensing, health information privacy and data privacy and healthcare costs and access, can have a material impact on our worldwide operations.

In particular, our operations are subject to, and affected by, regulations of medical devices promulgated by federal, state and local authorities in the United States, including the FDA, and other regulatory authorities with jurisdiction over our foreign operations. FDA regulations govern, among other things, product design and development, preclinical and clinical testing, pre-market clearance and approval, manufacturing, labeling, product storage, advertising and promotion, sales and distribution, post-market adverse event reporting, post-market surveillance, complaint handling, repair or recall of products and record keeping. These regulations not only affect our existing markets products, but also our ability to market new products under development.

For example, we are currently working on designing and developing an insulin patch pump focused on serving the needs of people with Type 2 diabetes. If we decide to pursue commercialization of this product, we currently expect that the product will be classified in the United States as a Class II medical device and as an alternate controller enabled, or ACE, insulin infusion pump, which must be cleared and/or approved by the FDA and similar regulatory authorities in jurisdictions outside of the United States before we can market and sell this potential product to distributors and end users in the United States and abroad, respectively. We are currently engaging with the FDA about this potential product through the FDA's pre-submission program. We currently expect that, at a later date, we would submit a 510(k) pre-market notification to the FDA to initiate the review and clearance process to market and sell this potential product in the United States, and may pursue similar clearance, approval and qualification processes in other jurisdictions. We cannot predict how long such process may take, and this process may require, among other things, that we demonstrate that this potential product complies with various regulations of the FDA and other governmental agencies, including quality system

regulations. If we fail to demonstrate compliance, we may not receive the required regulatory clearances to market the product in the United States or other jurisdictions.

Even if we do receive clearance to market products, failure to comply with ongoing regulatory requirements can result in enforcement actions by the FDA and other regulatory agencies, which may include warning letters that require corrective action, fines, injunctions, rescissions of previously granted clearances and/or approvals and other penalties.

We maintain a robust FDA Quality System Regulation and ISO Quality Systems that establish standards for our product design, manufacturing, and distribution processes, inclusive of Current Good Manufacturing Practices. The FDA and other regulatory agencies engage in periodic reviews and inspections of our quality systems, as well as product performance. As a medical device manufacturer and distributor, our manufacturing facilities and the facilities of our suppliers are subject to periodic inspection by the FDA, certain corresponding state agencies, and other regulatory bodies. Prior to marketing or selling most of our products, we must secure approval from the FDA and counterpart non-U.S. regulatory agencies. Following the introduction of a product, these agencies engage in periodic reviews and inspections of our quality systems, as well as product performance and advertising and promotional materials. These regulatory controls, as well as any changes in agency policies, can affect the time and cost associated with the development, introduction and continued availability of new and existing products. Where possible, we anticipate these factors in our product development and planning processes.

International sales of our products are subject to foreign government regulations, which may vary substantially from country to country. The time required to obtain approval by a foreign regulatory authority may be longer or shorter than that required for FDA approval, and the requirements may differ significantly, particularly outside of the European Union, Canada and other industrialized countries. In addition, other jurisdictions continue to update requirements for marketing and sale of products in their geography, often becoming more stringent. As we operate in other regions and continue to expand into emerging markets, new requirements may require updates to our quality management system. These global changes are monitored and reviewed as part of the overall quality lifecycle.

For further discussion of risks related to government regulations, see “*Risk Factors*” and “*Our Business—Legal Proceedings*”.

Third-Party Agreements

We distribute a significant portion of our pen needles, syringes and other products through independent distributors. McKesson Corporation, Cardinal Health and AmerisourceBergen Drug Corporation, our three largest distributors, together represented approximately 39% of our worldwide sales in fiscal 2021. These distributors purchase our products on a purchase order basis under standard written agreements. Embecta also makes direct sales to pharmacies and other organizations, which sales are generally done under standard terms and conditions negotiated by our sales representatives. Our direct sales to the five largest retail pharmacies for Embecta’s products together represented approximately 14% of Embecta’s worldwide sales. Outside of the United States, sales are made either directly to end users or through distributors, depending on the region served.

During fiscal 2021, we made sales to approximately 60 independent distributors in the United States, and approximately 600 independent distributors internationally. Our U.S. distributor agreements generally have terms between one and two years, and our international distributor agreements generally have a one-year initial term subject to automatic renewals. After the expiration of the term under our U.S. distributor agreements, the parties generally renew these agreements or enter into new agreements on similar terms. Many of our international distributor agreements contain minimum purchase requirements and annual price escalators, and our practice with our U.S. distributors is to enter into agreements with negotiated wholesale pricing for products which pricing in some cases may contemplate annual price increases based on market conditions, as well as negotiated distributor fees based on volume of products distributed to our customers.

Employees

We expect that upon the separation, we will have approximately 2,029 employees worldwide and that approximately 832 employees will be employed in the United States. As of today, only certain employees, all outside of the United States and representing approximately 33% of our headcount, are represented by various collective bargaining groups.

Our human resources organization is led by an experienced team that monitors our employee base and sets annual targets for managing our human capital, including employee retention, engagement and training targets. We will develop diversity and inclusion initiatives and will regularly review our strategies and programs for leadership development. We will establish benefit and incentive compensation plans, including comprehensive medical and life insurance coverage, 401(k) matching programs and other incentive compensation programs that we believe align employee incentives directly with our future performance.

Legal Proceedings

The diabetes care business is subject from time to time to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violations of U.S. and foreign health regulation and privacy laws and related regulations, as well as claims or litigation relating to product liability, intellectual property, breach of contract and tort. The diabetes care business operates in multiple jurisdictions and, as a result, claims in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions.

Subject to certain specified matters, Embecta generally will assume liability for all pending, threatened and unasserted legal matters related to the diabetes care business and will indemnify BD for any liability to the extent arising out of or resulting from such liabilities.

Certain Factors Affecting Forward-Looking Statements

The following discussion and analysis should be read in conjunction with the other sections of this information statement, including "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements," "Selected Historical Combined Financial Data of the Diabetes Care Business," "Unaudited Pro Forma Condensed Combined Financial Information" and the Diabetes Care Business' historical combined financial information included elsewhere in this information statement. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and other factors described throughout this information statement and particularly in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

References in this section to the "Diabetes Care Business" refer to the Diabetes Care Business as defined in the historical combined financial statements included in this information statement.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

Company Overview

We are a leading global medical device company focused on providing solutions to improve the health and wellbeing of people living with diabetes. Over the 95-year history of our business, we believe that our products have become one of the most widely recognized and respected brands in diabetes management in the world. We estimate that our products are used by nearly 30 million people in over 100 countries for insulin administration and to aid with the daily management of diabetes. Our business traces its origins to 1924, when BD developed the first dedicated insulin syringe. Since then, we have built a world-class organization with a unique manufacturing supply chain and commercial footprint, delivering over 7.6 billion units of diabetes injection devices globally in 2021. We generated revenues of $1,165 million, $1,086 million and $1,109 million in 2021, 2020 and 2019, respectively.

We have a broad portfolio of marketed products, including a variety of pen needles, syringes and safety devices, which are complemented by our proprietary digital applications designed to assist people with managing their diabetes. Our pen needles are sterile, single-use, medical devices, designed to be used in conjunction with insulin pens and are used to inject insulin or other diabetes medications. We also sell safety pen needles, which includes resin injection-molded shields on both ends of the cannula that automatically deploy to help prevent needlestick exposure and injury during injection and disposal. Our traditional and safety pen needles are compatible and frequently used with widely available pen injectors in the market today. In addition to pen needles, we sell sterile, single-use insulin syringes, which are used to inject insulin drawn from insulin vials. We also sell safety insulin syringes, which incorporate a manually activated sliding sleeve to help prevent needlestick exposure and injury during injection and disposal.

We primarily sell our products to wholesalers and distributors, which in turn sell such products to customers in primarily retail and institutional channels.

Separation from BD

In May 2021, BD announced its plan to separate its diabetes care business into an independent public company. The separation will occur through a distribution by BD of all of the outstanding shares of a newly formed company named Embecta Corp., which will hold BD's diabetes care business.

Completion of the distribution is subject to certain conditions which are described more fully under "The Separation and Distribution—Conditions to the Distribution," including receipt of (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of BD's outside counsel, satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 355 and 368(a)(1)(D) of the Code, and such opinion has not been withdrawn or rescinded.

Basis of Presentation of Our Financial Information

The accompanying historical combined financial statements included in this information statement were derived from the consolidated financial statements and accounting records of BD. These combined financial statements reflect the combined historical results of operations, financial position and cash flows of BD's diabetes care business as they were historically managed in conformity with U.S. generally accepted accounting principles ("GAAP"). Therefore, the historical combined financial information may not be indicative of our future performance and does not necessarily reflect what our combined results of operations, financial condition and cash flows would have been had the Diabetes Care Business operated as a separate, publicly traded company during the periods presented, particularly because of changes that we expect to experience in the future as a result of our separation from BD, including changes in the financing, cash management, operations, cost structure and personnel needs of our business.

The combined financial statements include certain assets and liabilities that have historically been held at the BD corporate level but are specifically identifiable or otherwise allocable to the Diabetes Care Business. Cash has not been assigned to the Diabetes Care Business for any of the periods presented because those cash balances are not directly attributable to the Diabetes Care Business. BD uses a centralized approach to cash management and financing of its operations. These arrangements are not reflective of the manner in which the Diabetes Care Business would have financed its operations had it been a standalone company separate from BD during the periods presented. Cash pooling, related interest and intercompany arrangements are excluded from the asset and liability balances in the combined balance sheets. These amounts have instead been reported as *Net parent investment* as a component of Parent's Equity.

Additionally, BD provides certain services, such as legal, accounting, information technology, human resources and other infrastructure support to the Diabetes Care Business. The cost of these services has been allocated to the Diabetes Care Business on the basis of the proportion of net sales, headcount, and other drivers. The Diabetes Care Business and BD consider these allocations to be a reasonable reflection of the benefits received by the Diabetes Care Business. Actual costs that would have been incurred if the Diabetes Care Business had been a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, such as information technology and infrastructure.

Subsequent to the completion of the separation, we expect that Embecta will incur expenditures consisting of employee-related costs, costs to start up certain standalone functions and information technology systems and other one-time transaction related costs. Recurring standalone costs include establishing the internal audit, treasury, investor relations, tax and corporate secretary functions as well as the annual expenses associated with running an independent publicly traded company, including listing fees, compensation of non-employee directors, related board of director fees and other fees and expenses related to insurance, legal and external audit.

Percentages presented are calculated from the underlying amounts. References to years throughout this discussion relate to our fiscal years, which end on September 30.

Relationship with BD

Following the distribution, certain functions that BD provided to the Diabetes Care Business prior to the distribution will either continue to be provided to Embecta by BD under a transition services agreement or will be performed using Embecta's own resources or third-party service providers. Additionally, under manufacturing and supply agreements, BD will manufacture certain products for and supply raw materials to Embecta and its subsidiaries and Embecta will manufacture certain products for BD and its subsidiaries.

Concurrent with the distribution, we will enter into certain agreements with BD. See "Certain Relationships and Related Party Transactions—Agreements with BD."

Key Trends Affecting Our Results of Operations

- *Competition.* The regions in which we conduct our business and the medical devices industry in general are highly competitive. We face significant competition from a wide range of companies in a highly regulated industry. These include large companies with multiple product lines, some of which may have greater financial and marketing resources than us, as well as smaller more specialized companies. Non-traditional entrants, such as technology companies, are also entering into the diabetes care industry and its adjacent markets, some of which may have greater financial and marketing resources than us.
- *Pricing Pressures.* The increased scrutiny by regulators on healthcare spending, which has accelerated in light of the COVID-19 pandemic, along with a shift towards more tenders and volume based procurement, which generally values lower cost over product quality, have placed significant pressure on Embecta to lower pricing. These trends may reduce our operating margins, which are only partially offset by our ability to differentiate our products and sell at higher prices.
- *Commoditization of Injection Devices*. Given the growing demand for medical devices to assist in the treatment of diabetes and difficulties around access to diabetes care due to complex and costly insurance plans, patient care is increasingly focused on providing more affordable products, which has led to the commoditization of more traditional injection delivery devices, such as insulin syringes and pen needles. Existing and new local and regional low-cost providers, in combination with a shift from insulin vials to insulin pens, have made the pen needle category highly competitive. This has forced providers to provide clinical evidence to differentiate their products.
- *Changes in Clinical Practice*. Increased penetration of oral anti-diabetic drugs (*e.g.*, SGLT-2s & DDP-4s) and GLP1s have delayed initiation of insulin therapy and contributed to less demand for our products. This trend had shown signs of reversing as novel therapy growth has slowed and the insulin category has stabilized. As GLP-1 penetration reaches saturation, we expect our net sales to continue to grow in line with increases in the incidence of diabetes.
- *COVID-19 impacting delivery and allocation of healthcare*. The COVID-19 pandemic has accelerated the adoption of, and reimbursement by governments and private payers for, the delivery of healthcare using digital technologies, including telehealth technologies and other at-home selfcare solutions and various media for virtual engagement with healthcare providers. Our ability to adapt the delivery of our products and sales and marketing efforts to these trends, including with the development of our diabetes care app, may materially affect our results of operations. The pandemic has also caused hospitals and other healthcare providers to reassess their prioritization and allocation of their healthcare resources. In many cases, providers were forced to balance between diverting resources toward the acute COVID-19 crisis and maintaining routine care for people living with long term conditions. If this trend persists, particularly in regions where COVID-19 continues to spread, it could have an adverse impact on the delivery of care for people with diabetes and our sales and marketing efforts.
- *Decentralization of Chronic Care*. Many countries are facing an aging population and a rapidly growing number of people living with diabetes. While healthcare investments in certain regions continue to grow, there is an increased burden on physicians and longer wait times for patients. Healthcare delivery for non-emergency diabetes care is expected to continue shifting outside of hospitals to primary care providers, which could have a material impact on our results of operations.
- *Political and Economic Instability in Emerging Markets*. We operate in a number of emerging markets, many of which are subject from time to time to significant political and economic disruptions. For example, currency fluctuations or sanctions affecting these markets may adversely affect our results of operations, including our ability to efficiently collect payments and manage our accounts. However, the number of countries we provide products to and our proactive channel management strategies help us manage this variability.

COVID-19 Pandemic Impacts and Response

COVID-19 was officially declared a pandemic by the World Health Organization in March 2020 and governments around the world have been implementing various measures to slow and control the spread of COVID-19. These government measures have led to a shift in healthcare priorities and disruptions of economic activities worldwide, which unfavorably affected the demand for our products in fiscal year 2020 as further described below. While demand for our products showed substantial recovery during fiscal year 2021, our future operating performance may be subject to further volatility due to the significant uncertainty with respect to the duration and overall impact of the COVID-19 pandemic. The impacts of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on certain factors including:

- the extent to which resurgences in COVID-19 infections or new strains of the virus result in the imposition of new governmental lockdowns, immunization requirements, quarantine requirements or other restrictions that may disrupt our operations;
- continued momentum of the global economy's recovery from the pandemic and the degree of pressure that a weakened macroeconomic environment would put on the global demand for our products; and
- the effectiveness of recently developed vaccines and vaccination efforts.

Summary of Financial Results

Worldwide revenues in 2021 of $1,165 million increased 7.3% from the prior year period. This increase reflected favorable impacts from foreign currency translation, price and volume. Increases in volume were attributable to increased end-user consumption of pen needles and safety syringes, as well as category growth. Additionally, revenues in 2021 were favorably impacted by decreases to our rebate reserves, as further discussed below.

We continue to invest in research and development, geographic expansion and new product market programs to drive further revenue and profit growth. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products, and continue to improve operating efficiency and organizational effectiveness. As discussed above, current global economic conditions are relatively volatile due to the COVID-19 pandemic. In addition, an inability to increase or maintain selling prices globally could adversely impact our business.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. A weaker U.S. dollar in 2021, compared with 2020, resulted in a favorable foreign currency translation impact to our revenues during 2021. We evaluate our results of operations on both a reported and a foreign currency-neutral ("FXN") basis, which excludes the impact of fluctuations in foreign currency exchange rates by comparing results between periods as if exchange rates had remained constant period-over-period. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a FXN basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. We calculate FXN percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a FXN 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.

Results of Operations

Revenues

(Millions of dollars)	2021	2020	2019	2021 vs. 2020 Total Change	2021 vs. 2020 Estimated FX Impact	2021 vs. 2020 FXN Change	2020 vs. 2019 Total Change	2020 vs. 2019 Estimated FX Impact	2020 vs. 2019 FXN Change
Revenues	$1,165	$1,086	$1,109	7.3%	2.3%	5.0%	-2.1%	-1.2%	-0.9%

Revenues of $1,165 million in 2021 increased by $79 million, or 7.3%, compared with revenues of $1,086 million in 2020. Changes in our revenue are driven by the volume of goods that we sell, the prices we negotiate with customers and changes in foreign exchange rates. A net increase in the volume of units sold of approximately $33 million was primarily driven by increased end-user consumption of pen needles and safety syringes within the U.S. and category growth within China and certain other international regions. The net increase in volume in 2021 also reflected a $5 million increase in U.S. private label sales compared with the prior-year period. Price increases and U.S. rebate adjustments favorably impacted revenues by approximately $11 million. As noted above, the increase in 2021 revenues also reflected effects from foreign currency translation of $25 million.

Revenues of $1,086 million in 2020 decreased by $23 million, or 2.1% compared with revenues of $1,109 million in 2019. A net decrease in the volume of units sold of $3 million was primarily driven by the loss of a health insurance provider account in the United States and declines, particularly in EMEA, which were attributable to COVID-19 pandemic-related disruptions in healthcare priorities and economic activities. These unfavorable impacts to volume in 2020 were partially offset by category gains in the U.S. retail channel and increased U.S. end-user consumption of pen needles, as well as by a slowdown of novel therapy growth in the United States, which previously had a negative effect on sales of our insulin injection devices. Volume in 2020 was also favorably affected by increased demand that was attributable to the successful execution of channel expansion strategies in China. Pricing pressures unfavorably affected our sales by approximately $7 million and were most acute in the United States. As noted above, the decrease in 2020 revenues reflected unfavorable effects from foreign currency translation of $13 million.

Cost of Products Sold

(Millions of dollars)	2021	2020	2019	2021 vs. 2020 Total Change	2021 vs. 2020 Estimated FX Impact	2021 vs. 2020 FXN Change	2020 vs. 2019 Total Change	2020 vs. 2019 Estimated FX Impact	2020 vs. 2019 FXN Change
Cost of products sold	$365	$323	$323	13.0%	3.4%	9.6%	-%	-1.9%	1.9%

Cost of products sold of $365 million in 2021 increased by $42 million, or 13.0%, compared with $323 million in 2020, which reflected an unfavorable impact of approximately $11 million from foreign currency translation. The unfavorable impact from performance of approximately $31 million, or 9.6%, primarily reflected higher manufacturing costs, including overhead, of approximately $17 million which resulted from higher sales volume and a change in product mix, as well as $14 million of impairment charges related to certain construction in progress assets. Additional disclosures relating to these impairment charges are provided in Note 10 to our annual audited combined financial statements included elsewhere in this information statement.

Cost of products sold of $323 million in 2020 was flat compared with 2019, which reflected a favorable impact of approximately $6 million from foreign currency translation. The unfavorable impact from performance of approximately $6 million, or 1.9%, primarily reflected increased manufacturing overhead variances, such as idle capacity charges, that were recognized within the period as a result of the COVID-19 pandemic. Cost of products sold also reflected a reduction of manufacturing costs that was attributable to continuous improvement projects which enhanced the efficiency of our operations.

Operating Expenses

Operating expenses in 2021, 2020 and 2019 were as follows:

(Millions of dollars)	2021	2020	2019	Increase (decrease) 2021 vs. 2020	Increase (decrease) 2020 vs. 2019
Selling and administrative expense	$ 240	$ 215	$ 222	$ 25	$ -7
% of revenues	*20.6%*	*19.8%*	*20.0%*		
Research and development expense	$ 63	$ 61	$ 62	$ 2	$ -1
% of revenues	*5.4%*	*5.6%*	*5.6%*		
Other operating expense	$ 5	$ —	$ —		

Selling and Administrative

Selling and administrative expense of $240 million in 2021 increased by $25 million, or 11.6%, compared with $215 million in 2020. This increase was primarily driven by an increase in global selling, marketing and other related costs of approximately $21 million due to the 2021 increase in sales volume, as further discussed above, and an increase in other administrative costs of approximately $4 million as compared to the prior year, which benefited from cost containment measures enacted in response to the COVID-19 pandemic.

Selling and administrative expense of $215 million in 2020 decreased by $7 million, or 3.2%, compared with $222 million in 2019. This decrease was primarily driven by lower costs of approximately $5 million from headcount reductions resulting from a cancelled commercialization project, partially offset by an increase of approximately $1 million in shipping expenses in 2020 compared with 2019. Selling and administrative expense in 2020 also reflected a decrease in global selling, travel and other administrative costs due to the COVID-19 pandemic.

Research and Development

Spending in 2021, 2020 and 2019 reflected our continued commitment to invest in new products. Research and development expense of $63 million in 2021 increased by $2 million, or 3.3% compared with $61 million in 2020. The increase was primarily driven by increased investment in new products.

Research and development expense of $61 million in 2020 decreased by $1 million, or 1.6%, compared with $62 million in 2019, which reflected a decrease of approximately $2 million in labor costs, partially offset by an increase of approximately $1 million in additional investments relating to our technology platform.

Income Taxes

The income tax rates in 2021, 2020 and 2019 were as follows:

	2021	2020	2019
Effective income tax rate	16.2%	11.9%	13.6%

The Diabetes Care Business' effective income tax rate was 16.2%, 11.9% and 13.6% in 2021, 2020 and 2019, respectively. The fluctuation in the effective income tax rate for each year is primarily driven by the geographical mix of income attributable to foreign countries that have income tax rates that vary from the U.S. tax rate and discrete items impacting income tax expense that may not recur. The effective income tax rate in 2020 was favorably impacted by $17 million relating to unrecognized tax benefits while the effective income tax rate in 2019 was favorably impacted by $4 million relating to changes in U.S. tax legislation.

Liquidity and Capital Resources

Historical Liquidity

Historically, we have generated positive cash flows from operations.

As part of BD, the Diabetes Care Business has been dependent upon BD for all of its working capital and financing requirements. BD uses a centralized approach to cash management and financing of its operations. The majority of the cash of the Diabetes Care Business is transferred to BD daily and BD funds the operating and investing activities of such business as needed. This arrangement is not reflective of the manner in which the Diabetes Care Business would have been able to finance its operations had the Diabetes Care Business been a standalone business separate from BD during the periods presented. Cash transfers to and from BD's cash management accounts are reflected within Net parent investment as a component of Parent's Equity.

The cash and cash equivalents held by BD at the corporate level are not specifically identifiable to the Diabetes Care Business and therefore were not allocated for any of the periods presented. Third-party debt and the related interest expense of BD have not been allocated to the Diabetes Care Business for any of the periods presented because BD's borrowings were not directly attributable to this business.

Future Liquidity

On a recurring basis, our primary future cash needs will be directed toward operating and investing activities, which include working capital needs, capital expenditures, research and development funding, and mergers and acquisitions. We also intend to allocate cash to the interest payments and repayment of borrowings. Our ability to fund these needs will depend, in part, on our ability to generate or raise cash in the future, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

Following the separation, our capital structure and sources of liquidity will change from its historical capital structure because we will no longer participate in BD's centralized cash management program. Our ability to fund our operating needs will depend on our ability to continue to generate positive cash flow from operations and raise capital in the capital markets. Based upon our history of generating strong cash flows, we believe that we will be able to meet our short-term liquidity needs. We believe that we will meet known and reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances and available borrowings through and under our expected financing arrangements. If these sources of liquidity need to be augmented, additional cash requirements would likely need to be financed through the issuance of debt or equity securities.

We expect to incur indebtedness in connection with our separation from BD, a portion of which will be used to distribute cash to BD. See "Description of Material Indebtedness." Following this debt incurrence and the distribution of cash to BD, we expect to begin operations as an independent company with cash and cash equivalents as set forth under "Capitalization."

Our contractual obligations as of September 30, 2021 were as follows:

(Millions of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Leases[a]	$ 5	$ 1	$ 1	$ 1	$ 1	$ 1	$ –
Purchase Commitments[b]	1	1	–	–	–	–	–
Total	$ 6	$ 2	$ 1	$ 1	$ 1	$ 1	$ –

(a) Refer to Note 12 to our annual audited combined financial statements.
(b) Refer to Note 6 to our annual audited combined financial statements.

The following table summarizes our combined statements of cash flows in 2021, 2020 and 2019:

(Millions of dollars)	2021	2020	2019
Net cash provided by (used for)			
Operating activities	$ 456	$ 499	$ 505
Investing activities	$ (39)	$ (42)	$ (69)
Financing activities	$(417)	$(457)	$(436)

Net Cash Flows from Operating Activities

Net cash provided by operating activities during 2021 was attributable to net income of $415 million in 2021 and net adjustments of $41 million, including adjustments related to depreciation and amortization, impairment of property, plant and equipment, share-based compensation, pension expense, deferred taxes, and a $32 million net use of cash relating to changes in working capital. The net use of cash relating to working capital was driven by increases in trade receivables, inventories, and prepaid expenses and other, of $32 million, $18 million and $12 million, respectively, partially offset by a $30 million increase in accounts payable, income taxes and other liabilities. The increase in trade receivables and inventory primarily related to higher sales in 2021 as compared to 2020, as discussed above, which led to higher outstanding trade receivables and inventories on hand to satisfy demand. The increase in prepaid expenses and other was driven by increases in prepaid taxes. The increase in accounts payable, income taxes and other liabilities was driven by the timing of our rebate payments, which led to higher accounts payable as of period end, as well as increased accrued freight expenses due to higher sales in the period.

Net cash provided by operating activities during 2020 was attributable to net income of $428 million in 2020 and net adjustments of $71 million, including adjustments related to depreciation and amortization, share-based compensation, pension expense, deferred taxes and a $13 million net source of cash relating to changes in working capital. The source of cash relating to working capital was driven by a decrease in inventories, as well as prepaid expenses and other, of $4 million and $15 million, respectively, partially offset by a $4 million decrease in accounts payable, income taxes and other liabilities and an increase of $2 million in trade receivables. The decrease in inventories primarily related to lower finished goods on hand due to changes in demand while the decrease in accounts payable, income taxes and other liabilities was primarily driven by the release of a tax transfer pricing reserve. The decrease in prepaid expenses and other, and corresponding increase in trade receivables, was driven by changes in contract assets due to the timing of when our right to consideration from customers was no longer conditional on future performance.

Net cash provided by operating activities during 2019 was attributable to net income of $432 million in 2019 and net adjustments of $73 million, including adjustments related to depreciation and amortization, share based compensation, pension expense, deferred taxes and a $22 million net source of cash relating to changes in working capital. The source of cash relating to working capital was driven by a $32 million increase in accounts payable, income taxes and other liabilities and a decrease of $9 million in inventories, partially offset by increases in trade receivables and prepaid expenses and other of $10 million and $9 million, respectively. The increase in accounts payable, income taxes and other liabilities was primarily driven by timing of payments to vendors. The decrease in inventories related to lower inventory on hand compared to prior year due to changes in demand. The increase in trade receivables was driven by higher outstanding sales during the year. The increase in prepaid expenses and other primarily related to the establishment of contract assets in fiscal year 2019 due to the adoption of ASC 606.

Net Cash Flows from Investing Activities

Net cash used for investing activities was primarily comprised of capital expenditures of $37 million, $42 million, and $66 million in 2021, 2020 and 2019, respectively to support further expansion of our business and operations. Net cash used for investing activities during 2021 and 2019 also included $2 million and $3 million, respectively, related to the acquisition of intangible assets.

Net Cash Flows from Financing Activities

Net cash used for financing activities, which entirely represented net transfers to BD (see Note 5 to the combined financial statements included elsewhere in this information statement), was $417 million in 2021, $457 million in 2020 and $436 million in 2019.

Critical Accounting Policies

The following discussion supplements the descriptions of our accounting policies contained in Note 2 to the combined financial statements included elsewhere in this information statement. The preparation of the combined financial statements requires management to use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the combined financial statements. Some of those judgments can be subjective and complex and, consequently, actual results could differ materially from those estimates. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For any given estimate or assumption made by management, it is possible that other people applying reasonable judgment to the same facts and circumstances could develop different estimates. Actual results that differ from management's estimates could have an unfavorable effect on our combined financial statements. Management believes the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the combined financial statements:

Revenue Recognition

Our revenues are primarily recognized when the customer obtains control of the product sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the distribution or sales agreement.

Our gross revenues are subject to a variety of deductions, which include rebates, sales discounts and sales returns. These deductions represent estimates of the related obligations, and judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the Diabetes Care Business are based upon prices determined under our agreements with the end-user customers. Additional factors considered in the estimate of our rebate liability include the quantification of inventory that is either in stock at or in transit to our distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates.

Impairment of Long-Lived Assets

Goodwill assets are subject to impairment reviews at least annually, or whenever indicators of impairment arise. Intangible assets with finite lives and other long-lived assets are periodically reviewed for impairment when impairment indicators are present.

We assess goodwill for impairment at the reporting unit level by comparing the fair value of the reporting unit with its carrying value. Our annual goodwill impairment test performed on July 1, 2021 did not result in any impairment charges, as the fair value of our reporting unit exceeded its carrying value.

We generally use the income approach to derive the fair value for all impairment assessments and measurements. This approach calculates fair value by estimating future cash flows attributable to the assets and then discounting these cash flows to a present value using a risk-adjusted discount rate. We selected this method because we believe the income approach most appropriately measures the value of our income-producing assets. This approach requires management judgment with respect to future volume, revenue and expense growth rates, changes in working capital use, appropriate discount rates, terminal values and other assumptions and estimates.

The estimates and assumptions used are consistent with our business plans. The use of alternative estimates and assumptions could increase or decrease the estimated fair value of the asset. Actual results may differ materially from management's estimates.

Income Taxes

Our operations are included in the tax returns of BD. In the future, as a standalone entity, we will file tax returns on our own behalf. Income taxes as presented in the combined financial statements attribute current and deferred income tax assets and liabilities of BD to us in a manner that is systematic, rational and consistent with the asset and liability method prescribed by the accounting guidance for income taxes. Our income tax provision is prepared using the separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise. We believe the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

We have reviewed our needs in the United States for possible repatriation of undistributed earnings of our foreign subsidiaries and continue to invest foreign subsidiaries' earnings outside of the United States to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. As a result, we are permanently reinvested with respect to all historical foreign earnings as of September 30, 2021. Deferred taxes are not provided on undistributed earnings of foreign subsidiaries that are indefinitely reinvested. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

BD conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. Our operations are included in the tax returns of BD. In evaluating the exposure associated with various tax filing positions, we record accruals for uncertain tax positions, based on the technical support for the positions, past audit experience with similar situations and the potential interest and penalties related to the matters. The effects of tax adjustments and settlements from taxing authorities are presented in the combined financial statements in the period to which they relate as if we were a separate filer.

We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carryback and carryforward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

We do not maintain an income taxes payable account as it is deemed to be settled with the tax paying entities in their respective jurisdictions unless an entity is to be contributed with the spin-off. The tax payable settlements are to be classified as changes in *Net parent investment*. However, the combined balance sheets reflect liabilities for unrecognized income tax benefits along with related interest and penalties.

Additional disclosures regarding our accounting for income taxes are provided in Note 11 to the combined financial statements included elsewhere in this information statement.

Recent Accounting Pronouncements

See Note 3 to the combined financial statements included elsewhere in this information statement for a discussion of recent accounting pronouncements.

Senior Leadership Team Following the Distribution

The following table sets forth information regarding the individuals who are currently expected to serve on the senior leadership team of Embecta following the distribution. Some members of Embecta's senior leadership team are currently employees of BD, but will cease to hold such positions upon the consummation of the separation. One member of Embecta's senior leadership team, Devdatt (Dev) Kurdikar, will also hold a position as a member of Embecta's Board of Directors. See "Directors".

Name	Position
Devdatt (Dev) Kurdikar*	President and Chief Executive Officer
Jacob (Jake) Elguicze*	Senior Vice President and Chief Financial Officer
Ginny Blocki	Senior Vice President, Product Management and Global Marketing
Tom Blount	Senior Vice President and President, North America
Brian Capone*	Vice President, Chief Accounting Officer and Corporate Controller
Shaun Curtis*	Senior Vice President, Global Manufacturing and Supply Chain
Ajay Kumar*	Senior Vice President and Chief Human Resources Officer
Jeff Mann*	Senior Vice President, General Counsel, Head of Corporate Development, and Corporate Secretary
Slobodan Radumilo	Senior Vice President and President, International
Colleen Riley	Senior Vice President and Chief Technology Officer

* This senior leadership member has been designated as an "executive officer" under Item 401 of Regulation S-K (17 CFR § 229.401).

Devdatt (Dev) Kurdikar, 53, serves as the Worldwide President of Diabetes Care at BD. Previously, Dev was the President and CEO of Cardiac Science Corporation (CSC), a global leader in the manufacturing and marketing of automated external defibrillators (AEDs) for public access, education, police, and fire and rescue markets. CSC had been acquired by a private equity firm via bankruptcy proceedings, and under Dev's leadership, CSC returned to profitable growth and was sold in a successful exit to ZOLL Medical.

Prior to that role, Dev was the Vice President and General Manager, Men's Health, an important growth business within Urology and Pelvic Health at Boston Scientific Corp (NYSE: BSX). Dev was in the same role at American Medical Systems (AMS) and led the Men's Health business through a significant business turnaround, and then the carve-out and sale to BSX, where Dev led the business through its integration into BSX. Before joining AMS, Dev served as Vice President, Marketing, Baxter International Inc. (NYSE: BAX), where he worked directly with the company's top executives on a global commercial initiative to drive market access. Previously, he was the Vice President, Marketing for the Infusion Systems business for the U.S. region where he played a key role in stabilizing the business while under a consent decree, and launched a new wireless enabled infusion pump. In his 11 years with Baxter, Dev held leadership roles of increasing responsibility in finance, strategy and integration, R&D planning and operations. He began his career as a Senior Research Engineer at The Monsanto Company.

Dev holds a Bachelor in Chemical Engineering from the University of Bombay (India). He earned a Master of Science in Chemical Engineering from Washington State University (Washington), a Ph.D. in Chemical Engineering from Purdue University (Indiana), and a Master of Business Administration from Washington University (Missouri).

Jacob (Jake) Elguicze, 48, serves as the Senior Vice President – Finance of Diabetes Care at BD. Previously, Jake was the Treasurer and Vice President of Investor Relations of Teleflex Incorporated (NYSE: TFX), a global provider of medical technologies designed to improve the health and quality of people's lives. Before assuming the role of Treasurer and Vice President of Investor Relations, Jake was the Vice President of

Financial Planning and Analysis at Teleflex. Prior to that role, Jake worked at Motorola, Inc. in a variety of corporate finance roles of increasing responsibility, including most recently the Director of Finance for one of Motorola's strategic business units. Before joining Motorola, Jake served as an auditor for Pricewaterhouse Coopers, LLP. Jake holds a Bachelor of Science in Accounting from the University of Scranton, and a Master of Business Administration from Saint Joseph's University.

Ginny Blocki serves as Senior Vice President and Head of Global Marketing and Product Management of Diabetes Care at BD, a position she has held since October 2021. Previously, she was head of U.S. medication delivery marketing for Baxter International Inc. (NYSE: BAX) until 2020, and before that held leadership roles with Assertio Therapeutics, Inc. (Nasdaq: ASRT) until 2018, Abbott Laboratories (NYSE: ABT) until 2016, and prior to that at Baxalta (which was later acquired by Shire PLC ADR (Nasdaq: SHPC)). She has a Bachelor of Science degree in finance from Indiana University and completed the Executive Scholar Program in General Management at Kellogg School of Management, Northwestern University.

Tom Blount, 48, joined BD in 2016 and has served as Vice President and General Manager, U.S. Diabetes Care, since May 2020. Previously, he spent 16 years in roles of increasing leadership responsibility at Sanofi S.A. (Nasdaq: SNY) following five years on active duty in the U.S. Army. He holds a Bachelor of Science degree in German/French from the United States Military Academy at West Point and a Master of Science in International Relations from Troy University – European Campus.

Brian Capone, 47, serves as Vice President, Corporate Controller and Chief Accounting Officer of Diabetes Care at BD. Mr. Capone previously served as Senior Vice President, Corporate Controller and Chief Accounting Officer at Cantel Medical Corporation ("Cantel"), a global medical products company focused on infection prevention products, until its acquisition by Steris PLC (NYSE: STE). Mr. Capone was appointed to this position in October 2018, having previously served as Vice President, Chief Accounting Officer and Vice President, Corporate Controller for Cantel since April 2017. Prior to joining Cantel, Mr. Capone served as the Assistant Corporate Controller for Stryker Corporation from October 2014 to April 2017, and Director, External Financial Reporting and Technical Accounting for Quest Diagnostics Incorporated from March 2012 to October 2014. Prior to those roles, Mr. Capone served in various financial reporting roles at Genzyme Corporation and CVS Health Corporation. Mr. Capone holds a Bachelor of Science degree in Business Administration with a concentration in Professional Accounting from Montclair State University and is a Certified Public Accountant in the State of New York.

Shaun Curtis, 52, serves as the Worldwide Vice President of Operations of Diabetes Care at BD, a position he has held since 2018. Previously, Shaun was the Manufacturing Director at BD Plymouth, UK (part of the Integrated Diagnostic Solutions Business) since 2012. Prior to joining BD, Shaun was the Engineering Manager at Cooper Standard Automotive, Plymouth, UK. Before his role at Cooper Standard Automotive, Shaun worked at Pall Filtration, UK. Shaun started his career at Rio Tinto Zinc as an underground engineer, designing, building, and repairing mining equipment. Shaun holds a Master of Business Administration with distinction from Northampton University, UK. He earned an Honors Degree in Mechanical Engineering from Plymouth University. He also achieved a Higher National Diploma in Mechanical Engineering at Swindon College.

Ajay Kumar, 51, serves as the Vice President, Human Resources of Diabetes Care at BD and has an additional charge for BD Latin America Human Resources. Prior to this role, Ajay held numerous roles within BD including HR Head for BD's diagnostic systems business, Head of Talent Management for BD Greater Asia, and HR Director for BD India. Most recently, he was the HR leader for BD's Medication Delivery Systems (MDS) business. Prior to joining BD, Ajay held various positions at Unilever PLC in India, culminating as Head of Talent Management of Unilever India. Ajay holds a degree in Mechanical Engineering from Birla Institute of Technology Mesra and a Master of Business Administration in HR from XLRI Jamshedpur.

Jeff Mann, 49, serves as the Senior Vice President, General Counsel and Head of Corporate Development of Diabetes Care at BD. Most recently, Jeff served as General Counsel and Corporate Secretary of Cantel. Prior to Cantel, Jeff spent 14 years with Boston Scientific Corporation in roles including M&A, venture capital investments, SEC and corporate governance, patent strategy, litigation, and business unit support for the Med

Surg group. Jeff also served on the Board of Directors of Preventice Solutions and as Chair of its Compensation Committee. Jeff holds a Bachelor of Science in Civil and Environmental Engineering from Lafayette College in Easton, PA, and a J.D. from Boston College Law School, magna cum laude.

Slobodan Radumilo, 51, joined BD in 2016 as Vice President and General Manager of Diabetes Care for BD in the EMEA region. Previously, he held roles of increasing responsibility at Medtronic plc (NYSE: MDT) from 1997 to 2016, most recently as vice president of neuromodulation for Europe and Canada, regional vice president for Central and Eastern Europe and Central Asia, and regional vice president for Central and Eastern Europe, Greece and Israel. He holds a Bachelor of Science degree in electrical engineering, a Master of Science degree in biomedical engineering and a Diploma in Management from the University of Zagreb in Croatia, as well as a Diploma in Leadership from the Glasgow Caledonian University.

Colleen Riley, 57, joined BD as Senior Vice President, Chief Technology Officer of Diabetes Care at BD in October 2021. Prior to that, she was the senior vice president of innovation and development for Terumo Blood and Cell Technologies since 2019 and previously served in a leadership role at Stryker Orthopedics (NYSE: SYK) from 2014 to 2019. Previously, she served in leadership rules at Novartis International AG (NYSE: NVS), Nexis Vision Inc. and Johnson & Johnson (NYSE: JNJ). She holds a Bachelor of Arts in chemistry, a Master of Science in physiological optics and a Doctor of Optometry degree from Indiana University.

Board of Directors Following the Distribution

The following table sets forth information regarding those persons who are expected to serve on Embecta's Board of Directors following completion of the distribution and until their respective successors are duly elected and qualified.

Name	Position
Devdatt (Dev) Kurdikar	President, Chief Executive Officer and Director Nominee
David F. Melcher	Director Nominee and Non-Executive Chairman of the Board of Directors
David J. Albritton	Director Nominee
Carrie L. Anderson	Director Nominee
Robert (Bob) J. Hombach	Director Nominee
Milton M. Morris, Ph.D.	Director Nominee
Claire Pomeroy	Director Nominee
Karen N. Prange	Director Nominee
Christopher R. Reidy	Director Nominee

Devdatt (Dev) Kurdikar's biographical information is set forth above under "Management—Senior Leadership Team Following the Distribution." Mr. Kurdikar has developed valuable business, management and leadership experience, and will be the President and Chief Executive Officer of Embecta. Mr. Kurdikar will be able to use his experience and knowledge to contribute key insights into strategic, management, and operational matters to Embecta's Board of Directors.

David F. Melcher, 67, has been a director of BD since BD's acquisition of C.R. Bard, Inc. ("Bard") in 2017, and had served as a Bard director since 2014. Mr. Melcher will resign from the BD Board of Directors upon the completion of the distribution. In December 2017, LTG Melcher retired as President and Chief Executive Officer of Aerospace Industries Association, a trade association representing major aerospace and defense manufacturers and suppliers, a position he had held since 2015. From 2011 to 2015, Mr. Melcher was Chief Executive Officer, President and a director of Exelis Inc. ("Exelis"), a global aerospace defense, information and technology services company, until the sale of Exelis to Harris Corp. in 2015. Lieutenant General (Ret.) Melcher spent 32 years of distinguished service in the U.S. Army. He also was the Lead Independent Director of Cubic Corporation until its sale to Veritas Capital in May 2021, and currently serves as an Independent Director of the United Services Automobile Association (USAA). He also serves on the Board of Managers for GM Defense, LLC, a wholly owned subsidiary of GM Corporation.

LTG Melcher brings strong executive experience as a result of his many years in leadership positions in the defense community and as a former chief executive officer of a public company. He offers the perspective of a seasoned executive with extensive experience and expertise in the areas of domestic and international business, program management, strategy development, finance and information technology.

David J. Albritton, 55, is the founder and chief executive officer of Nineteen88 Strategies. Prior to that, Mr. Albritton served most recently as vice president, communications, Worldwide Public Sector and Vertical Industries, at Amazon Web Services, and previously spent five years at General Motors ("GM"), most recently as president, lead executive and general manager for GM Defense. Mr. Albritton began at GM following the sale of Exelis to Harris Corp. in 2015. He was Exelis' Vice President and Chief Communications Officer, a role he assumed upon the company's spinoff from ITT Corporation in 2011. He joined Exelis, then ITT Defense & Information Solutions, in November 2008 as the Vice President of Communications. Prior to that, he was Director of Media Relations in the Global Business Development and Government Relations office for Raytheon Company and has also held senior communications positions with United Way of America, Hewlett-Packard Company/Compaq Computer Corporation and Sears, Roebuck and Co. Early in his career, Mr. Albritton spent 10 years as an officer in the U.S. Navy and served in the Pentagon as an official Navy Spokesman on the Navy News Desk and as the Flag Lieutenant / Aide for the U.S. Navy's Chief of Information. He also served

aboard USS PORTLAND (LSD 37) during Operations Desert Shield and Desert Storm. He holds a Bachelor of Science in General Engineering from the U.S. Naval Academy in Annapolis, MD, as well as a Master of Science in Management from the Naval Postgraduate School in Monterey, CA. He has also completed executive education courses at Harvard University, Stanford University, and the Wharton School of Business. Mr. Albritton will bring to the Board of Directors his executive leadership experience and communications expertise.

Carrie L. Anderson, 52, is the executive vice president & chief financial officer for Integra LifeSciences (Nasdaq: IART). Prior to joining Integra in June 2019, she was vice president and controller of Dover Corporation ("Dover"). Previously, she was CFO of Dover's Engineered Systems and initially joined Dover in October 2011 as CFO of Dover Printing and Identification. Prior to Dover, Ms. Anderson spent six years as vice president and CFO of Delphi Product & Service Solutions, a division of Delphi Corporation. While at Delphi, she also held finance leadership positions at three other global operating divisions of Delphi. Ms. Anderson started her career with General Motors after graduating from Purdue University with a Bachelor of Science in chemical engineering and earned her Master of Business Administration from Ball State University. Ms. Anderson will bring to the Board of Directors her financial expertise, life sciences experience and experience working with large, diversified global manufacturing companies.

Robert (Bob) J. Hombach, 55, is currently a board member of Aptinyx, Inc., BioMarin Pharmaceutical Inc., and CarMax, Inc. He is the audit committee chair for both Aptinyx, Inc. and BioMarin Pharmaceutical Inc., and is on the audit committee for CarMax, Inc. Until 2016, Mr. Hombach served as executive vice president, chief financial officer and chief operations officer of Baxalta, a biopharmaceutical company spun out from Baxter International, Inc. (NYSE: BAX). He served as corporate vice president and chief financial officer of Baxter from July 2010 until the spinoff in 2015. From 2007 to 2011, Mr. Hombach served as treasurer of Baxter and from 2004 to 2007, he was vice president of finance, Europe, Middle East and Africa at Baxter. Prior to that, Mr. Hombach served in a number of finance positions of increasing responsibility in the corporate planning, manufacturing, operations and treasury areas at Baxter. Mr. Hombach earned a Master of Business Administration from Northwestern University's JL Kellogg Graduate School of Management, and a Bachelor of Science in Finance cum laude from the University of Colorado. Mr. Hombach will bring to the Board of Directors his financial expertise and public company governance experience, as well as his experience with complex strategic and transactional transitions.

Milton M. Morris, Ph.D., 51, has been president and CEO of Neuspera Medical ("Neuspera") since July of 2015. Prior to joining Neuspera, Dr. Morris was the senior vice president of research & development and emerging therapies at Cyberonics (now LivaNova). Dr. Morris was previously employed by Guidant Corporation and its successor, Boston Scientific Corporation, where he held several positions, including principal research scientist; director, research & development; and director, marketing. Prior to joining Guidant, Dr. Morris spent five years working as a research assistant in the Medical Computing Laboratory at the University of Michigan in collaboration with the electrophysiology group at the University of Michigan Hospital and the Michigan Heart and Vascular Institute. Dr. Morris serves as a charter trustee for Northwestern University, where he chairs the Medicine Committee, and serves on the Board of Directors of Myomo, Inc. (NYSE: MYO). Dr. Morris is a fellow in the American Institute for Medical and Biological Engineering (AIMBE), where he was inducted for contributions to developing and commercializing innovations in bioelectronic medicine. Dr. Morris holds a Master in Business Administration from the Kellogg School of Management, a Master and Ph.D. in Electrical Engineering from the University of Michigan, and a Bachelor of Science in Electrical Engineering from Northwestern University. Dr. Morris will bring to the Board of Directors his leadership experience in the medical industry, his expertise in developing and successfully launching new medical device products, and his deep knowledge of the medical field.

Claire Pomeroy, 66, has served since 2013 as President of the Albert and Mary Lasker Foundation, a private foundation that seeks to improve health by accelerating support for medical research through recognition of research excellence, public education and advocacy. Prior thereto, she served as Dean and Vice Chancellor of the University of California, Davis School of Medicine. She is an elected member of the National Academy of Medicine. Dr. Pomeroy has been a director of BD since 2014 and will resign from the BD Board of Directors upon the completion of the distribution. Dr. Pomeroy is also a director of Haemonetics Corporation.

She also serves on the Board of Directors of the Sierra Health Foundation, Center for Women in Academic Medicine and Science, iBiology/Science Communication Lab, the Science Philanthropy Alliance and Morehouse School of Medicine.

Dr. Pomeroy is an expert in infectious diseases, with broad experience in areas of healthcare delivery, health system administration, higher education, medical research and public health. Dr. Pomeroy will bring to the Board of Directors important perspectives on patient care services, global health and health policy.

Karen N. Prange, 57, has served as a director of ViewRay since June 2021, a director of Atricure since December 2019, a director of Nevro since December 2019 and WS Audiology since March 2020. She has served as Strategic Advisor to Nuvo Group, LLC, a medical device company, since September of 2019 and Industrial Advisor to EQT Group, a global investment organization, since March 2020. She served as a member of the Board of Directors of Cantel Medical, a medical equipment company, from October 2019 until June 2021. Most recently, she was executive vice president and chief executive officer for the Global Animal Health, Medical and Dental Surgical Group at Henry Schein as well as a member of the Executive Committee. From 2012 to 2016, she served as senior vice president of Boston Scientific, and president of its Urology and Pelvic Health business. From 1995 to 2012, Ms. Prange held various roles of increasing leadership at Johnson & Johnson Company, most recently as General Manager of the Micrus Endovascular and Codman Neurovascular businesses. Ms. Prange earned her Bachelor of Science in Business Administration with honors from the University of Florida and has completed executive education coursework at UCLA Anderson School of Business and Smith College. Ms. Prange will bring to the Board of Directors her public company governance experience and leadership experience in the medical industry.

Christopher R. Reidy, 65, is Executive Vice President and Chief Administrative Officer at BD. Mr. Reidy also previously served as Chief Financial Officer of BD from July 2013 to September 2021. During his time at BD, Mr. Reidy has been responsible for the executive management and oversight of BD's global financial operations, and for the leadership of its Shared Services, Information Technology and Business Development functions. Mr. Reidy will retire from BD upon the earlier of March 31, 2022 or the completion of the distribution. Mr. Reidy joined BD from ADP Corporation, where he served as corporate vice president and CFO for six years. Prior to ADP, Mr. Reidy served as CFO at NBA Properties, Inc., vice president, controller, chief accounting officer and division-level CFO roles at AT&T Corporation and audit partner at Deloitte & Touche. Mr. Reidy serves on the Board of Directors of Encompass Health Corporation and is a member of its Audit and Finance Committees. He also sits on the Board of Directors of the Atlantic Health System and is a member of the Executive Committee, Chair of the Finance Committee and a member of the Quality Committee. Mr. Reidy, a certified public accountant, earned a bachelor's degree in accounting from St. Francis College and a master's degree in business administration from Harvard University. Mr. Reidy will bring to the Board of Directors his financial expertise and leadership experience in the medical industry.

Upon the completion of the distribution, Embecta's amended and restated certificate of incorporation will provide that, until the annual stockholder meeting in 2026, Embecta's Board of Directors will be divided into three classes, with each class consisting, as nearly as may be possible, of one-third of the total number of directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Embecta expects to hold in 2023, and will be up for re-election at that meeting for a three-year term to expire at the 2026 annual meeting of stockholders. The directors designated as Class II directors will have terms expiring at the 2024 annual meeting of stockholders and will be up for re-election at that meeting for a two-year term to expire at the 2026 annual meeting of stockholders. The directors designated as Class III directors will have terms expiring at the 2025 annual meeting of stockholders and will be up for re-election at that meeting for a one-year term to expire at the 2026 annual meeting of stockholders. Commencing with the 2026 annual meeting of stockholders, directors will be elected annually and for a term of office to expire at the next annual meeting of stockholders, and Embecta's Board of Directors will thereafter no longer be divided into classes. Before Embecta's Board of Directors is declassified, it would take at least two annual meetings of stockholders to be held for any individual or group to gain control of Embecta's Board of Directors.

Director Independence

Providing objective, independent judgment will be at the core of the Board of Director's oversight function. Embecta's Corporate Governance Principles will contain guidelines (the "Director Independence Guidelines") that will set forth certain criteria to assess the independence of directors of Embecta. Under the Director Independence Guidelines, which will conform to the corporate governance listing standards of Nasdaq, a director will not be considered "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with Embecta or any subsidiary in the consolidated group. The Director Independence Guidelines will comprise a list of all categories of material relationships affecting the determination of a director's independence. Any relationship that falls below a threshold set forth in the Director Independence Guidelines, or is not otherwise listed in the Director Independence Guidelines, and is not required to be disclosed under Item 404(a) of SEC Regulation S-K, will be deemed to be an immaterial relationship.

Embecta's Board of Directors is expected to affirmatively determine that each of David F. Melcher, David J. Albritton, Carrie L. Anderson, Robert (Bob) J. Hombach, Milton M. Morris, Ph.D., Claire Pomeroy and Karen N. Prange, constituting a majority of the directors of Embecta, will be independent under the Director Independence Guidelines.

Committees of the Board of Directors

Effective upon the completion of the distribution, Embecta's Board of Directors will have the following committees, each of which will operate under a written charter that will be posted to Embecta's website concurrently with, or immediately after, the distribution: the Audit Committee, the Compensation and Management Development Committee, the Corporate Governance and Nominating Committee and the Technology Committee.

Audit Committee

The Audit Committee will be established in accordance with Rule 10A-3 under the Exchange Act and the listing rules of Nasdaq. The responsibilities of the Audit Committee will be more fully described in the Audit Committee charter. We anticipate that these responsibilities will include:

- retaining and reviewing the qualifications, independence and performance of Embecta's registered public accounting firm (the "independent auditors");
- reviewing Embecta's public financial disclosures and financial statements, and its accounting principles, policies and practices; the scope and results of the annual audit by the independent auditors; Embecta's internal audit process; and the effectiveness of Embecta's internal control over financial reporting;
- reviewing Embecta's guidelines and policies relating to enterprise risk assessment and management;
- overseeing Embecta's ethics and enterprise compliance programs; and
- reviewing financial strategies regarding currency, interest rates and use of derivatives, and Embecta's insurance program.

Robert (Bob) J. Hombach, Karen N. Prange and Carrie L. Anderson are expected to be the members of the Audit Committee. Mr. Hombach is expected to be the Audit Committee Chair. Each member of the Audit Committee is expected to be financially literate, and Embecta's Board of Directors is expected to determine that at least one member of the Audit Committee is an "audit committee financial expert" for purposes of the rules of the SEC. In addition, Embecta expects that its Board of Directors will determine that each of the members of the Audit Committee will be independent, as defined by the rules of Nasdaq, Section 10A(m)(3) of the Exchange Act, and in accordance with Embecta's Director Independence Guidelines.

Compensation and Management Development Committee

The Compensation and Management Development Committee will have the responsibilities set forth in the charter of such committee. We anticipate that these responsibilities will include:

- Reviewing Embecta's compensation and benefits programs, recommending the compensation of Embecta's Chief Executive Officer to the independent members of the Board of Directors, and approving the compensation of Embecta's other executive officers;
- Approving all employment, severance and change in control agreements with Embecta's executive officers;
- Serving as the granting and administrative committee for Embecta's equity compensation plans, including grants to directors;
- Overseeing certain other Embecta benefit plans; and
- Reviewing initiatives for identifying and developing leaders and candidates for senior leadership positions.

Executive officers will not determine the amount or form of executive or director compensation, although Embecta's Chief Executive Officer will provide recommendations to the Compensation and Management Development Committee regarding compensation changes and incentive compensation for executive officers other than himself.

Karen N. Prange, Robert (Bob) J. Hombach, and Milton M. Morris, Ph.D. are expected to be the members of the Compensation and Management Development Committee. Ms. Prange is expected to be the Chair of such committee. Embecta's Board of Directors is expected to determine that each member of the Compensation and Management Development Committee will be independent, as defined by the rules of Nasdaq and in accordance with Embecta's Director Independence Guidelines. In addition, Embecta expects that the members of the Compensation and Management Development Committee will qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee will have the responsibilities set forth in the charter of such committee. Embecta anticipates that these responsibilities will include:

- identifying and recommending candidates for election to the Board of Directors;
- reviewing the composition, structure and function of the Board of Directors and its committees, as well as the compensation of non-management directors;
- monitoring Embecta's corporate governance and Board practices, and overseeing the Board of Directors' self-evaluation process; and
- overseeing matters impacting Embecta's image, reputation and corporate responsibility, including communications, community relations, public policy and government relations, and environmental, social and governance matters.

Claire Pomeroy, Carrie L. Anderson and David J. Albritton are expected to be the members of the Corporate Governance and Nominating Committee. Ms. Pomeroy is expected to be the Chair of such committee. Embecta's Board of Directors is expected to determine that each member of the Corporate Governance and Nominating Committee will be independent, as defined by the rules of Nasdaq and in accordance with the Director Independence Guidelines.

Technology Committee

The Technology Committee will have the responsibilities set forth in the charter of such committee. Embecta anticipates that these responsibilities will include overseeing Embecta's key innovation activities and new product development and commercialization programs, including:

- progress against program objectives;
- organizational integration and capabilities; and
- potentially disruptive trends in technology, medical practice and the external environment.

Christopher R. Reidy, Claire Pomeroy, David J. Albritton and Milton M. Morris, Ph.D. are expected to be the members of the Technology Committee. Mr. Reidy is expected to be the Chair of such committee.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended September 30, 2021, Embecta was not an independent company and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as Embecta's executive officers were made by BD, as described in the section of this information statement entitled "Compensation Discussion and Analysis."

Corporate Governance

Corporate Governance Principles

Embecta's commitment to good corporate governance is embodied in Embecta's Corporate Governance Principles (the "Governance Principles"). The Governance Principles set forth the Board of Directors' views and practices regarding a number of governance topics, and the Corporate Governance and Nominating Committee assesses the Governance Principles on an ongoing basis in light of current practices. The Governance Principles are available on Embecta's website at *www.embecta.com*. Printed copies of the Governance Principles may be obtained, without charge, by contacting the Corporate Secretary, Embecta Corp., 1 Becton Drive, Franklin Lakes, NJ 07417; telephone (201) 847-6800.

The Embecta website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Board of Directors Leadership Structure

The Board of Directors' goal is to achieve the best board leadership structure for effective oversight and management of Embecta's affairs. The Board of Directors believes there is no single, generally accepted approach to providing effective board leadership, and that each leadership structure must be considered in the context of the individuals involved and the specific circumstances facing a company. Accordingly, what the Board of Directors believes is the right board leadership structure for Embecta may vary as circumstances warrant.

The Governance Principles provide for the appointment of a Lead Director from among the Board of Directors' independent directors whenever the Chairman is not independent. David F. Melcher is expected to serve as the independent Chair.

Embecta expects that shareholders' interests will be protected by effective and independent oversight of management. Seven out of nine directors of Embecta are expected to be independent as defined by the listing standards of Nasdaq and Embecta's Director Independence Guidelines. Each of the Board of Directors'

three statutory standing committees—the Audit Committee, the Compensation and Management Development Committee and the Corporate Governance and Nominating Committee—are expected to be composed solely of independent directors.

Board, Committee and Director Evaluations

The Board of Directors believes a rigorous self-evaluation process is important to the ongoing effectiveness of the Board of Directors. To that end, each year, the Board of Directors will conduct a self-evaluation of its performance that will allow directors to provide individual feedback on the Board of Directors' composition, culture, committee structure, relationship with management, meetings, oversight of strategy and risk, and other Board of Directors-related topics. The results of the self-evaluation will be presented by the Chair of the Corporate Governance and Nominating Committee to the full Board of Directors. As part of the evaluation, the Board of Directors will assess the progress in the areas targeted for improvement in the previous year's self-evaluation, and develop actions to be taken to enhance the Board of Directors' effectiveness over the next year. The Board of Directors' evaluation process will include engagement of an external, independent third party advisor to conduct periodic evaluations. Each Committee will conduct an annual self-evaluation of its performance through a similar process.

Nominating Board Candidates – Procedures and Director Qualifications

Shareholder Recommendations for Director Nominees

To recommend a candidate for consideration by the Corporate Governance and Nominating Committee, a shareholder should submit a written statement of the qualifications of the proposed nominee, including full name and address, to: Embecta Corp., Corporate Governance and Nominating Committee, c/o Corporate Secretary, 1 Becton Drive, Franklin Lakes, NJ 07417. The written submission should comply with all requirements set forth in Embecta's amended and restated certificate of incorporation and amended and restated bylaws. The committee will consider all candidates recommended by shareholders in compliance with the foregoing procedures and who satisfy the minimum qualifications for director nominees and Board of Directors member attributes.

Shareholder Nominations

Embecta's amended and restated certificate of incorporation and amended and restated bylaws will provide that any stockholder entitled to vote at an annual meeting of stockholders may nominate one or more director candidates for election at that annual meeting by following certain prescribed procedures. The stockholder must provide to Embecta's Corporate Secretary timely written notice of the stockholder's intent to make such a nomination or nominations. In order to be timely, the stockholder must provide such written notice not earlier than the 120th day and not later than the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. The notice must contain all of the information required in Embecta's amended and restated certificate of incorporation and amended and restated bylaws. Any such notice must be sent to Embecta's principal executive offices: Embecta Corp., c/o Corporate Secretary, 1 Becton Drive, Franklin Lakes, NJ 07417.

Role of the Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee will review potential director candidates and recommend nominees for director to the full Board of Directors for its consideration based on the Corporate

Governance and Nominating Committee's assessment of the overall composition of the Board of Directors. The Board of Directors believes that having members with a diverse mix of viewpoints, insights and perspectives is critical to board effectiveness, and seeks to have members that collectively possess a wide range of relevant business and financial expertise, industry knowledge, management experience and prominence in areas of importance to Embecta that fit the current and future needs of the Board of Directors. The Board of Directors believes that gender and minority representation is an important element in achieving the broad range of perspectives that the Board of Directors seeks among its members, and is also important for promoting the culture of inclusion and diversity at Embecta. To that end, the Board of Directors will adopt a policy that diverse candidates be included in any pool from which new directors are selected.

It will be the Corporate Governance and Nominating Committee's policy to consider referrals of prospective director nominees from other Board members and management, as well as stockholders and other external sources, such as retained executive search firms. The Corporate Governance and Nominating Committee will seek to identify a diverse range of qualified candidates, and utilizes the same criteria for evaluating candidates, irrespective of their source.

When considering potential director candidates, the Corporate Governance and Nominating Committee will seek individuals with backgrounds and qualities that, when combined with those of Embecta's other directors, provide a blend of skills and experience that will further enhance the Board of Directors' effectiveness. The Corporate Governance and Nominating Committee believes that any nominee for director that it recommends must meet the following minimum qualifications:

1. Candidates should be persons of high integrity who possess independence, forthrightness, inquisitiveness, good judgment and strong analytical skills.
2. Candidates should demonstrate a commitment to devote the time required for Board duties, including, but not limited to, attendance at meetings.
3. Candidates should be team-oriented and committed to the interests of all stockholders as opposed to those of any particular constituency.

Board of Directors' Role in Risk Oversight

Role of the Board of Directors and Committees. Embecta's management will engage in an enterprise risk management ("ERM") process to identify, assess, manage and mitigate a broad range of risks across Embecta's businesses, regions and functions, and to ensure alignment of Embecta's risk assessment and mitigation efforts with Embecta's corporate strategy. The Audit Committee, through the authority delegated to it by the Board of Directors, will be primarily responsible for overseeing Embecta's ERM activities. At least twice a year, senior management will review the results of its ERM activities with the Audit Committee, including the process used within the organization to identify risks, management's assessment of the significant categories of risk faced by Embecta (including any changes in such assessment since the last review), and management's plans to mitigate potential exposures. The significant risks identified through Embecta's ERM activities and the related mitigation plans will also be reviewed with the full Board of Directors at least once a year. In addition, particular risks (such as cybersecurity) will be reviewed in-depth with the Audit Committee or the full Board of Directors.

The full Board of Directors will also review the risks associated with Embecta's strategic plan and discuss the appropriate levels of risk in light of Embecta's business objectives. This will be done through an annual strategy review process, and from time-to-time throughout the year as part of the Board of Directors' ongoing review of corporate strategy. The full Board of Directors will also regularly oversee other areas of potential risk, including Embecta's capital structure, significant acquisitions and divestitures, and succession planning for Embecta's CEO and other members of senior management.

The various committees of the Board of Directors will also be responsible for monitoring and reporting to the full Board of Directors on risks associated with their respective areas of oversight. The Audit Committee,

among other things, will oversee Embecta's accounting and financial reporting processes and the integrity of Embecta's financial statements, Embecta's global ethics and compliance program, and its hedging activities and insurance coverages. The Compensation and Management Development Committee will oversee risks associated with Embecta's compensation practices and programs, and the Corporate Governance and Nominating Committee will oversee risks relating to Embecta's corporate governance practices, including director independence, related person transactions and conflicts of interest, as well as matters relating to Embecta's standing as a responsible corporate citizen (including community relations, charitable activities, public policy and government relations, sustainability and other social and environmental matters). In connection with its oversight responsibilities, each Committee will meet with the members of management who are primarily responsible for the management of risk in their respective areas.

Risk assessment of compensation programs. With respect to Embecta's compensation policies and practices, Embecta's management will review its policies and practices to determine whether they create risks that are reasonably likely to have a material adverse effect on Embecta. In connection with this risk assessment, management will review the design of Embecta's compensation and benefits programs (in particular, Embecta's performance-based compensation programs) and related policies, potential risks that could be created by the programs, and features of Embecta's programs that help mitigate risk. Among the factors that will be considered will be the mix of cash and equity compensation, and of fixed and variable compensation, paid to Embecta's associates; the balance between short- and long-term objectives in Embecta's incentive compensation; the performance targets, mix of performance metrics, vesting periods, threshold performance requirements and funding formulas related to Embecta's incentive compensation; the degree to which programs are formulaic or provide discretion to determine payout amounts; caps on payouts; Embecta's clawback and share retention and ownership policies; and Embecta's general governance structure.

Code of Conduct

Embecta will maintain a Code of Conduct that is applicable to all directors, officers and associates of Embecta, including Embecta's Chief Executive Officer, Chief Financial Officer, principal accounting officer and other senior financial officers. It will set forth Embecta's policies and expectations on a number of topics, including conflicts of interest, confidentiality, compliance with laws (including insider trading laws), preservation and use of Embecta's assets, and business ethics. The Code of Conduct will set forth procedures for addressing any potential conflict of interest (or the appearance of a conflict of interest) involving directors or executive officers, and for the confidential communication and handling of issues regarding accounting, internal control and auditing matters. Every Embecta associate will be required to complete annual training on the Code of Conduct.

Embecta will also maintain an Ethics Help Line telephone number (the "Help Line") for Embecta associates as a means of raising concerns or seeking advice. The Help Line will be available to all associates worldwide. Associates using the Help Line may choose to remain anonymous and all inquiries will be kept confidential to the extent practicable in connection with the investigation of an inquiry. All Help Line inquiries will be forwarded to Embecta's ethics and compliance department for investigation. The Audit Committee will be informed of any reported matters, whether through the Help Line or otherwise, that could potentially be significant to Embecta, including accounting, internal control or auditing matters, or any fraud involving management or persons who have a significant role in Embecta's internal controls.

Any waivers from any provisions of the Code of Conduct for executive officers and directors will be promptly disclosed to stockholders. In addition, certain amendments to the Code of Conduct, as well as any waivers from certain provisions of the Code of Conduct given to Embecta's Chief Executive Officer, Chief Financial Officer or principal accounting officer, will be posted at the website address set forth below.

The Code of Conduct will be available on Embecta's website at *www.embecta.com*.

Printed copies of the Code of Conduct, once available, may be obtained, without charge, by contacting the Corporate Secretary, Embecta Corp., 1 Becton Drive, Franklin Lakes, NJ 07417; telephone (201) 847-6800.

Enterprise Ethics and Compliance

Under the oversight of the Audit Committee, Embecta's global ethics and compliance function, which is part of the Embecta legal department, will seek to ensure that Embecta has a comprehensive compliance program that is designed to prevent and detect wrongdoing and continuously encourages lawful and ethical conduct. The ethics and compliance program will be integrated into Embecta's global business operations. Embecta will evaluate the effectiveness of its program and adapt it periodically to ensure it is appropriately tailored to address the risks inherent in Embecta's global business.

Communications with Directors

The Board of Directors will be committed to meaningful engagement with Embecta stockholders and will welcome input and suggestions. Stockholders and other interested parties wishing to contact the Chairman or the non-management directors as a group will be able to do so by sending a written communication to the attention of the Lead Director c/o Embecta Corp., Corporate Secretary's Office, 1 Becton Drive, Franklin Lakes, NJ 07417.

Communications addressed to the Board of Directors or to a member of the Board of Directors will be distributed to the Board of Directors or to any individual director or directors as appropriate, depending upon the facts and circumstances outlined in the communication.

The Board of Directors is expected to ask the Corporate Secretary's office to submit to the Board of Directors all communications received, including, but not limited to, product complaints and product inquiries, new product or technology suggestions, job inquiries and resumes, advertisements or solicitations, and surveys, but in all cases excluding those items that are not related to Board of Directors duties and responsibilities, such as junk mail and mass mailings.

Procedures for Approval of Related Persons Transactions

Embecta will have a written Related Person Transaction Approval Policy regarding the review, approval and ratification of transactions between Embecta and related persons of Embecta. The policy will apply to any transaction subject to the requirements of Item 404(a) of Regulation S-K under the Exchange Act in which Embecta or an Embecta subsidiary is a participant and a related person has a direct or indirect material interest. A "related person" of Embecta will mean any person, who, since the beginning of Embecta's current fiscal year was a director or executive officer of Embecta, any nominee for director, any stockholder known to Embecta to be the beneficial owner of more than 5% of any class of Embecta's voting securities, and any immediate family member of any such person.

Under this policy, the Corporate Governance and Nominating Committee will review all of the relevant facts and circumstances regarding a transaction and determine whether to approve, ratify or reject a related person transaction. The Corporate Governance and Nominating Committee will approve or ratify only those related person transactions that it determines in its business judgment are fair and reasonable to Embecta and in, or not inconsistent with, the best interests of Embecta and its stockholders. In the event Embecta becomes aware of a related person transaction that has not been approved under this policy prior to its consummation, the matter will be reviewed by the Corporate Governance and Nominating Committee and it will consider all of the relevant facts and circumstances respecting such transaction and evaluate all options available to Embecta, including ratification, revision or termination of such transaction, and will take such course of action as it deems appropriate under the circumstances. The policy will operate in conjunction with other aspects of Embecta's compliance program, including its Business Conduct and Compliance Guide and Embecta's Governance Principles.

The following transactions are deemed not to constitute a related person transaction under the policy:

(i) Transactions available to employees generally, such as employee discounts;

(ii) Charitable contributions made by Embecta pursuant to Embecta's Charitable Contributions Policy, the Governance Principles, or Embecta's Matching Gifts Program; and

(iii) Indemnification and advancement of expenses made pursuant to Embecta's Certificate of Incorporation or By-Laws or pursuant to any agreement or instrument.

COMPENSATION DISCUSSION AND ANALYSIS

As discussed elsewhere in this information statement, BD is separating into two publicly traded companies: BD and Embecta. Embecta is currently a subsidiary of BD and is not yet an independent company, and its compensation committee has not yet been formed. During fiscal year 2021, BD's executive officers functioned as the ultimate executive officers of the diabetes care business. This Compensation Discussion and Analysis describes key features of the historical compensation practices of BD and outlines certain aspects of the anticipated compensation structure for Embecta executive officers following the separation. Embecta's pay practices are being developed and revised to fit with the pay philosophy of Embecta and therefore the amounts and forms of compensation reported below do not necessarily reflect the compensation Embecta executive officers will receive following the separation.

Following the separation and distribution, Embecta will have its own executive officers and its Board of Directors will have its own compensation committee (the "Embecta Compensation Committee"). Embecta's future compensation programs and policies will be subject to the review and approval of the Embecta Compensation Committee after the separation and distribution. For a list of the individuals expected to serve as executive officers of Embecta following the separation and distribution and their biographical information, see "Management". A description of certain Embecta executive compensation arrangements that are expected to become effective upon the occurrence of the separation and distribution is included below.

The individuals who will serve in the capacity of principal executive officer (CEO) or principal financial officer (CFO) and Embecta's other three most highly compensated executive officers (other than the CEO and CFO), collectively referred to as Embecta's Named Executive Officers, or "NEOs," following the separation are listed below. None of Embecta's NEOs were designated as executive officers of BD prior to the separation and distribution.

- Devdatt (Dev) Kurdikar was hired in February 2021 to serve as Embecta's Chief Executive Officer, effective as of the separation and distribution.
- Jacob (Jake) Elguicze was hired in May 2021 to serve as Embecta's Senior Vice President and Chief Financial Officer, effective as of the separation and distribution.
- Ajay Kumar was chosen to serve as Embecta's Senior Vice President and Chief Human Resources Officer, effective as of the separation and distribution.
- Shaun Curtis was chosen to serve as Embecta's Senior Vice President, Global Manufacturing and Supply Chain, effective as of the separation and distribution.
- Jeff Mann was hired in August 2021 to serve as Embecta's Senior Vice President, General Counsel, Head of Corporate Development, and Corporate Secretary, effective as of the separation and distribution.

Executive Compensation Objectives and Practices

The objectives of the BD executive compensation program include the following:

- **Aligning the interests of BD's executives with BD's shareholders** through equity compensation and share retention guidelines.
- **Driving superior business and financial results** by setting clear, measurable short- and long-term performance targets that support BD's business strategy and the creation of long-term shareholder value, while at the same time taking care to ensure that BD's executives are not **incentivized** to take inappropriate risks.
- **Maintaining a pay-for-performance philosophy** by tying a significant portion of pay to performance against performance targets.
- **Offering competitive compensation** that helps attract and retain high-performing executives who are essential to executing BD's strategy and creating long-term value for BD's shareholders.

BD's goal is to provide an executive compensation program that best serves the long-term interests of BD shareholders. BD believes that attracting and retaining superior talent and rewarding performance is key to delivering long-term shareholder returns, and that a competitive compensation program is critical to that end. Therefore, BD strives to provide a competitive compensation package to BD executives that ties a significant portion of pay to performance and uses components that align the interests of BD executives with those of BD's shareholders.

Following the separation and distribution, compensation of the executive officers of Embecta, including that of the Embecta NEOs, will be overseen by the Embecta Compensation Committee or, where appropriate, the independent members of the Embecta Board of Directors. The Embecta Compensation Committee will evaluate and determine the appropriate executive compensation philosophy for Embecta.

Embecta anticipates that the Embecta Compensation Committee will, on an ongoing basis, review best practices in governance and executive compensation to ensure that Embecta's executive compensation programs align with Embecta's core principles. As such, Embecta anticipates that the post-distribution executive compensation programs in which the NEOs participate will contain certain key governance practices, including the following, which are important aspects of the BD executive compensation program:

- ***Balanced Mix of Pay Components and Incentives.*** A balanced mix of cash and equity compensation, and of annual and long-term incentives. The key elements of the program are salary, annual cash incentives under an annual bonus plan, and long-term equity compensation.
- ***Significant Performance-Based Compensation Tied to Business Strategy.*** An emphasis on pay-for-performance to align executive compensation with the execution of business strategy and the creation of long-term shareholder value. Performance metrics that align with and support company business strategy. Emphasizing "at risk" pay tied to performance, but taking care that the program does not encourage excessive risk-taking by management.
- ***Share Retention Guidelines and Policy against Pledging/Hedging.*** Robust share retention and ownership guidelines for executives and a prohibition from pledging company shares or hedging against the economic risk of their ownership.
- ***Limited Perquisites.*** Perquisites for executives only to the extent they are reasonable and consistent with the compensation goal of attracting and retaining superior executives for key positions.
- ***Clawback Policy.*** A compensation recovery policy that gives the Embecta Board of Directors the authority to recover incentive compensation paid to senior management in the event of a restatement of Embecta's financial statements resulting from misconduct, and to recover equity compensation awarded to a member of management if such executive breaches certain restrictive covenants.
- ***Change in Control Arrangements.*** "Double-trigger" accelerated vesting in equity compensation awards, to provide continuity of management in the event of an actual or potential change in control. No excise tax "gross-ups" for executives.
- ***Use of Independent Consultant.*** Use of an independent consultant to assist in designing compensation programs and making compensation decisions, who does not provide any services to Embecta or management.

How Executive Compensation Decisions Are Made at BD

The BD Compensation Committee oversees the compensation program for BD executive officers, including the program design and performance targets. The BD Compensation Committee recommends compensation actions regarding the BD CEO for approval by the independent members of the BD Board of Directors and sets the compensation of the other executive officers.

The BD Compensation Committee is assisted in fulfilling its responsibilities by its independent consultant, Pay Governance LLC ("Pay Governance"), and BD's senior management.

Pay Governance is engaged by, and reports directly to, the BD Compensation Committee. Pay Governance assists the BD Compensation Committee in the design and implementation of BD's compensation program, including the selection of the key elements of the program, setting of targeted payments for each element, and establishment of performance targets, and conducts an annual review of the compensation practices of select peer companies, and advises the BD Compensation Committee with respect to the competitiveness of BD's compensation program in comparison to industry practices, and identified any trends in executive compensation.

The BD Compensation Committee's meetings are typically attended by BD's CEO, its Chief Human Resources Officer and other BD associates who support the BD Compensation Committee in fulfilling its responsibilities. The BD Compensation Committee considers management's views on compensation matters, including the performance metrics and targets for BD's performance-based compensation. Management also provides information (which is reviewed by BD's Internal Audit department and the Audit Committee) to assist the BD Compensation Committee in determining the extent to which performance targets have been achieved.

Embecta expects that the Embecta Compensation Committee will adopt a similar role to the role of the BD Compensation Committee following the separation and distribution. The Embecta Compensation Committee is expected to engage a compensation consultant, but no such consultant has been engaged at this time.

Use of Market Comparison Data

The BD Compensation Committee considers several factors in structuring BD's compensation program, determining pay components and making compensation decisions. This includes the compensation practices of select peer companies to BD in the healthcare industry (the "BD Comparison Group"). These companies are chosen by the BD Compensation Committee after considering the recommendations of Pay Governance and management at the beginning of the fiscal year. The BD Compensation Committee aims to select companies that have significant lines of business that are similar to BD's, are of comparable size in revenue and market capitalization, and compete with BD for executive talent.

In making determinations with respect to the compensation of Embecta NEOs, BD used a similar process and used a peer group that it believed was aligned with the Embecta's business and size (the "Embecta Comparison Group"). The companies in the Embecta Comparison Group for 2021 are below.

Embecta Comparison Group

Resmed Inc.
Idexx Laboratories
Dexcom, Inc.
Masimo Corporation
Insulet Corporation
Varex Imaging Corporation
Hill-Rom Holdings
Teleflex Incorporated
Integer Holdings Corporation
Nuvasive Inc.
Abiomed Inc.
Penumbra Inc.

Where the sample size from the Embecta Comparison Group was not large enough for a particular executive officer, data from a secondary peer group or, more broadly, the general industry was used. For the Embecta NEOs, the secondary peer group included Envista Holding Corporation, Integra Lifesciences Holdings, Natus Medical Inc., CONMED Corp., Globus Medical, Cantel Medical, Varian Medical Systems, Orthofix, Accuray, and Nevro. Data from both the Comparison Group and the secondary peer group were used for each Embecta NEO in 2021 due to insufficient availability of Comparison Group benchmark data.

The BD Compensation Committee attempts to set the salary, annual cash incentive and equity compensation of its executive officers at levels that are competitive with that paid to persons holding the same or similar

positions at the Comparison Group or secondary peer group companies, as applicable, using available market comparison data regarding these companies as a guide. The BD Compensation Committee (and the independent directors, in the case of the BD CEO) uses the 50th and 75th percentile of the Comparison Group or secondary peer group as reference points and generally seeks to set the compensation of NEOs within a competitive range of those companies, assuming payout of performance-based compensation at target. The use of market comparison data, however, is just one of the tools used to determine executive compensation, and the BD Compensation Committee and the independent directors retain the flexibility to set target compensation at levels deemed appropriate for an individual or for a specific element of compensation.

It is expected that following the separation, the Embecta Compensation Committee will establish a comparison group following the separation, which will reflect a group of companies with similar or adjacent business models, and that source talent from the same labor pools as Embecta, and that this Embecta comparison group will be utilized in a manner similar to the BD Comparison Group.

Key Elements of the Executive Compensation Program

The key elements of BD's executive compensation program, which covered Embecta NEOs prior to the separation, are summarized below.

Component	Description	Purpose
Base Salary	Fixed cash compensation based on performance, scope of responsibilities, experience and competitive pay practices.	Provide a fixed, baseline level of compensation.
Annual Short-Term Incentive	Annual variable cash payment tied to performance during the fiscal year.	Drive business performance towards achievement of annual goals. Reward individual contributions to BD's performance.
Long-term equity compensation:		
SARs	Exercisable for shares based on difference between exercise price and BD stock price.	Increase executive ownership to align interests with shareholders. Promote executive retention.
Performance Units	Performance-based restricted stock units, with payout tied to BD's performance over three-year performance period.	Drive long-term, sustained business performance.
TVUs	Restricted stock units that vest in equal annual installments over three years from grant.	Reward creation of shareholder value.
Employee Benefits and Perquisites	Retirement plan, deferred compensation plan, health and welfare benefits.	Consistent with benefits provided to other employees.

It is expected that Embecta's executive compensation program will initially be patterned after the BD executive compensation program and will consist of the same four principal elements: (1) annual base salary, (2) annual short-term incentive, (3) annual long-term incentive, and (4) employee benefits and limited executive perquisites.

Annual Base Salary

Annual base salary provides a fixed incentive that corresponds to an executive's experience and job scope. The annual base salary rate of each identified Embecta NEO as of September 30, 2021 is set forth in the table below.

Executive Officer	Annual Base Salary
Devdatt (Dev) Kurdikar, Chief Executive Officer	$ 700,000
Jacob (Jake) Elguicze, SVP and Chief Financial Officer	$ 450,000
Ajay Kumar, SVP and Chief Human Resources Officer	$ 333,871
Shaun Curtis, SVP, Global Manufacturing and Supply Chain	$ 272,530
Jeff Mann, SVP, General Counsel, Head of Corporate Development and Corporate Secretary	$ 450,000

Embecta expects that the Embecta Compensation Committee will review annual base salaries for Embecta's executive officers each year in order to ensure alignment with current market levels.

Annual Short-Term Incentive

The BD PIP provides executives an opportunity to receive a cash award for BD's performance for the fiscal year and their contribution to that performance. The Embecta NEOs participated in the BD PIP during the 2021 fiscal year, other than Mr. Mann, who was hired after the eligibility date for the 2021 PIP had passed. Associates who are eligible for awards under the PIP have target awards that are expressed as a percentage of base salary. The factors considered in setting the PIP awards include the level of available funding, the executive's target award and the executive's individual performance.

For the diabetes care business specifically, funding for PIP awards was based on a combination of the performance of the BD Medical segment, of which the diabetes care business is a part, and the performance of the diabetes care business itself, with Medical segment performance weighted 25% and diabetes care business performance weighted 75%. In measuring the performance of the diabetes care business, performance targets were set that were tied to revenue, operating income before taxes ("OIBT") and days inventory on hand targets, with revenue and OIBT performance weighted 40% and days inventory on hand weighted 20%. The performance of the BD Medical segment and the diabetes care business during fiscal year 2021 resulted in a funding factor of approximately 141% of target under the PIP.

When comparing the operating results of the diabetes care business to the performance targets, adjustments are made for unbudgeted items that are not considered part of ordinary operations. This ensures that business decisions are made based on what management believes is in the best interests of BD, rather than the possible effects on compensation. It also ensures that executives are not rewarded for or unfairly penalized by these types of events.

The table below reflects the 2021 fiscal year annual short-term incentive opportunity of each identified Embecta NEO under the BD PIP and the actual amount awarded with respect to 2021 which were pro-rated for Messrs. Kurdikar, and Elguicze based on the portion of the 2021 fiscal year during which they were employed by BD.

Executive Officer	Base Salary(1)	Target Opportunity (as a Percentage of Base Salary)	Target Opportunity	Actual Bonus 2021
Devdatt (Dev) Kurdikar	$ 446,849	85%	$ 379,822	$ 536,366
Jacob (Jake) Elguicze	$ 182,466	70%	$ 127,726	$ 180,368
Ajay Kumar	$ 333,871	40%	$ 133,548	$ 192,557
Shaun Curtis	$ 274,943	35%	$ 96,230	$ 135,891
Jeff Mann	Not Eligible for Annual Short-Term Incentive in FY21			

(1) Base salary for Mr. Kurdikar and Mr. Elguicze reflects the pro-rated base salary used to calculate actual bonus for 2021.

Embecta expects that the Embecta Compensation Committee will adopt an annual incentive plan that covers the Embecta NEOs following the separation.

Equity Compensation Awards

BD uses a mix of equity compensation vehicles to promote the objectives of the BD compensation program. SARs reward executives for the creation of shareholder value over the term of the award, and Performance Units measure BD's performance over a three-year period and are intended to reward sustained long-term financial performance. TVUs vest in equal annual installments over a three-year vesting period. Because they are equity-based and subject to long-term vesting periods, these awards also serve to align the interests of executives with those of shareholders and promote executive retention.

The table below reflects the 2021 fiscal year annual long-term incentive awards granted to each identified Embecta NEO by BD. At the time of the separation, these awards will be converted into equity awards with respect to Embecta stock, as discussed in the section entitled "The Separation and Distribution—Treatment of Equity-Based Compensation" of this information statement.

Executive Officer	SARs (#)	TVUs (#)	Performance Units (#)
Devdatt (Dev) Kurdikar	15,341	1,601	3,265
Jacob (Jake) Elguicze	0	822	0
Ajay Kumar	3,341	256	521
Shaun Curtis	2,081	180	366
Jeff Mann	0	0	0

Following the separation, the Embecta Compensation Committee will develop its own long-term incentive program, which Embecta expects will include several forms of equity-based awards.

Employee Benefits and Limited Executive Perquisites

BD offers a variety of health and welfare programs to all eligible employees, including the Embecta NEOs. Embecta expects that, for a period following the separation, Embecta employees, including the NEOs, will continue to participate in the BD health and welfare benefit programs, including medical and dental care coverage, life insurance coverage and short and long-term disability. Embecta anticipates that Embecta will put in place its own health and welfare programs at a later date, and that the Embecta NEOs will be eligible to participate in the Embecta programs on the same basis as other Embecta employees. The Embecta NEOs are not provided significant perquisites. Embecta expects to limit the use of perquisites as a method of compensation and provide executive officers with only those perquisites that Embecta believes are reasonable and consistent with its compensation goal of enabling Embecta to attract and retain superior executives for key positions.

Letter Agreements with Embecta NEOs

BD has entered into letter agreements with certain Embecta NEOs. Embecta expects that these letter agreements will be assigned to Embecta as of the separation and distribution. The material terms of these letters and agreements are described below.

Letter Agreement with Embecta Chief Executive Officer

BD entered into a letter agreement with Mr. Kurdikar on January 25, 2021 in anticipation of his commencement of employment no later than March 15, 2021. The letter agreement was approved by the BD Compensation Committee based on BD management's recommendation and benchmarking information.

The letter agreement provides for Mr. Kurdikar to initially serve as Worldwide President—Diabetes Care and provides for an initial compensation package from BD that includes an annual base salary of $700,000, a target annual bonus of 85% of base salary, and a target annual long-term incentive award value of $2,000,000. Pursuant to the agreement, Mr. Kurdikar received a signing bonus of $200,000 (generally subject to repayment on a prorated basis upon a voluntary termination by Mr. Kurdikar without good reason during the first 12 months of employment) and was awarded a sign-on long-term incentive award of $2,000,000, 20% in the form of TVUs, vesting in three ratable annual installments, 40% in the form of PSUs, vesting over a three-year period, and 40% in the form of SARs, vesting in four ratable annual installments.

The letter agreement anticipates that Mr. Kurdikar will become Embecta's Chief Executive Officer following the separation, and provides following the separation for an annual base salary of $825,000, a target annual bonus of 110% of base salary, and a target annual long-term incentive award value of $4,000,000 (for fiscal year 2022, Mr. Kurdikar will receive an incremental award for such year upon separation with a grant date value equal to the excess of his post-separation target long-term incentive award value over the grant date value of his BD long-term incentive award granted earlier in such year). The agreement additionally provides for a one-time equity award upon consummation of the separation, with a grant date fair market value of $4,000,000, which will be composed of 50% of TVUs and 50% of SARs, each of which will vest on the third anniversary of the separation, subject to Mr. Kurdikar's continued employment.

If Mr. Kurdikar's employment is terminated without cause, or if he terminates employment for good reason, he will be entitled to a lump sum severance payment equal to two times his base salary plus target bonus (based on his initial rate at BD), as well as a prorated bonus, welfare benefit continuation at employee rates for two years, vesting of his sign-on long-term incentive awards, and prorated vesting of any annual BD awards. In the event that the termination relates to Embecta being purchased in a sale transaction or being formed as a joint venture, the cash severance will instead equal three times his post-separation base salary plus target bonus.

For purposes of the agreement, good reason includes (1) Mr. Kurdikar not being appointed public company CEO of Embecta within 18 months following his commencement of employment, (2) a decision by BD not to consummate the separation, (3) instead of a separation, Embecta being purchased in a sale transaction or formed as a joint venture, (4) a diminution in Mr. Kurdikar's reporting or change in reporting to the CEO of BD, or (5) a decrease in Mr. Kurdikar's base salary, target bonus, or target equity compensation levels. Any good reason claim is subject to notice and a cure opportunity.

For purposes of the agreement, cause includes (1) falsification of company records/misrepresentation, (2) theft, (3) acts or threats of violence, (4) refusal to carry out assigned work, (5) unauthorized possession of alcohol or illegal drugs on company premises, (6) being under the influence of alcohol or illegal drugs during work hours, (7) willful intent to damage or destroy company property, (8) acts of discrimination/harassment, (9) conduct jeopardizing the integrity of company products, (10) violation of company rules, policies or practices, or (11) other conduct considered to be detrimental to the company.

Pursuant to the letter agreement, Mr. Kurdikar committed to sign, and did later sign, the BD Employee Agreement and Associate Acknowledgment & Agreement, which includes certain restrictive covenants.

Letter Agreement with Embecta Chief Financial Officer

BD entered into a letter agreement with Mr. Elguicze on April 9, 2021 in anticipation of his commencement of employment on May 6, 2021. The letter agreement provides for Mr. Elguicze initially to serve as SVP Finance—Diabetes Care, and provides for an annual base salary of $450,000, a target annual bonus of 70% of base salary, and a target annual long-term incentive award value of $1,000,000. Pursuant to the agreement, Mr. Elguicze received a signing bonus of $150,000 (generally subject to repayment on a prorated basis upon a voluntary termination by Mr. Elguicze without good reason during the first 12 months of employment) and was awarded a sign-on long-term incentive award of $200,000, in the form of TVUs vesting in three ratable annual installments.

The letter agreement anticipates that Mr. Elguicze will become Embecta's Chief Financial Officer following the separation, and provides for a one-time equity award upon consummation of the separation with a grant date fair market value of $1,000,000, which will be comprised 50% of TVUs and 50% of SARs, each of which will vest on the third anniversary of the separation, subject to Mr. Elguicze's continued employment.

If Mr. Elguicze's employment is terminated without cause, he will be entitled to a lump sum severance payment equal to one times his base salary plus target bonus, as well as a prorated bonus and welfare benefit continuation at employee rates for one year.

For purposes of the agreement, cause includes (1) falsification of company records/misrepresentation, (2) theft, (3) acts or threats of violence, (4) refusal to carry out assigned work, (5) unauthorized possession of alcohol or illegal drugs on company premises, (6) being under the influence of alcohol or illegal drugs during work hours, (7) willful intent to damage or destroy company property, (8) acts of discrimination/harassment, (9) conduct jeopardizing the integrity of company products, (10) violation of company rules, policies or practices, or (11) other conduct considered to be detrimental to the company.

Pursuant to the letter agreement, Mr. Elguicze has committed to sign the BD Employee Agreement and Associate Acknowledgment & Agreement, which includes certain restrictive covenants.

Letter Agreement with Embecta General Counsel, Head of Corporate Development and Corporate Secretary

BD entered into a letter agreement with Mr. Mann on May 26, 2021 in anticipation of his commencement of employment on August 2, 2021. The letter agreement provides for Mr. Mann initially to serve as SVP, General Counsel and Head of Corporate Development, Diabetes Care, and provides for an annual base salary of $450,000, a target annual bonus of 60% of base salary, and a target annual long-term incentive award value of $1,000,000. Pursuant to the agreement, Mr. Mann received a signing bonus of $50,000 (generally subject to repayment on a prorated basis upon a voluntary termination by Mr. Mann without good reason during the first 12 months of employment).

The letter agreement anticipates that Mr. Mann will become Embecta's SVP, General Counsel, Head of Corporate Development, and Corporate Secretary following the separation, and provides for a one-time equity award upon consummation of the separation with a grant date fair market value of $1,000,000, which will be comprised 50% of TVUs and 50% of SARs, each of which will vest on the third anniversary of the separation, subject to Mr. Mann's continued employment.

If Mr. Mann's employment is terminated without cause, he will be entitled to a lump sum severance payment equal to one times his base salary plus target bonus, as well as a prorated bonus and welfare benefit continuation at employee rates for one year.

For purposes of the agreement, cause includes (1) falsification of company records/misrepresentation, (2) theft, (3) acts or threats of violence, (4) refusal to carry out assigned work, (5) unauthorized possession of alcohol or illegal drugs on company premises, (6) being under the influence of alcohol or illegal drugs during work hours, (7) willful intent to damage or destroy company property, (8) acts of discrimination/harassment, (9) conduct jeopardizing the integrity of company products, (10) violation of company rules, policies or practices, or (11) other conduct considered to be detrimental to the company.

Pursuant to the letter agreement, Mr. Mann has committed to sign the BD Employee Agreement and Associate Acknowledgment & Agreement, which includes certain restrictive covenants.

Letter Agreement with Embecta Chief Human Resources Officer

BD entered into a letter agreement with Mr. Kumar on February 24, 2021 providing that he would be appointed as Embecta's Chief Human Resources Officer upon consummation of the separation. The letter

agreement provides a post-separation compensation package comprised of an annual base salary of $450,000, a target annual bonus of 60% of base salary, and a target annual long-term incentive award value of $500,000. The agreement also provides for a one-time equity award upon consummation of the separation with a grant date fair market value of $500,000, which will be comprised 50% of TVUs and 50% of SARs, each of which will vest on the third anniversary of the separation, subject to Mr. Kumar's continued employment. Pursuant to the letter agreement, Mr. Kumar received a $83,468 retention award from BD, which vested on August 30, 2021.

Letter Agreement with Embecta SVP, Global Manufacturing and Supply Chain

BD entered into a letter agreement with Mr. Curtis on August 13, 2021 providing that he would be appointed as Embecta's SVP, Global Manufacturing and Supply Chain upon consummation of the separation. The letter agreement provides a post-separation compensation package comprised of an annual base salary of $365,000, a target annual bonus of 50% of base salary, and a target annual long-term incentive award value of $350,000. The agreement also provides for a one-time equity award upon consummation of the separation with a grant date fair market value of $350,000, which will be comprised 50% of TVUs and 50% of SARs each of which will vest on the third anniversary of the separation, subject to Mr. Curtis's continued employment.

Other Benefits under the Executive Compensation Program

Pension Benefits

BD offers pension benefits to eligible U.S. associates. Embecta does not anticipate that any portion of the BD Retirement Plan will transfer to Embecta in connection with the separation, and Embecta does not expect that it will adopt a defined benefit pension plan.

Deferred Compensation

BD maintains the Deferred Compensation and Retirement Benefit Restoration Plan (the "DCP"), an unfunded, nonqualified plan that allows eligible associates to defer receipt of cash compensation and shares issuable under certain equity compensation awards on a pre-tax basis in addition to what is allowed under BD's tax-qualified 401(k) Plan, and BD also provides supplemental payments to certain employees through the DCP to offset any reductions in benefits that result from Code limits that are placed on benefits under the BD Retirement Plan (the "Restoration Benefit").

The DCP is offered as part of a competitive compensation program. BD does not provide any guaranteed earnings on amounts deferred under the DCP, and earnings on these accounts are based on individual investment elections. BD provides matching contributions on cash amounts deferred under the DCP, subject to certain limits.

Embecta expects that it will establish an unfunded, non-qualified deferred compensation plan that mirrors the terms of the DCP, except with respect to the Restoration Benefit and the deferral of shares issuable under equity compensation awards, and will assume the liabilities with respect to the DCP associated with Embecta employees, other than with respect to the Restoration Benefit.

Change in Control Agreement

BD entered into an agreement with Mr. Kurdikar relating to his employment following a change in control of BD. This agreement provides Mr. Kurdikar with continued employment for a period of two years following a change in control, and provides certain benefits in the event his employment is terminated without "cause" or he leaves his employment for "good reason" (also known as a constructive termination) during such period. Generally, these benefits include a severance payment equal to a multiple of salary and PIP award, and certain other benefits. A more complete description of the terms and potential payouts under this change in control agreement as discussed in the section entitled "Compensation of Named Executive Officers—Payments upon Termination of Employment or Change in Control" .

The change in control agreement contains a “double-trigger”—that is, there must be both a change in control of BD and a termination of the executive’s employment (either without cause by BD or for good reason by the executive) in order for any payments to be made. The change in control agreement does not contain any tax reimbursement provisions with respect to any excise tax that may be payable to Mr. Kurdikar under the agreement.

Executive Severance and Change in Control Plan

Prior to the separation, Embecta expects to adopt an Executive Severance and Change in Control Plan. The Executive Severance Plan will provide severance benefits to eligible key employees of Embecta and certain subsidiaries of Embecta, including the NEOs, in connection with certain terminations of employment.

Under the terms of the Executive Severance Plan, in the event that an NEO is involuntarily terminated by Embecta without cause or resigns for good reason outside of a change in control coverage period (each as defined in the Executive Severance Plan), the NEO would be entitled to (i) a severance payment (paid over time) consisting of a multiple (two times for the CEO and one time for the other NEOs) of the NEO’s base salary and target annual bonus, (ii) a lump sum payment equivalent to a pro-rata portion of the NEO’s target annual cash bonus for the year in which the termination occurred, (iii) a lump sum payment approximating a certain period of COBRA premiums for continued coverage under Embecta’s group health insurance plan (24 months for the CEO and 12 months for the other NEOs) and (iv) 12 months of outplacement services.

In the event that an NEO is involuntarily terminated by Embecta without cause or resigns for good reason during the 24 months following a change in control (or prior to the change in control, if the NEO reasonably demonstrates that the termination was in connection with the change in control), the NEO would be entitled to (i) a lump sum severance payment consisting of a multiple (three times for the CEO and two times for the other NEOs) of the sum of the NEO’s base salary and the greater of (x) the NEO’s target annual cash bonus for the year in which the termination occurred and (y) the NEO’s average annual bonus for the two most recently completed fiscal years prior to the year in which the termination occurred, (ii) a lump sum payment equivalent to a pro-rata portion of the NEO’s target annual cash bonus for the year in which the termination occurred, (iii) a lump sum payment approximating a certain period of COBRA premiums for continued coverage under Embecta’s group health insurance plan (36 months for the CEO and 24 months for the other NEOs), (iv) 12 months of outplacement services and (v) accelerated vesting of all outstanding equity awards (with performance awards vesting at target unless a higher level would be deemed achieved under the terms of the applicable award agreement).

The Executive Severance Plan does not provide for a gross-up payment to any of the NEOs to offset taxes, including any excise taxes that may be imposed on excess parachute payments under Section 4999 of the Code. Instead, the Executive Severance Plan provides that in the event that the payments described above would, if paid, be subject to such excise taxes, then such NEO shall be entitled to receive either (A) the full amount of the payments and assume full responsibility for the tax impacts or (B) the maximum amount that may be provided to such NEO without resulting in any portion of the payments being subject to such excise taxes, based upon which alternative yields the higher after-tax amount.

The receipt of the foregoing benefits under the Executive Severance Plan is conditioned on the NEO signing, and not revoking, a separation and release agreement, which will include a general release of claims by the NEO against Embecta and which may include certain post-employment restrictive covenants.

It is anticipated that the Executive Severance Plan would supersede the severance provisions of the individual letter agreements and change in control agreements described above.

Other Change in Control Provisions

All unvested BD equity grants include a double-trigger vesting provision upon a change in control. Under this provision, the awards will not automatically vest upon a change in control if the awards are either continued

or replaced with similar awards. In those instances, the awards will automatically vest only if the executive is terminated without "cause" or terminates employment for "good reason" (as such terms are defined in the Becton, Dickinson and Company 2004 Employee and Director Equity-Based Compensation Plan (the "BD 2004 Plan")) within two years of the change in control.

New Plans and Policies Following Separation

In connection with the separation and distribution, it is expected that Embecta will adopt the Embecta 2022 Employee and Director Equity-Based Compensation Plan (which is described in this information statement under the heading "Embecta 2022 Employee and Director Equity-Based Compensation Plan"), which will be effective for Embecta upon the separation and distribution. Following the separation and distribution, the Embecta Compensation Committee will consider and develop Embecta's compensation programs, plans, philosophy and practices, consistent with Embecta's business needs and goals.

Embecta expects that the Embecta Compensation Committee will also adopt various policies relating to executive compensation similar to BD's policies, which help to mitigate risk in compensation programs and are best practices in the market, including the following:

Clawback Policy: Embecta's Compensation Committee has not adopted a clawback policy, but Embecta expects that it will adopt such a policy that is similar to BD's clawback policy. BD's clawback policy gives the BD Board of Directors the discretion to require senior leaders at BD to reimburse BD for any annual incentive award or performance-based long-term incentive payout that was based on financial results that were subsequently restated as a result of that person's misconduct. The BD Board of Directors also has the discretion to cancel any equity compensation awards (or recover payouts under such awards) that were granted to such person with respect to the restated period, and to require the person to reimburse BD for any profits realized on any sale of BD stock occurring after the public issuance of the financial statements that were subsequently restated. The policy also gives the BD Board of Directors the authority to require executive officers and other senior leaders who were not involved in the misconduct to reimburse BD for the amount by which their annual incentive award or performance-based long-term incentive payouts exceeded the amount they would have received based on the restated results. Under the policy, BD may also cancel outstanding equity awards and recover any shares received upon the exercise or vesting of such awards (or any gain realized on the sale of such shares) to the extent the individual breaches any restrictive covenants, such as non-compete and non-solicitation covenants, contained in the agreements for such awards.

Share Ownership Guidelines: Embecta's Compensation Committee has not yet adopted share ownership guidelines, but Embecta expects that it will adopt such guidelines in order to increase executive share ownership and promote a long-term perspective when managing the business. Such share ownership guidelines may be similar to the BD share ownership guidelines, which require BD's named executive officers and certain other senior executives to retain 50% of the net after-tax shares received from any equity compensation awards granted to them after they become subject to the guidelines, and require BD's CEO to hold shares with a value equal to five times his salary.

Pledging and Hedging Policy: Embecta expects that the Embecta Compensation Committee will adopt a policy that prohibits all Embecta employees (including the named executive officers) and members of the Embecta Board of Directors from pledging any Embecta shares or other Embecta securities, or from engaging in options (including exchange-traded options), puts, calls, forward contracts or any other transactions that are intended to hedge against any decrease in the market value of Embecta shares or other Embecta securities granted to them as part of their compensation from Embecta or that are held directly or indirectly by them.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following summary compensation table sets forth the total compensation paid or accrued for the fiscal year ended September 30, 2021, for Embecta's NEOs.

Fiscal Year 2021 Summary Compensation Table

Name and Principal Position(1)	Year	Salary ($)	Bonus ($)	Stock Awards ($)(2)	SAR Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Devdatt (Dev) Kurdikar Chief Executive Officer	2021	446,849	200,000(6)	1,185,240	790,062	536,366	0	9,587	3,168,100
Jacob (Jake) Elguicze SVP and Chief Financial Officer	2021	182,466	150,000(7)	197,296	0	180,368	0	6,309	716,439
Ajay Kumar SVP and Chief Human Resources Officer	2021	331,835	83,468(8)	169,016	147,659	192,557	32,110	9,007	965,652
Shaun Curtis SVP, Global Manufacturing and Supply Chain	2021	276,503	0	118,769	92,119	135,891	0	89,596	708,874
Jeff Mann SVP, General Counsel, Head of Corporate Development and Corporate Secretary	2021	75,000	50,000(9)	0	0	0	0	169,036	294,036

(1) Mr. Kurdikar was hired in February 2021. Mr. Elguicze was hired in May 2021. Mr. Mann was hired in August 2021.

(2) *Stock Awards and SAR Awards.* The amounts shown in the "Stock Awards" column and "SAR Awards" column reflect the grant date fair value of the awards under FASB ASC Topic 718 (disregarding estimated forfeitures). For a description of the methodology and assumptions used to determine the amounts reflected in these columns, see Note 8 to the consolidated financial statements contained in BD's Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

The amounts shown in the "Stock Awards" column for fiscal year 2021 include Performance Units and reflect the grant date fair values of these awards at target payout of the Performance Units. Below are the grant date fair values of the Performance Unit awards, assuming a maximum payout of 200% of target:

Name	Fair Value at Target Payout ($)	Fair Value at Maximum Payout ($)
Devdatt (Dev) Kurdikar	790,097	1,580,195
Jacob (Jake) Elguicze	0	0
Ajay Kumar	112,468	224,937
Shaun Curtis	79,008	158,017
Jeff Mann	0	0

(3) *Non-Equity Incentive Plan Compensation.* Includes amounts earned under BD's PIP. These amounts are paid in January following the fiscal year in which they are earned, unless deferred at the election of the NEO. Mr. Mann was not eligible for a FY21 PIP award as he was hired after the July cut-off date for the plan year.

(4) *Change in Pension Value and Nonqualified Deferred Compensation Earnings.*

Pension—Amounts shown are the aggregate changes in the actuarial present value of accumulated benefits under defined benefit pension plans (including BD's nonqualified DCP). These amounts represent the difference between the present value of accumulated pension benefits (determined as of the first date on which the executive is eligible to retire and commence unreduced benefit payments) at the beginning and end of the fiscal years shown. Only Mr. Kumar participates in BD's defined benefit pension plans, which were closed to new participants effective January 1, 2018. Additional information regarding the pension benefits of Embecta's NEOs is discussed in the section entitled "Compensation of Named Executive Officers—Pension Benefits at 2021 Fiscal Year-End" .

Deferred Compensation—Earnings on nonqualified deferred compensation are not included in this column, because no NEO earned above-market or preferential earnings (as defined in the rules of the SEC) on nonqualified deferred compensation during the fiscal years shown. Information on the NEOs' nonqualified deferred compensation accounts is as discussed in the section entitled "Compensation of Named Executive Officers—Deferred Compensation" .

(5) *All Other Compensation.* Amounts shown for fiscal year 2021 include the following:

	Devdatt (Dev) Kurdikar	Jacob (Jake) Elguicze	Ajay Kumar	Shaun Curtis	Jeff Mann
Matching contributions under plans	$ 9,087	$ 6,309	$ 8,807	$10,983	$ 0
Matching charitable gifts	500	—	200	—	—
Relocation assistance	—	—	—	$78,613	$169,036
Total	$ 9,587	$ 6,309	$ 9,007	$89,596	$169,036

The following is a description of these benefits:

- *Matching Contributions under Plans*—The amounts shown reflect BD matching contributions credited pursuant to defined contribution plans.
- *Matching Charitable Gifts*—The amounts shown are matching contributions made (or committed to be made) through matching gift programs, under which BD matches charitable contributions made to qualifying non-profit organizations, subject to a $5,000 per calendar year limit.
- *Relocation Assistance*—BD provided Messrs. Curtis and Mann with relocation assistance in connection with their hire, including moving expenses, housing allowance, and home purchase and sale assistance.

(6) Represents amounts paid to Mr. Kurdikar pursuant to his sign-on arrangements.
(7) Represents amounts paid to Mr. Elguicze pursuant to his sign-on arrangements.
(8) Represents amounts paid to Mr. Kumar pursuant to his sign-on arrangements.
(9) Represents amounts paid to Mr. Mann pursuant to his sign-on arrangements.

Information Regarding Plan Awards in Fiscal Year 2021

Set forth below is information regarding awards granted to the NEOs in fiscal year 2021. The non-equity incentive plan awards were made under the BD PIP. The equity compensation awards were made under the BD 2004 Plan.

Grants of Plan-Based Awards in Fiscal Year 2021

Name	Award Type(1)	Grant Date	Estimated Possible Payouts under Non-Equity Incentive Plan Awards(2) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts under Equity Incentive Plan Awards(3) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other SAR Awards: Number of Securities Underlying SARs (#)	Exercise or Base Price of SAR Awards ($/Sh)(4)	Grant Date Fair Value of Stock and SAR ($)
Devdatt (Dev) Kurdikar	PIP	N/A	189,911	379,822	759,644							
	PU					1,388	3,265	6,530				790,097
	TVU								1,601			395,143
	SAR									15,341	253.39	790,062
Jacob (Jake) Elguicze	PIP	N/A	63,863	127,726	255.452							
	TVU								822			197,296
Ajay Kumar	PIP	N/A	66,774	133,548	267,097							
	PU					222	521	1,042				112,468
	TVU								256			56,548
	SAR									3,341	227.47	147,659
Shaun Curtis	PIP	N/A	48,115	96,230	192,460							
	PU					156	366	732				79,008
	TVU								180			39,760
	SAR									2,081	227.47	92,119
Jeff Mann	PIP	N/A	N/A	N/A	N/A							
	PU					N/A						
	TVU					N/A						
	SAR					N/A						

(1) Award Type:

PIP = BD Performance Incentive Plan

PU = Performance Unit

TVU = Time-Vested Unit

SAR = Stock Appreciation Right

(2) The amounts shown represent the range of possible payouts that the NEO could have earned under the BD PIP for fiscal year 2021, based on certain assumptions. Actual payments to the NEOs under the PIP are reflected in the "Non-Equity Incentive Plan Compensation" column of the Fiscal Year 2021 Summary Compensation Table. The amount in the "Threshold" column assumes BD achieved the minimum threshold performance levels for each performance measure, resulting in available funding for awards at 50% of target, and that the NEO received a payment equal to 50% of his award target.

(3) The amounts shown represent the range of potential share payouts under Performance Unit awards. The amount in the "Threshold" column shows the number of shares that will be paid out assuming BD achieves the minimum performance level for each performance measure under the awards.

(4) The exercise price is the closing price of BD common stock on the date of grant, as reported on the NYSE.

(5) The amounts shown reflect the grant date fair value of the awards under FASB ASC Topic 718 used by BD for financial statement reporting purposes (disregarding estimated forfeitures). For a discussion of the assumptions made to determine the grant date fair value of these awards, see Note 8 to the consolidated financial statements contained in BD's Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

Description of Awards

BD PIP

The BD PIP provides an opportunity for eligible associates to receive annual cash incentive payments based on BD and individual performance.

Equity Compensation Awards

Performance Units. Performance Units are performance-based restricted stock units that vest three years after grant. The potential payouts under these awards range from zero to 200% of target. The actual payout will be based on BD's performance against the performance targets set for these awards over the three-year performance period covering fiscal years 2021-2023. Performance Units are not transferable, and holders may not vote any shares underlying the award until the shares have been distributed. Dividends do not accrue on these awards.

TVUs. TVUs are restricted stock units that represent the right to receive shares of BD common stock upon vesting. TVU awards vest in equal annual installments over three years from the grant date. TVUs are not transferable, and holders may not vote any shares underlying the award until the shares have been distributed. Dividends do not accrue on these awards.

SARs. A SAR represents the right to receive, upon exercise, shares of BD common stock equal in value to the difference between the BD common stock price at the time of exercise and the exercise price of the award. SARs are not transferable. SARs have a ten-year term, and become exercisable in four equal annual installments, beginning one year from the grant date.

Change in Control. The Performance Units, TVUs and SARs listed in the above table fully vest, under certain circumstances, following a change in control or in the event of a termination of employment following a change in control. See "Accelerated Vesting of Equity Compensation Awards upon a Change in Control" as discussed in the section entitled "Compensation of Named Executive Officers—Payments upon Termination of Employment or Change in Control".

Outstanding Equity Awards

The following table sets forth the outstanding equity awards held by the NEOs at the end of fiscal year 2021.

Outstanding Equity Awards at 2021 Fiscal Year-End

Name	Grant Date	Number of Securities Underlying Unexercised SARs (#) Exercisable(1)	Number of Securities Underlying Unexercised SARs (#) Unexercisable(1)	SAR Exercise Price ($)	SAR Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)(2)	Market Value of Shares or Units of Stock that Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)(3)
Devdatt (Dev) Kurdikar	2/11/2021	0	15,341	253.39	2/11/2031				
	2/11/2021					1,601	393,558	3,265	802,602
Jacob (Jake) Elguicze	5/10/2021					822	202,064		
Ajay Kumar	11/26/2017	0	631	226.28	11/26/2027				
	11/26/2018	934	936	242.10	11/26/2028				
	11/26/2019	578	1,737	255.22	11/26/2029				
	11/26/2020	0	3,341	227.47	11/26/2030				
	Various					651	160,029	985	242,133
Shaun Curtis	11/26/2018	748	748	242.10	11/26/2028				
	11/26/2019	440	1,320	255.22	11/26/2019				
	11/26/2020	0	2,081	227.47	11/26/2030				
	Various					958	235,496	719	176,745
Jeff Mann	N/A								

(1) SARs become exercisable in four equal annual installments, beginning one year following the date of grant.
(2) The amounts shown include grants of restricted stock unit awards that are not performance-based. These include TVUs granted on November 26, 2018, November 26, 2019, and November 26, 2029, which vest in three annual installments beginning one year after grant. Also included in this column are shares payable under Performance Units granted on November 26, 2018, which cover the fiscal year 2019-2021 performance period and vested on November 26, 2021.
(3) Market value has been calculated by multiplying the number of unvested units by $245.82, the closing price of BD common stock on September 30, 2021.
(4) The amounts shown include Performance Unit awards at target payout granted on November 26, 2019 and November 26, 2020 that vest three years from grant.

SAR Exercises and Vesting of Stock Units

The following table contains information relating to the exercise of SARs, and the vesting of TVUs and Performance Units during fiscal year 2021.

SAR Exercises and Stock Vested in Fiscal Year 2021

	SAR Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting ($)(3)
Devdatt (Dev) Kurdikar	0	0	0	0
Jacob (Jake) Elguicze	0	0	0	0
Ajay Kumar	458	118,199	442	100,542
Shaun Curtis	0	0	669	163,138
Jeff Mann	0	0	0	0

(1) Represents the difference between the exercise price and the BD common stock price at the time of exercise.
(2) Shows the shares acquired under TVUs, and under Performance Units covering the fiscal year 2018-2020 performance period, that vested in fiscal year 2021.
(3) Based on the closing price of BD stock on the vesting date.

Other Compensation

Retirement Benefits

General

BD's U.S. Retirement Plan is a non-contributory defined benefit plan. The Code limits the maximum annual benefit that may be paid to an individual under the Retirement Plan and the amount of compensation that may be recognized in calculating these benefits. BD makes supplemental payments to its nonqualified DCP to offset any reductions in benefits that result from these limitations.

The Retirement Plan and the DCP generally provide retirement benefits on a "cash balance" basis. Under the cash balance provisions, an associate has an account that is increased by pay credits based on compensation, age and service, and by interest credits based on a prescribed rate.

Prior to January 1, 2013, benefits were based on a "final average pay" formula for associates who were hired before April 1, 2007 and who did not elect to be covered under the cash balance formula. Effective January 1, 2013, all final average pay participants were converted to the cash balance formula, with an opening cash balance equal to the actuarial present value of the accrued final average pay benefit, based on service and pay through December 31, 2012. Upon retirement, the value of this opening cash balance (with interest credits) is

compared to the value of the December 31, 2012 benefit accrued under the final average pay formula and the greater of the two is payable to the participant. Benefits accrued after December 31, 2012 are determined under the cash balance formula only.

Prior to January 1, 2018, the Retirement Plan was generally available to all active full-time and part-time U.S. BD associates. Effective January 1, 2018, the Retirement Plan was frozen, and persons hired or rehired by BD on or after that date do not accrue pension benefits under the Retirement Plan. Messrs. Kurdikar, Elguicze, Curtis and Mann do not participate in the Retirement Plan.

Estimated Benefits

The following table shows for Mr. Kumar the actuarial present value on September 30, 2021 (assuming payment as a lump sum) of accumulated retirement benefits payable under the listed plans as of the first date on which he is eligible to retire and commence unreduced benefit payments. For a description of the other assumptions used in calculating the present value of the benefits under the Retirement Plan and DCP, see Note 9 to the consolidated financial statements contained in BD's Annual Report on Form 10-K for the year ended September 30, 2021. Amounts shown are not subject to any further deduction for Social Security benefits or other offsets.

Pension Benefits at 2021 Fiscal Year-End

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)
Devdatt (Dev) Kurdikar	Retirement Plan	N/A	N/A
	DCP	N/A	N/A
Jacob (Jake) Elguicze	Retirement Plan	N/A	N/A
	DCP	N/A	N/A
Ajay Kumar	Retirement Plan	15	$ 145,147
	DCP	15	$ 51,306
Shaun Curtis	Retirement Plan	N/A	N/A
	DCP	N/A	N/A
Jeff Mann	Retirement Plan	N/A	N/A
	DCP	N/A	N/A

Calculation of Benefits

Final Average Pay Provisions. The monthly pension benefit payable in cases of retirement at normal retirement age under the final average pay provisions is calculated using the following formula: (1% of average final covered compensation, plus 1.5% of average final excess compensation) *multiplied b*y years and months of credited service.

For purposes of the formula, "average final covered compensation" is generally the portion of an associate's covered compensation subject to Social Security tax, and "average final excess compensation" is the portion that is not subject to such tax. "Covered compensation" included salary and other forms of regular compensation, including commissions and PIP awards. As noted above, effective January 1, 2013, all final average pay participants were converted to the cash balance formula, with an opening cash balance equal to the actuarial present value of the final average pay benefit accrued based on service and pay through December 31, 2012.

Cash Balance Provisions. Each month, an associate's cash balance account is credited with an amount equal to a percentage of the associate's total compensation for the month (generally, salary and other forms of regular compensation, including commissions and PIP awards). Such percentage is calculated as follows:

Age Plus Years of Credited Service as of the Upcoming December 31	Credit Percentage
Less than 40	3%
40-49	4%
50-59	5%
60-69	6%
70 or more	7%

In addition, each month the associate's account is credited with interest. The rate used during the calendar year is determined based on the 30-year U.S. Treasury rates in effect during the prior September, subject to a minimum rate.

Early Retirement. An associate is eligible to retire early and commence benefit payments if the associate is at least age 55 and has at least ten years of credited service. Participants may commence payment of benefits under the cash balance formula prior to early retirement eligibility at any age if the participant terminates with at least three years of service.

Under the cash balance provisions, the amount of the associate's benefit will be the associate's vested account balance on the early retirement date. The associate may elect to begin payment of the account balance on the early retirement date or delay payment until the normal retirement date (age 65).

For participants who formerly participated in the final average pay formula and were converted to cash balance, the portion of the cash balance account attributable to the converted final average pay benefit is compared to the final average pay benefit accrued through the date of conversion under the final average formula. The result that produces the higher benefit is payable.

Form of Benefit. Participants may elect to receive their benefits in various forms. Participants may select a single life annuity, in which pension payments will be payable only during the associate's lifetime, or, if married, a joint and survivor annuity. Associates may also elect to receive their benefits in a single lump sum payment. Under the final average pay provisions, this lump sum is actuarially equivalent to the benefit payable under the single life annuity option. Under the cash balance provisions, the lump sum is equal to the associate's account balance.

Deferred Compensation

Cash Deferrals. The DCP also allows an eligible BD associate to defer receipt of up to 75% of salary and/or up to 100% of a PIP award until the date or dates elected by the associate. The amounts deferred are invested in a BD common stock account or in cash accounts that mirror the gains and/or losses of several different publicly available investment funds, based on the investment selections of the participants. The investment risk is borne solely by the participant. Participants are entitled to change their investment elections at any time with respect to prior deferrals, future deferrals or both. The investment options available to participants may be changed by BD at any time.

Deferral of Equity Awards. The DCP also allows eligible associates to defer receipt of up to 100% of the shares issuable under their Performance Units and TVUs. These deferred shares are allocated to the participant's BD stock account and must stay in such account until they are distributed.

Withdrawals and Distributions. Participants may elect to receive deferred amounts either during their employment or following termination of employment, and to receive distributions in installments or in a lump

sum. Except in an unforeseen financial emergency, participants may not withdraw deferred amounts prior to their scheduled distribution date.

Matching Contributions. BD provides matching contributions on cash amounts deferred under the DCP. These contributions are made in the first calendar quarter following the calendar year in which the compensation was deferred. BD matches 75% of the first 6% of salary and PIP award deferred by a participant under the DCP, subject to certain limits.

Unfunded Liability. BD is not required to make any contributions to the DCP with respect to its obligations to pay deferred compensation. BD has unrestricted use of any cash amounts deferred by participants. Participants have an unsecured contractual commitment from BD to pay deferred amounts due under the DCP. When such payments are due, cash and/or stock will be distributed from BD's general assets.

The following table sets forth information regarding activity during fiscal year 2021 in the deferred compensation accounts of the NEOs.

Nonqualified Deferred Compensation in Fiscal Year 2021

Name	Executive Contributions in Last Fiscal Year ($)(1)	Registrant Contributions in Last Fiscal Year ($)(2)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Balance at Last Fiscal Year-End ($)(3)
Devdatt (Dev) Kurdikar	$ 100,962	0	(88)	100,873
Jacob (Jake) Elguicze	$ 15,577	0	(135)	$ 15,442
Ajay Kumar	0	0	$ 11,491	$ 49,874
Shaun Curtis	0	0	0	0
Jeff Mann	0	0	0	0

(1) The following amounts are reported as compensation in the fiscal year 2021 "Salary" column of the Summary Compensation Table. The remaining executive contributions relate to the deferral of fiscal year 2020 PIP awards that were payable in fiscal year 2021.

(2) Amounts in this column are included in the "All Other Compensation" column of the Summary Compensation Table and reflect matching credits relating to participant deferrals in fiscal year 2021. These amounts are not credited to participant accounts until fiscal year 2022.

(3) Reflects amounts in which the NEO is vested. BD matching contributions fully vest after a participant has been at BD for four years.

Payments upon Termination of Employment or Change in Control

The following table shows the estimated payments and benefits that would be paid by BD to each of the NEOs as a result of a termination of employment under various scenarios. The amounts shown assume termination of employment on September 30, 2021. However, the actual amounts that would be paid to these NEOs under each scenario can only be determined at the time of actual termination.

Name	Termination without "Cause" or for "Good Reason" Following a Change in Control ($)(1)	Termination Due to Retirement ($)(2)	Termination without Cause ($)(3)	Termination Due to Disability ($)(4)	Termination Due to Death ($)(5)
Devdatt (Dev) Kurdikar	3,867,626	0	2,851,019	549,654	1,249,654
Jacob (Jake) Elguicze	1,071,987	0	1,060,761	202,064	652,064
Ajay Kumar	1,036,579	0	504,049	395,948	729,819
Shaun Curtis	789,061	0	505,522	397,408	669,938
Jeff Mann	550,000	0	550,000	0	450,000

(1) Includes amounts payable under the letter agreement with Mr. Kurdikar (three times base salary plus target bonus, prorated bonus, welfare benefit continuation, and outplacement services), letter agreements for Messrs. Elguicze and Mann (one times base salary plus target bonus, prorated bonus, welfare benefit continuation, and outplacement services), or the BD severance plan for Messrs. Kumar and Curtis (one times base salary, welfare benefit continuation, and outplacement services), and the accelerated vesting of equity compensation awards, which is discussed below. Also includes for Mr. Kumar, amounts distributable under BD's pension plans, assuming payout as a lump sum.
(2) None of the NEOs was eligible for retirement as of September 30, 2021.
(3) Includes amounts payable under letter agreements (for Mr. Kurdikar, two times base salary plus target bonus, prorated bonus, welfare benefit continuation, and outplacement services; for Mr. Elguicze and Mr. Mann, one times base salary plus target bonus, prorated bonus, welfare benefit continuation, and outplacement services) or the BD severance plan (for Mr. Kumar and Mr. Curtis, one times base salary, welfare benefit continuation, and outplacement services), and the accelerated vesting of equity compensation awards.
(4) Includes the accelerated vesting of equity compensation awards.
(5) Includes the accelerated vesting of equity compensation awards and life insurance benefits.

The amounts shown in the above table do not include vested deferred compensation distributable upon termination, which is as discussed in the section entitled "Compensation of Named Executive Officers—Payments upon Termination of Employment or Change in Control".

Change in Control Agreement with Mr. Kurdikar

BD has entered into an agreement with Mr. Kurdikar that provides for his continued employment for a period of two years following a change in control of BD. The agreement is designed to retain Mr. Kurdikar and provide continuity of management in the event of an actual or potential change in control of BD. The following is a summary of the key terms of the agreement.

The agreement provides that BD will continue to employ Mr. Kurdikar for two years following a change in control, and that, during this period, his position and responsibilities at BD will be materially the same as those prior to the change in control. The agreement also provides for minimum salary, PIP award and other benefits during this two-year period. "Change in control" is defined under the agreement generally as:

- the acquisition by any person or group of 25% or more of the outstanding BD common stock;
- the incumbent members of the BD Board of Directors ceasing to constitute at least a majority of the BD Board of Directors;
- certain business combinations; or
- shareholder approval of the liquidation or dissolution of BD.

The agreement also provides that, in the event Mr. Kurdikar is terminated without "cause" or terminates his employment for "good reason" during the two years following a change in control, he would receive:

- a pro rata PIP award for the year of termination based on the greater of (i) the executive's average PIP award for the last three fiscal years prior to termination, and (ii) the executive's target PIP award for the year of termination (the greater of the two being referred to herein as the "Incentive Payment");
- a lump sum severance payment equal to two times the sum of his annual salary and his Incentive Payment;
- continuation of his health and welfare benefits (reduced to the extent provided by any subsequent employer) for a period of three years; and
- outplacement services, subject to a limit on the cost to BD of $100,000.

"Cause" is generally defined as the willful and continued failure of the executive to substantially perform his duties, or illegal conduct or gross misconduct that is materially injurious to BD. "Good reason" is generally defined to include (i) any significant change in the executive's position or responsibilities, (ii) the failure of BD to pay any compensation called for by the agreement, or (iii) certain relocations of the executive.

Accelerated Vesting of Equity Compensation Awards upon a Change in Control

Awards will not automatically vest upon a change in control if the awards are either continued or replaced with similar awards. In those instances, the awards will automatically vest only if the associate is terminated without "cause" or the associate terminates employment for "good reason" (as such terms are defined in the 2004 Plan) within two years of the change in control. Awards will vest upon a change in control if the awards are neither continued nor replaced with similar awards.

Equity Compensation upon Termination of Employment

Mr. Kurdikar's letter agreement, entered into on his commencement of employment, provides that his sign-on long-term incentive awards will vest in full and any other BD equity awards will vest on a pro-rata basis on his termination without cause or termination with good reason. With respect to the other NEOs, upon an NEO's termination due to involuntary termination without cause, the NEO's:

- unvested SARs are forfeited and the NEO is entitled to exercise any then-vested SARs for three months following termination;
- unvested TVUs vest pro rata based on the amount of the vesting period that had elapsed; and
- unvested Performance Units vest pro rata based on the amount of the vesting period that had elapsed. The payments would be made after the end of the applicable vesting periods and would be based on BD's actual performance for the applicable performance periods, rather than award targets.

Upon an NEO's termination due to death or disability, the NEO's:

- unvested SARs become fully exercisable for their remaining term;
- unvested TVUs fully vest; and
- unvested Performance Units vest pro rata based on the amount of the vesting period that had elapsed. The payments would be based on award targets.

DIRECTOR COMPENSATION

The initial Embecta non-employee director compensation program will be patterned in structure on the existing BD director compensation program, and will be designed to provide competitive compensation that is necessary to attract and retain qualified non-management directors. It is anticipated that the Embecta annual non-employee director compensation program will initially consist of the following key elements: a cash retainer, equity compensation, Committee chair fees and Lead Director fees. Management directors will not receive compensation for their service as director. The anticipated program design is described in further detail below. Following the separation and distribution, the director compensation program will be subject to the review and approval of the Embecta Board of Directors or a committee thereof.

Treatment of outstanding BD equity-based compensation awards held by Embecta non-employee directors in connection with the distribution is described under "The Separation and Distribution—Treatment of Equity-Based Compensation."

Cash Retainer

Each Embecta non-management director is expected to receive an annual cash retainer of $70,000 for services as a director, which is paid in equal installments quarterly. Directors are not expected to receive meeting attendance fees.

Annual Equity Award

Embecta expects that each non-management director will be granted restricted stock units valued at $185,000 at the closing of the separation and at each annual shareholders meeting (using the same methodology used to value awards made to Embecta's executive officers). Embecta expects that the restricted stock units will vest and be distributable at the following annual shareholders meeting.

Committee Chair/Lead Director Fees

Embecta expects that the chair of each Committee will receive an annual fee of $16,000, paid in cash, and that Embecta's Non-Executive Chair will receive an annual fee of $60,000, paid in cash, and will receive an additional annual restricted stock unit grant then valued at $60,000.

Other Arrangements

Embecta intends to reimburse non-management directors for travel and other business expenses incurred in the performance of their services for Embecta. Directors are eligible to participate in Embecta's Matching Gift Program, pursuant to which Embecta will match charitable contributions made to qualifying nonprofit organizations, subject to an aggregate limit per participant of $5,000 per calendar year. Directors are also reimbursed for attending director education courses.

Directors' Deferral Plan

Directors may defer receipt of all or part of their annual cash retainer and other cash fees under the Directors' Deferral Plan.

EMBECTA 2022 EMPLOYEE AND DIRECTOR EQUITY-BASED COMPENSATION PLAN

Prior to the separation, Embecta will adopt the Embecta 2022 Employee and Director Equity Based Compensation Plan (the "2022 Plan"). BD, as Embecta's sole stockholder, will approve the 2022 Plan prior to the separation, and the 2022 Plan will become effective as of the date of the separation. Embecta expects the 2022 Plan to be its primary vehicle for equity-based compensation awards following the separation, and the Embecta equity-based compensation awards into which certain outstanding BD equity-based compensation awards are converted upon the separation (see "Separation and Distribution Agreement—Treatment of Equity Awards") will be issued pursuant to the 2022 Plan (such awards, the "Converted Awards"). The following description is a summary of the material terms of the 2022 Plan, filed as Exhibit 10.4 to the registration statement on Form 10 of which this information statement is a part. This summary is qualified in its entirety by reference to the full text of the 2022 Plan.

Purpose

Embecta expects to use awards under the 2022 Plan to attract, retain and motivate non-employee directors and associates throughout the Embecta organization who are important to Embecta's future, and to align the interests of its associates with those of its shareholders.

Authorized Shares

A maximum of 7,000,000 Embecta shares will be available for issuance under the 2022 Plan, which includes shares subject to all Converted Awards. A maximum of 7,000,000 Embecta shares may be granted pursuant to "incentive stock options" ("ISOs"). All shares available for issuance under the 2022 Plan are subject to adjustment as described below. Shares underlying awards issued in assumption of, or substitution for, awards issued by a company acquired by Embecta (referred to as "Substitute Awards") will not reduce the number of shares remaining available for issuance under the 2022 Plan. To the extent any outstanding award granted under the 2022 Plan (other than a Substitute Award) is forfeited, settled for cash, or otherwise terminates without the delivery of shares, the shares subject to the award will become available again for issuance. In the event an award is exercised through the delivery of Embecta shares, or withholding tax liabilities arising from an award are satisfied by the withholding of shares, the shares so delivered or withheld will not be available for issuance under the 2022 Plan. The maximum number of Embecta shares available to be granted pursuant to awards to any non-employee director under the 2022 Plan in any fiscal year of the Company shall be equal to $500,000 as of the applicable date of grant.

Eligibility

Any employee or director of Embecta or any of its affiliates will be eligible to receive awards under the 2022 Plan. Additionally, any holder of an outstanding equity-based award issued by a company acquired by Embecta may be granted a Substitute Award under the 2022 Plan.

Administration

The 2022 Plan will be administered by the Embecta Compensation Committee. The Compensation Committee will have the sole discretion to grant to eligible participants one or more equity awards and to determine the type, number or amount of any award to be granted. The Compensation Committee will have the authority to, among other things, interpret any provision of the 2022 Plan, adopt rules and regulations for administering the 2022 Plan, and delegate any administrative responsibilities under the 2022 Plan. Decisions of the Compensation Committee will be final and binding on all parties.

Awards

General**.** Awards shall be granted for no cash consideration, or for minimal cash consideration if required by applicable law. Awards may provide that upon their exercise, the holder will receive cash, Embecta stock, other securities, other awards, other property or any combination thereof. Shares of stock deliverable under the 2022 Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

Exercise price. Except in the case of Converted Awards or Substitute Awards, the exercise price of any stock option or SAR will not be less than 100% of the fair market value of the Embecta stock or other security on the date of grant. The Compensation Committee may not, without approval of Embecta's shareholders or in connection with an adjustment event described below, amend an award to reduce its exercise, grant or purchase price (a "repricing"), cancel an outstanding stock option or SAR and replace it with a new award with a lower exercise price (except for adjustments in connection with stock splits and other events, as described below), or exchange for cash any option or SAR whose exercise price is less than the then-current Embecta stock price.

Exercise of award; Form of consideration**.** The Compensation Committee will determine the times at which options and other purchase rights may be exercised, and the methods by which payment of the purchase price may be made. No loans may be extended by Embecta to any participant in connection with the exercise of an award (although Embecta is permitted to maintain a broker-assisted "cashless exercise" program for stock options).

Stock options and stock appreciation rights**.** The term of any stock options and SARs granted under the 2022 Plan will be established by the Compensation Committee, but may not exceed 10 years. The Compensation Committee may impose a vesting schedule on stock options and SARs. Unless otherwise provided by the Compensation Committee, employee stock options and SARs:

- are exercisable following voluntary termination of employment or involuntary termination of employment without cause for three months, to the extent such awards were exercisable at the time of termination;
- become fully vested upon retirement, death and disability, and otherwise remain in effect in accordance with their terms; and
- otherwise lapse upon termination of employment.

Stock options granted under the 2022 Plan may be ISOs, which afford certain favorable tax treatment for the holder, or "nonqualified stock options" ("NQSOs").

Restricted stock and restricted stock units**.** The Compensation Committee may impose restrictions on restricted stock and restricted stock units, in its discretion. Unless otherwise provided by the Compensation Committee, upon death, disability or retirement, all restrictions on restricted stock and restricted stock units will no longer apply. In all other cases of termination of employment during the restriction period, restricted stock and restricted stock units will be forfeited.

Performance units**.** Performance unit payments are tied to the attainment of performance goals established by the Compensation Committee. The Compensation Committee will establish the performance criteria, the length of the performance period and the form and time of payment of the award. Unless otherwise provided by the Compensation Committee, upon retirement or involuntary termination without cause during the performance period, a holder of performance units will receive a pro rata portion of the amount otherwise payable under the award. In the event of voluntary termination or termination for cause, performance units will be forfeited. In other cases of termination of employment during the performance period, the rights of the holder will be as determined by the Compensation Committee.

Other stock-based awards**.** The Compensation Committee may grant and establish the terms and conditions of other stock-based awards, such as dividend equivalent rights.

Adjustments

In the event of a corporate transaction, the Compensation Committee may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to (i) the limits set forth in the 2022 Plan;

(ii) the number and kind of shares or other securities subject to outstanding awards; (iii) the performance goals applicable to outstanding awards; and (iv) the exercise price of outstanding awards (clauses (i) – (iv) together, the "award terms"). In the event of a stock dividend, stock split, reverse stock split, reorganization, share combination, or recapitalization or similar event affecting the capital structure of Embecta, in each case without consideration, or other extraordinary dividend of cash or other property to Embecta's shareholders, the Compensation Committee or the Embecta Board shall make such substitutions or adjustments as it deems appropriate and equitable to the award terms.

Transferability

Awards granted under the 2022 Plan are not transferable other than by will or the laws of descent and distribution, except as otherwise provided by the Compensation Committee. However, in no event may an award be transferred by a participant for value. Except to the extent a transfer is permitted, an award may be exercisable during a participant's lifetime only by the participant or by the participant's guardian or legal representative.

Minimum Vesting Period

Awards under the 2022 Plan shall be subject to a regular vesting period of at least one year following the date of grant, except that this requirement will not apply to up to five percent of shares available for grant under the 2022 Plan or to Substitute Awards or Converted Awards.

Change in Control

Awards under the 2022 Plan will not automatically vest upon a change in control if the awards are either continued or replaced with similar awards. In those instances, the awards will automatically vest only if the associate is terminated without "cause" or the associate terminates employment for "good reason" (as such terms are defined in the 2022 Plan) within two years of the change in control. Awards under the 2022 Plan will vest upon a change in control if the awards are neither continued nor replaced with similar awards.

Amendment and Termination

The Board may amend, discontinue or terminate the 2022 Plan or any portion of the 2022 Plan at any time. Shareholder approval may be required by the Nasdaq listing rules, tax or regulatory requirements for certain amendments. Participant approval must also be obtained for any amendment that would adversely affect the rights of such participant under any award granted under the 2022 Plan prior to the amendment. No awards may be granted after the tenth anniversary of the effectiveness of the 2022 Plan.

Future awards

The issuance of any awards under the 2022 Plan will be at the discretion of the Compensation Committee. Therefore, it is not possible to determine the amount or form of any award that will be granted to any individual in the future.

Agreements with BD

Prior to the separation and distribution, Embecta and BD will enter into a separation and distribution agreement and other agreements that will outline the terms and conditions of the separation and distribution and provide a framework for Embecta's relationship with BD after the separation and distribution.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entireties by reference to the full text of the applicable agreements, forms of which are filed as exhibits to the registration statement of which this information statement is a part and which are incorporated by reference into this information statement.

Separation and Distribution Agreement

Transfer of Assets and Assumption of Liabilities

The separation and distribution agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Embecta and BD as part of the separation of the diabetes care business from BD into an independent, publicly traded company, and will provide for when and how these transfers and assumptions will occur. In particular, the separation and distribution agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to the diabetes care business, which this information statement refers to as the "SpinCo Assets," will be retained by or transferred to Embecta or one of its subsidiaries. Subject to certain exceptions, assets that are exclusively related to the diabetes care business will be SpinCo Assets;
- certain liabilities related to the diabetes care business or the SpinCo Assets, which this information statement refers to as the "SpinCo Liabilities," will be retained by or transferred to Embecta. Subject to certain exceptions, liabilities that arise out of or are resulting from the diabetes care business, including liabilities of various legal entities that will be subsidiaries of Embecta following the separation, will be SpinCo Liabilities; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the SpinCo Assets and the SpinCo Liabilities (such assets and liabilities, other than the SpinCo Assets and the SpinCo Liabilities, being referred to in this information statement as the "Parent Assets" and "Parent Liabilities," respectively) will be retained by or transferred to BD.

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, neither BD nor Embecta will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either of Embecta or BD, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. The separation and distribution agreement will

provide that in the event that the transfer of certain assets and liabilities (or a portion thereof) to Embecta or BD, as applicable, does not occur prior to the separation, then until such assets or liabilities (or a portion thereof) are able to be transferred, Embecta or BD, as applicable, will hold such assets on behalf and for the benefit of the transferee, and will pay, perform and discharge such liabilities, for which the transferee will reimburse Embecta or BD, as applicable, for all reasonable payments made in connection with the performance and discharge of such liabilities.

The Distribution

The separation and distribution agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, BD will distribute to its shareholders that hold BD common stock as of the record date for the distribution all of the issued and outstanding shares of Embecta common stock on a pro rata basis. Shareholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation and distribution agreement will provide that the distribution is subject to satisfaction (or waiver by BD in its sole and absolute discretion) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." BD will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Claims

In general, each party to the separation and distribution agreement will assume liability for all pending, threatened and unasserted legal matters arising from its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation and distribution agreement will provide that Embecta and its affiliates will release and discharge BD and its affiliates from all liabilities assumed by Embecta as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date arising from the diabetes care business, the SpinCo Assets and the SpinCo Liabilities and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation and distribution agreement. BD and its affiliates will release and discharge SpinCo and its affiliates from all liabilities retained by BD and its affiliates as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date arising from the Parent Business, the Parent Assets and the Parent Liabilities and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation and distribution agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include the separation and distribution agreement and the other agreements described under "Certain Relationships and Related Party Transactions."

Indemnification

In the separation and distribution agreement, Embecta will agree to indemnify, defend and hold harmless BD, each of BD's affiliates, and each of their respective directors, officers, employees and agents, from and against all liabilities arising out of or resulting from:

- the SpinCo Liabilities;
- Embecta's failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the Embecta Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- except to the extent arising from a BD Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Embecta by BD that survives the distribution;
- any breach by Embecta of the separation and distribution agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact in the Form 10 or in this information statement or other related disclosure document (as amended or supplemented), except for any such statements or omissions made explicitly in BD's name.

BD will agree to indemnify, defend and hold harmless Embecta, each of Embecta's affiliates and each of Embecta's affiliates' directors, officers, employees and agents from and against all liabilities arising out of or resulting from:

- the BD Liabilities;
- the failure of BD or any other person to pay, perform or otherwise promptly discharge any of the BD Liabilities in accordance with their respective terms whether prior to, at or after the distribution;
- except to the extent arising from a SpinCo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of BD by Embecta that survives the distribution;
- any breach by BD of the separation and distribution agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact made explicitly in BD's name in the Form 10 or in this information statement or other related disclosure document (as amended or supplemented).

The separation and distribution agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Indemnification with respect to taxes, and the procedures related thereto, will be governed by the tax matters agreement.

Insurance

The separation and distribution agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and set forth procedures for the administration of insured claims and related matters.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, Embecta and BD will agree in the separation and distribution agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

Dispute Resolution

The separation and distribution agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Embecta and BD related to the separation or distribution and that are unable to be resolved through good faith discussions between Embecta and BD. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims through a transition committee, and if the efforts are not successful, by escalation of the matter to executives of the parties in dispute. If such efforts are not successful, one of the parties in dispute may submit the dispute, controversy or claim to nonbinding mediation, and if such efforts are still not successful, either party may commence litigation, in each case subject to or as otherwise set forth in the provisions of the separation and distribution agreement.

Expenses

Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, the party incurring the expense will be responsible for all fees, costs and expenses incurred in connection with the separation prior to the distribution date.

Other Matters

Other matters governed by the separation and distribution agreement will include, among others, approvals and notifications of transfer, termination of intercompany agreements, shared contracts, financial information certifications, transition committee provisions, confidentiality, access to and provision of records, privacy and data protection, production of witnesses, privileged matters and financing arrangements.

Amendment and Termination

The separation and distribution agreement will provide that it may be terminated, and the separation and distribution agreement may be amended, modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of without the approval of any person, including Embecta.

The separation and distribution agreement will provide that no provision of the separation and distribution agreement or any ancillary agreement may be waived, amended, supplemented or modified by a party without the written consent of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

After the distribution date, the separation and distribution agreement may not be terminated, except by an agreement in writing signed by both Embecta and BD.

In the event of a termination of the separation and distribution agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other parties or any other person.

Transition Services Agreement

Embecta and BD will enter into a transition services agreement in connection with the separation pursuant to which Embecta and BD and their respective affiliates will provide each other, on an interim, transitional basis,

various services, including, but not limited to, information technology, procurement, quality and regulatory affairs, medical affairs, tax and treasury services. The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of out-of-pocket costs and expenses and a predetermined profit in the form of a mark-up of such out-of-pocket expenses. The party receiving each transition service will be provided with reasonable information that supports the charges for such transition service by the party providing the service.

The services will commence on the distribution date and terminate no later than 24 months following the distribution date. The receiving party may terminate any services by giving prior written notice to the provider of such services and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate charges actually paid to such party by the other party in the prior 12 months (or such shorter period if 12 months has not elapsed) pursuant to the transition services agreement. The transition services agreement also will provide that the provider of a service will not be liable to the recipient of such service for any lost profits, special, indirect, incidental, consequential, punitive, exemplary, remote, speculative or similar damages.

Tax Matters Agreement

In connection with the separation, Embecta and BD will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes.

The tax matters agreement will provide special rules that allocate tax liabilities in the event the distribution or certain related transactions fail to qualify as transactions that are tax-free for U.S. federal income tax purposes (other than any cash that BD shareholders receive in lieu of fractional shares). Under the tax matters agreement, Embecta will generally agree to indemnify BD and its affiliates against any and all tax-related liabilities incurred by them relating to the distribution and certain related transactions, to the extent caused by any representation by Embecta being incorrect or an acquisition of Embecta's stock or assets or by any other action undertaken or failure to act by Embecta. This indemnification will apply even if BD has permitted Embecta to take an action that would otherwise have been prohibited under the tax-related covenants described below.

Pursuant to the tax matters agreement, Embecta will agree to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution and certain related transactions. Embecta may take certain actions prohibited by these covenants only if Embecta obtains and provides to BD an opinion from a U.S. tax counsel or accountant of recognized national standing, in either case satisfactory to BD, to the effect that such action would not jeopardize the tax-free status of these transactions, or if Embecta obtains prior written consent of BD, in its sole and absolute discretion, waiving such requirement. Embecta will be barred from taking any action, or failing to take any action, including in each case those provided in connection with the private letter ruling from the IRS or the opinion of outside tax counsel, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of these transactions or result in certain other taxes to BD, for all relevant time periods. In addition, during the period ending two years after the date of the distribution, these covenants will include specific restrictions on Embecta's (i) discontinuing the active conduct of Embecta's trade or business; (ii) issuance or sale of stock or other securities (including securities convertible into Embecta stock, but excluding certain compensatory arrangements); (iii) liquidating, merging, or consolidating with any other person; (iv) amending Embecta's certificate of incorporation (or other organizational documents) or taking any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Embecta common stock; (v) sales of assets outside the ordinary course of business; and (vi) entering into any other corporate transaction which would cause Embecta to undergo a 50% or greater change in its stock ownership.

Employee Matters Agreement

Embecta and BD will enter into an employee matters agreement in connection with the separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the former employees of BD and current employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, each party will be responsible for liabilities associated with current employees of such party and its subsidiaries for purposes of post-separation compensation and benefit matters. The employee matters agreement will also provide that BD will retain all liabilities associated with former employees (who are not Embecta employees) and all liabilities under BD's United States and international defined benefit pension plans; however, Embecta employees participating in the BD U.S. Defined Benefit Plan will receive credit for their service with Embecta for purposes of vesting and eligibility in early retirement subsidies, and Embecta will reimburse BD for the estimated costs of such early retirement subsidies for participating Embecta employees. The employee matters agreement will also provide, subject to customary exceptions, that neither Embecta nor BD nor their respective subsidiaries will solicit or hire for employment any individual who is an employee of the other party or its subsidiaries for a period of two years following the distribution date.

The employee matters agreement will also govern the terms of equity-based awards granted by BD prior to the separation. See "The Separation and Distribution—Treatment of Equity-Based Compensation."

Cannula Supply Agreement

Embecta and BD will enter into a cannula supply agreement in connection with the separation whereby BD will sell to Embecta cannulas for incorporation into Embecta's existing syringes and pen needles and its insulin patch pump, safety pen needle and pen needle currently under development, all for sale within the diabetes care sector. After the separation, BD will retain ownership of all cannula technology, cannula production activities and the intellectual property rights therein, including all intellectual property rights relating to cannula, the manufacture thereof, and other critical cannula-related technology (the "Retained Cannula IP"). Pursuant to the intellectual property matters agreement, which is described below under "—Intellectual Property Matters Agreement," BD will grant to Embecta a non-exclusive license, without the right to sublicense, to use the intellectual property relating to the cannulization process within the syringe and pen needle lines at the Embecta facilities in Holdrege, Nebraska, Dun Laoghaire, Ireland, and Suzhou, China (the "Manufacturing Line IP") in connection with the manufacture of products in the diabetes care sector that contain either BD cannula or third-party-sourced cannula (as permitted under the Cannula Supply Agreement) to the extent that such Manufacturing Line IP was used in or for the diabetes care business prior to the separation; provided that such license is royalty-free with respect to BD cannula and royalty-bearing with respect to third-party sourced cannula.

Embecta is also limited to a maximum number of cannulas that it can purchase under the cannula supply agreement, which will be an absolute upper limit of cannulas per year and yearly limits that vary with annual demand. The cannula supply agreement will also contain quantity, pricing and other terms.

The cannula supply agreement will be terminable by Embecta without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than five years from the distribution date. The cannula supply agreement will be terminable by BD without cause by providing at least 36 months' written notice; however, such termination can be effective no earlier than ten years from the distribution date. However, in the event of a change of control of Embecta, BD will have the right to terminate the cannula supply agreement in its sole discretion. The cannula supply agreement will also terminate automatically, subject to a 36-month wind-down period, if Embecta's yearly forecast is below the required minimum purchase amount, and the parties will have other customary termination rights for material breach or bankruptcy of the other party.

Contract Manufacturing Agreements

In order to accommodate the manufacturing and/or sterilization of certain BD Business products at Embecta's facilities in Dun Laoghaire, Ireland, and Suzhou, China and Embecta's leased facility in Holdrege, Nebraska, Embecta and BD will enter into one or more manufacturing, supply, and/or services agreements pursuant to which Embecta will manufacture and supply, at these facilities, non-insulin patch pumps, blood collection tubes, safety syringes and certain other products and product components, and provide sterilization and other services, to BD.

In order to accommodate the operation of certain Embecta equipment in BD's facilities in Drogheda, Ireland, Embecta and BD will enter into one or more manufacturing, supply, and/or services agreements pursuant to which BD will manufacture and supply pen needles for Embecta at these facilities.

In order to accommodate the manufacturing of BD SafetyGlide™ syringes at Embecta's facilities in Holdrege, Nebraska, Embecta and BD will enter into a contract manufacturing agreement whereby Embecta will manufacture and supply BD SafetyGlide™ syringes for BD at these facilities.

In order to accommodate the manufacturing and/or repackaging of certain diabetes care business products at BD's facilities in Bawal, India, Cuautitlan, Mexico and Curitiba, Brazil, Embecta and BD will enter into a contract manufacturing agreement whereby BD will manufacture and/or repackage pen needles and/or syringes for Embecta at these facilities.

Lease Agreement for Holdrege

Embecta and a subsidiary of BD will enter into a long-term lease agreement and related agreements (including a services agreement for warehousing and sterilization services), which will provide for (1) the lease by Embecta from such subsidiary of physical space in such subsidiary's manufacturing plant in Holdrege, Nebraska and (2) a services agreement under which such subsidiary will provide sterilization and warehousing services for Embecta at such manufacturing plant. The initial term of the lease is ten years, with Embecta having a one-time option to extend for an additional one, two, three, four or five years by giving BD written notice prior to the end of the seventh lease year. The initial annual base rent under the lease is generally intended to permit BD to recover its costs plus a predetermined profit, and is subject to 3% annual escalations on base rent. Embecta is also responsible for its proportionate share of the facility's management fee, taxes, insurance and utilities. Embecta agreed that it would be a default under the lease if Embecta, directly or indirectly, by operation of law, merger, consolidation, reorganization or otherwise (including by transfer of a direct or indirect majority interest in it), mortgages, pledges, encumbers, sells, transfers, assigns or sublets the lease without consent (which shall be in BD's sole and absolute discretion).

Intellectual Property Matters Agreement

Embecta and BD will enter into an intellectual property matters agreement with respect to intellectual property that is used by both the diabetes care business and the BD Business, in order to ensure that each of Embecta and BD will have the intellectual property rights it needs to operate its respective business, as currently conducted, including (1) a perpetual, non-exclusive, royalty-free, sub-licensable, worldwide license from BD to Embecta under certain intellectual property to the extent used in or for the diabetes care business or in the operation thereof as of or prior to the separation (but excluding the Retained Cannula IP and the Manufacturing Line IP), and including patch pump technologies or certain other technologies with applicability in diabetes care, and in each case, for use in the field of diabetes care; provided that Embecta may have certain exclusive rights with respect to (i) patch pump products commercialized for infusion of insulin or insulin analogs and (ii) syringe or pen needle products promoted, marketed or labeled for injection of insulin or insulin analogs, (2) a perpetual, non-exclusive, royalty-free, sub-licensable, worldwide license from Embecta to BD under intellectual property to the extent used in or for the BD Business or in the operation thereof as of, or prior to, the separation, and in each case, for use in all fields other than diabetes care and (3) as noted above under "—Cannula Supply Agreement," a non-exclusive license, without the right to sublicense, from BD to Embecta to use the Manufacturing Line IP in

connection with the manufacture of products in the diabetes care sector that contain either BD cannula or third-party-sourced cannula (as permitted under the Cannula Supply Agreement) to the extent that such Manufacturing Line IP was used in or for the diabetes care business prior to the separation; provided that such license is royalty-free with respect to BD cannula and royalty-bearing with respect to third-party-sourced cannula.

Logistics Services Agreement

Embecta and BD will enter into a logistics services agreement whereby BD will provide Embecta with certain order-to-cash and logistics services to support certain commercial operations of the diabetes care business for a maximum term of two years, including (1) master data management, (2) order management and customer service support, (3) customer invoicing, (4) returns management, (5) administration of end user tracing, (6) sales reporting, (7) accounts receivable management, cash collections and cash application, (8) demand, supply, operations and planning, (9) inbound freight management, (10) import/export logistics, (11) global trade services, (12) warehousing, (13) inventory handling, management and reporting and (14) outbound freight management. Embecta shall pay BD: (i) reimbursable costs, including all shipping costs, selling costs, general administration costs, costs of goods, R&D services costs, and other income and expenses related solely to the diabetes care business direct P&L, that are incurred by BD directly, as allocated costs or as costs payable to a third party and (ii) a monthly administrative fee of 1% of net revenue.

Distribution Agreements

Embecta and BD will enter into distribution agreements for certain territories, principally in the Asia Pacific Region, EMEA and Latin America, whereby a subsidiary of BD will be appointed as a distributor of Embecta to support certain commercial operations of the diabetes care business on a transitional basis in these regions for a maximum of two years. The distribution agreements will each continue until either (1) certain governmental approvals needed to distribute products in the defined territory are obtained and order-to-cash processes and other services of the diabetes care business for such territory are migrated to an alternative commercial arrangement between the parties or (2) the applicable services are transitioned to a third-party distributor or independently performed by Embecta, but in any event no longer than the maximum term of two years. Embecta shall pay BD a return of 1.5% to 2% of net revenue for each territory.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the material U.S. federal income tax consequences of the distribution to "U.S. holders" (as defined below) of BD common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, administrative interpretations and court decisions as in effect as of the date of this information statement, all of which may change at any time, possibly with retroactive effect. Any such change or interpretation could affect the tax consequences described below. This discussion assumes that the separation and the distribution, together with certain related transactions, were or will be consummated in accordance with the separation and distribution agreement and the other agreements related to the separation and as described in this information statement.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of BD common stock that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) 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 its source; or
- a trust, if (1) the administration of which is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

This discussion addresses only the consequences to U.S. holders of shares of BD common stock who hold such shares as capital assets. It does not address all aspects of U.S. federal income taxation that may be relevant to a particular U.S. holder of BD common stock in light of that shareholder's particular circumstances, nor does it address any tax consequences to stockholders subject to special treatment under the U.S. federal income tax laws, including:

- a dealer or broker in securities, commodities or foreign currencies;
- a tax-exempt organization;
- a financial institution, regulated investment company or insurance company;
- a holder who acquired BD common stock pursuant to the exercise of employee stock options or similar derivative securities otherwise as compensation;
- a holder who owns BD common stock as part of a hedge, appreciated financial position, straddle, conversion or other risk reduction transaction; or
- a holder who holds BD common stock in a tax-deferred account, such as an individual retirement account.

This discussion does not address any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences, or any considerations under U.S. federal laws other than those pertaining to the U.S. federal income tax.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds BD common stock, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding BD common stock should consult its own tax advisor.

The discussion of U.S. federal income tax consequences is not a complete analysis or description of all potential U.S. federal income tax consequences of the distribution. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances.

ACCORDINGLY, EACH HOLDER OF BD COMMON STOCK SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME OR OTHER TAX CONSEQUENCES OF THE DISTRIBUTION TO SUCH HOLDER.

Private Letter Ruling and Tax Opinion

BD has received a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D), 355, and 361 of the Code. It is a condition to the distribution that BD receive (i) a private letter ruling from the IRS, satisfactory to the BD Board of Directors, regarding certain U.S. federal income tax matters relating to the separation and distribution and (ii) an opinion of BD's outside tax counsel, satisfactory to the BD Board of Directors, regarding the qualification of the contribution of assets from BD to Embecta and the distribution, taken together, as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code and such opinion has not been withdrawn or rescinded. The opinion of BD's outside tax counsel will be, and the private letter ruling is, based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of BD and Embecta, including facts, assumptions, representations, statements and undertakings relating to the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations and statements are or become inaccurate or incomplete, or if any such undertaking is not complied with, BD may not be able to rely on the opinion of BD's outside tax counsel or the private letter ruling, and the conclusions reached therein could be jeopardized.

Notwithstanding BD's receipt of the private letter ruling or the opinion of BD's outside tax counsel, the IRS could determine on audit that the distribution or certain related transactions are taxable for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements and undertakings upon which the private letter ruling or the opinion were based are incorrect or have been violated, or if it disagrees with any of the conclusions in the opinion. Accordingly, notwithstanding BD's receipt of the private letter ruling or the opinion of BD's outside tax counsel, there can be no assurance that the IRS will not assert that the distribution or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes, or that a court would not sustain such a challenge.

Distribution

Assuming that the distribution, together with certain related transactions, qualifies as a "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Code, then, for U.S. federal income tax purposes:

- BD will not recognize income, gain or loss on the distribution;
- except with respect to the receipt of cash in lieu of fractional shares of Embecta common stock, holders of BD common stock will not recognize income, gain or loss on the receipt of Embecta common stock in the distribution;
- a U.S. holder's aggregate tax basis in its shares of BD common stock and Embecta common stock (including any fractional shares deemed received, as described below) immediately after the distribution will be the same as the aggregate tax basis of the shares of BD common stock held by the U.S. holder immediately before the distribution, allocated between such shares of BD common stock and Embecta common stock in proportion to their relative fair market values; and
- a U.S. holder's holding period in the Embecta common stock received in the distribution (including any fractional shares deemed received, as described below) will include the holding period of the BD common stock with respect to which such Embecta common stock was received.

U.S. holders that have acquired different blocks of BD common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate tax basis in, and the holding period of, the Embecta common stock distributed with respect to such blocks of BD common stock.

A U.S. holder that receives cash in lieu of a fractional share of Embecta common stock in the distribution will generally be treated as having received such fractional share pursuant to the distribution and then as having

sold such fractional share for cash. Taxable gain or loss will be recognized in an amount equal to the difference between (i) the amount of cash received in lieu of the fractional share and (ii) the U.S. holder's tax basis in the fractional share, as described above. Such gain or loss will generally be long-term capital gain or loss if the U.S. holder's holding period for its Embecta common stock, as described above, exceeds one year at the effective time of the distribution. Long-term capital gains are generally subject to preferential U.S. federal income tax rates for certain non-corporate U.S. holders (including individuals). The deductibility of capital losses is subject to limitations under the Code.

If the distribution were determined not to qualify for tax-free treatment under Section 355 of the Code, BD would generally be subject to tax as if it sold the Embecta common stock in a taxable transaction. BD would recognize taxable gain in an amount equal to the excess of (i) the total fair market value of the shares of Embecta common stock distributed in the distribution over (ii) BD's aggregate tax basis in such shares of Embecta common stock. In addition, each U.S. holder who receives Embecta common stock in the distribution would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of the Embecta common stock received by the U.S. holder in the distribution. In general, such distribution would be taxable as a dividend to the extent of BD's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes). To the extent the distribution exceeds such earnings and profits, the distribution would generally constitute a non-taxable return of capital to the extent of the U.S. holder's tax basis in its shares of BD common stock, with any remaining amount of the distribution taxed as capital gain. A U.S. holder would have a tax basis in its shares of Embecta common stock equal to their fair market value. Certain U.S. holders may be subject to special rules governing taxable distributions, such as those that relate to the dividends received deduction and extraordinary dividends.

Even if the distribution otherwise qualifies under Section 355 of the Code, the distribution would be taxable to BD (but not to its U.S. holders) pursuant to Section 355(e) of the Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of BD or Embecta, directly or indirectly (including through acquisitions of stock after the completion of the distribution), as part of a plan or series of related transactions that includes the distribution. Current law generally creates a presumption that any direct or indirect acquisition of stock of BD or Embecta within two years before or after the distribution is part of a plan that includes the distribution, although the parties may be able to rebut that presumption in certain circumstances. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual in nature and subject to a comprehensive analysis of the facts and circumstances of the particular case. If the IRS were to determine that direct or indirect acquisitions of stock of BD or Embecta, either before or after the distribution, were part of a plan that includes the distribution, such determination could cause Section 355(e) of the Code to apply to the distribution, which could result in a material tax liability.

Under the tax matters agreement that Embecta will enter into with BD, Embecta generally will be required to indemnify BD for any taxes incurred by BD that arise as a result of Embecta taking or failing to take, as the case may be, certain actions that result in the distribution and certain related transactions failing to qualify as tax-free for U.S. federal income tax purposes or that result in certain other taxes to BD. For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

Information Reporting

Current Treasury regulations require certain U.S. holders of BD common stock who are "significant distributees" (generally, a U.S. holder that owns at least 5% of the outstanding BD common stock immediately before the distribution) and who receive Embecta common stock pursuant to the distribution to attach to their U.S. federal income tax returns for the taxable year in which the distribution occurs a statement setting forth certain information with respect to the transaction. BD will provide holders of BD common stock with the information necessary to comply with this requirement. U.S. holders should consult their tax advisors to determine whether they are significant distributees required to provide the foregoing statement.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following summary sets forth information based on Embecta's current expectations about the financing arrangements anticipated to be entered into in connection with the separation and distribution. However, Embecta has not yet entered into definitive material agreements with respect to such financing arrangements, and, accordingly, the terms of such financing arrangements are subject to change, including as a result of market conditions. The definitive agreements, when entered into, shall set forth the definitive terms of the financing arrangements.

In connection with the separation and distribution, Embecta expects to issue $500 million aggregate principal amount of senior secured notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S under the Securities Act. Prior to the completion of the distribution, Embecta also expects to enter into a credit agreement providing for a $500 million senior secured five-year revolving credit facility and a $1,150 million senior secured seven-year first lien term loan facility. Embecta intends to use the net proceeds from the sale of senior secured notes, together with borrowings under the term loan, (i) to finance the payment of a $1,440 million distribution to BD prior to the distribution (which amount is subject to change), (ii) to pay fees and expenses related to the offering and the separation and distribution and (iii) for general corporate purposes.

Embecta's targeted debt balance at the time of the separation was determined based on internal capital planning and considered the following factors and assumptions: anticipated business plan, optimal debt levels, operating activities, general economic contingencies, credit rating and desired financing capacity.

Nothing in this summary or otherwise herein shall constitute or be deemed to constitute an offer to sell or the solicitation of an offer to buy any debt instruments. The description contained herein and the other information in this information statement regarding the potential offering of the notes is included in this information statement solely for informational purposes.

Senior Secured Notes

In connection with the separation and distribution, Embecta expects to issue $500 million aggregate principal amount of 5.000% senior secured notes due 2030 in a private offering exempt from the registration requirements of the Securities Act. The notes will mature on February 15, 2030. The notes will bear interest at a rate of 5.000% per annum, payable semi-annually.

The notes will not be redeemable until after February 15, 2027, subject to certain limited exceptions. After February 15, 2027, the notes will be redeemable at Embecta's option in a customary manner and at the prices set forth therein.

Prior to the completion of the distribution, Embecta expects that the notes will be unsecured, unsubordinated obligations of Embecta and guaranteed on an unsecured, unsubordinated basis solely by BD, which guarantee will automatically and unconditionally terminate and be released upon the earlier to occur of (i) the completion of the distribution or (ii) the consummation of a defeasance or satisfaction and discharge in accordance with the provisions of the indenture that will govern the notes. From and after the completion of the distribution, Embecta expects that the notes will be, jointly and severally, guaranteed by each of Embecta's existing and future direct or indirect wholly owned domestic restricted subsidiaries (subject to certain exceptions) that is a borrower or guarantor under the Senior Secured Credit Facilities (as defined below).

From and after the completion of the distribution, the notes and related guarantees will be secured by a first priority lien on substantially all of the assets of Embecta and its subsidiary guarantors (subject to permitted liens and certain other exceptions), equally and ratably with all existing and future first lien obligations of Embecta

and the subsidiary guarantors, including the Senior Secured Credit Facilities, subject to the provisions of a first lien pari passu intercreditor agreement. Such intercreditor agreement will set forth the relative rights of, and relationship among, the holders of the notes, the secured parties under the Senior Secured Credit Facilities and the holders of any future obligations permitted to be secured by the collateral on a *pari passu* basis with the notes in respect of the collateral.

The notes are expected to contain customary affirmative and negative covenants, which covenants are expected to include, among others, limitations on the incurrence of indebtedness, restricted payments, liens, restrictions on distributions from subsidiaries, sales of assets and subsidiary stock, affiliate transactions and certain mergers and consolidations.

Embecta expects that the notes will be subject to customary events of default for financings of this type, which events of default are expected to include, among others, non-payment of principal, interest or premium, failure to comply with certain covenants and certain bankruptcy or insolvency events.

Senior Secured Credit Facilities

Prior to the distribution, Embecta expects to enter into a credit agreement (the "Credit Agreement"), as borrower, together with Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and the other lenders and L/C issuers from time to time party thereto.

The Credit Agreement is expected to provide for (a) a $500 million senior secured five-year revolving credit facility and (b) a $1,150 million senior secured seven-year term loan facility (collectively, the "Senior Secured Credit Facilities"). The proceeds under the revolving credit facility may be used for working capital and other general corporate purposes, including the financing of restricted payments, permitted acquisitions and other permitted investments, and for any other purpose not prohibited by the Credit Agreement. Prior to the completion of the distribution, Embecta's obligations under the Credit Agreement are expected to be guaranteed by BD on an unsecured, unsubordinated basis. On and after the completion of the distribution, Embecta's obligations are expected to be guaranteed by Embecta's existing and subsequently acquired wholly owned domestic subsidiaries, subject to certain exceptions, and are expected to be secured by a first priority lien on substantially all of the assets of Embecta and the subsidiary guarantors, subject to permitted liens and certain other customary exceptions. Upon the completion of the distribution, BD is expected to be relieved of all obligations under the Senior Secured Credit Facilities.

Embecta expects that the Credit Agreement will contain affirmative and negative covenants customary for financings of this type, including, among others, delivery of financial and other information; compliance with laws; maintenance of property, existence, insurance, books and records and public ratings; use of proceeds; inspection rights; obligation to provide collateral for newly acquired property and guarantees by certain new subsidiaries; and limitations with respect to indebtedness, liens, acquisitions and other investments, fundamental changes, restrictive agreements, dividends and redemptions or repurchases of stock, prepayments of certain subordinated indebtedness, dispositions of assets and transactions with affiliates, in each case subject to certain exceptions. In addition, the Credit Agreement is expected to require that Embecta maintain a first lien net leverage ratio not to exceed 4.75 to 1.00, measured as of the last day of each fiscal quarter beginning with the first full fiscal quarter after the closing of the Senior Secured Credit Facilities. The Credit Agreement is also expected to contain events of default customary for financings of this type, including, among others, material breach of representations and warranties, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay or default under certain other indebtedness in excess of a threshold amount, and certain events of bankruptcy and insolvency.

Embecta-to-BD Distribution Transaction

Prior to the completion of the distribution, it is expected that Embecta will pay a dividend to BD equal to all of Embecta's cash and cash equivalents in excess of $160 million. However, prior to the completion of the

distribution, BD may cause Embecta to issue the Exchange Debt to effect a Debt-For-Debt Exchange. Embecta anticipates that in the event that such additional debt takes the form of additional secured notes, Embecta would reduce the aggregate principal amount of term loans under the Senior Secured Credit Facilities incurred on or prior to the completion of the distribution by an aggregate principal amount equal to the aggregate principal amount of any such Exchange Debt. In the event that BD determines that Embecta shall issue the Exchange Debt to BD, then the amount of the cash dividend from Embecta to BD shall be equal to (1) the amount of the cash dividend from Embecta to BD that would have been made if the Exchange Debt had not been issued, *less* (2) the aggregate principal amount of any such Exchange Debt. We refer to the cash dividend, taken together with the issuance of the Exchange Debt, if applicable, as the “Embecta-to-BD Distribution Transaction.”

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation and distribution, all of the outstanding shares of Embecta common stock will be owned beneficially and of record by BD. Following the separation and distribution, Embecta expects to have outstanding an aggregate of approximately 57 million shares of common stock based upon approximately 284 million shares of BD common stock issued and outstanding on October 31, 2021, excluding treasury shares, assuming no exercise of any shares issued under BD equity compensation awards and applying the distribution ratio.

Securities Owned by Certain Beneficial Owners

The following table sets forth information concerning those persons known to Embecta that are expected to be the beneficial owner of more than 5% of Embecta's outstanding common stock immediately following the completion of the distribution. The below table is based on information available as of September 30, 2021 and based upon the assumption that, for every five shares of BD common stock held by such persons, they will receive one share of Embecta common stock. In general, "beneficial ownership" includes those shares that a person has the sole or shared power to vote or dispose of, including shares that the person has the right to acquire within 60 days.

Name and Address of Beneficial Owner	Title of Security	Amount and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	4,831,589(1)	8.5%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	Common Stock	3,973,178(2)	7.0%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	Common Stock	3,088,052(3)	5.4%
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	Common Stock	2,897,949(4)	5.1%

(1) The beneficial owner is expected to have sole dispositive power with respect to approximately 4,592,284 shares and shared dispositive power with respect to approximately 239,305 shares, and is expected to have shared voting power with respect to approximately 99,368 shares.

(2) The beneficial owner is expected to have sole dispositive power with respect to these shares and sole voting power with respect to approximately 3,408,591 shares.

(3) The beneficial owner is expected to have sole dispositive power with respect to these shares and sole voting power with respect to approximately 1,876,578 shares.

(4) The beneficial owner is expected to have shared dispositive power with respect to these shares and shared voting power with respect to approximately 2,717,274 shares.

Stock Ownership of Directors and Executive Officers

The following table sets forth information concerning the expected beneficial ownership of Embecta common stock by (i) each director, (ii) the executive officers, and (iii) all Embecta directors and executive officers as a group immediately following the completion of the distribution, based on information available as of December 1, 2021 and based on the assumption that, for every five shares of BD common stock held by such persons, they will receive one share of Embecta common stock. Each person has the sole power to vote and dispose of the shares he or she beneficially owns. None of these individuals, or the group as a whole, would be expected to beneficially own more than 1% of Embecta's common stock immediately following the completion of the distribution.

Name	Amount and Nature of Beneficial Ownership(1)(2)	Percentage of Class
Devdatt (Dev) Kurdikar	993	*
David F. Melcher	1,522	*
David J. Albritton	0	—
Carrie L. Anderson	0	—
Robert (Bob) J. Hombach	6	*
Milton M. Morris, Ph.D.	0	—
Claire Pomeroy	1,825	*
Karen N. Prange	0	—
Christopher R. Reidy	60,413	*
Jacob (Jake) Elguicze	501	*
Brian Capone	84	*
Shaun Curtis	291	*
Ajay Kumar	223	*
Jeff Mann	336	*

* Less than one percent.

(1) Includes (a) shares held directly, (b) with respect to executive officers and Mr. Reidy, indirect interests in BD common stock held under BD plans, and (c) with respect to Mr. Melcher and Dr. Pomeroy, indirect interests in BD common stock held under the BD Directors' Deferral Plan.

(2) Pursuant to SEC regulations, shares receivable through the exercise of BD stock options that are exercisable, and shares issuable pursuant to BD restricted stock units that will vest, within 60 days after December 1, 2021 are deemed to be beneficially owned as of December 1, 2021. For purposes of this table, shares of BD common stock underlying such options and restricted stock units are treated as outstanding as of December 1, 2021 and converted into Embecta shares based upon the distribution ratio.

DESCRIPTION OF EMBECTA CAPITAL STOCK

Embecta's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following briefly summarizes the material terms of Embecta capital stock that will be contained in its amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not describe every aspect of these securities and documents and are subject to all the provisions of Embecta's amended and restated certificate of incorporation or amended and restated bylaws that will be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you should read for complete information on its capital stock as of the time of the distribution. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, will be included as exhibits to Embecta's registration statement on Form 10, of which this information statement forms a part. Embecta will include its amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the Delaware General Corporation Law, or the DGCL.

General

Embecta's authorized capital stock will consist of 250,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share. Embecta's Board of Directors may establish the rights and preferences of the preferred stock from time to time. Immediately following the distribution, Embecta expects that approximately 57 million shares of its common stock will be issued and outstanding (based on approximately 284 million shares of BD common stock outstanding on October 31, 2021), and that no shares of its preferred stock will be issued and outstanding.

Common Stock

Each holder of Embecta common stock will be entitled to one vote for each share on all matters to be voted upon by the holders of Embecta common stock, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of Embecta common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by its Board of Directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of Embecta, holders of its common stock would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding preferred stock.

Holders of Embecta common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the Embecta common stock. After the distribution, all outstanding shares of Embecta common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of Embecta common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Embecta may designate and issue in the future.

Preferred Stock

Under the terms of Embecta's amended and restated certificate of incorporation, its Board of Directors will be authorized, subject to limitations prescribed by the DGCL, and by its amended and restated certificate of incorporation, to issue preferred stock in one or more series without further action by the holders of its common stock. Embecta's Board of Directors will have the discretion, subject to limitations prescribed by the DGCL and by Embecta's amended and restated certificate of incorporation, to determine the designations, powers, rights, preferences, qualifications, limitations and restrictions, including voting rights, dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights, of each series of preferred stock. It is not

possible to state the actual effect of the issuance of any additional series of preferred stock upon the rights of common stockholders until Embecta's Board of Directors determines the specific rights of the holders of that series. However, the effects might include, among other things (1) restricting dividends on Embecta common stock, (2) diluting the voting power of Embecta common stock, (3) impairing the liquidation rights of Embecta common stock or (4) delaying or preventing a change in control of Embecta without further action by the stockholders. Embecta expects that there will be no shares of its preferred stock issued and outstanding immediately following the distribution.

Anti-Takeover Effects of Governance Provisions

Certain provisions of Delaware law and Embecta's amended and restated certificate of incorporation and bylaws may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or change in control of Embecta that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of Embecta's Board of Directors and in the policies formulated by Embecta's Board of Directors and could discourage certain types of transactions that may involve an actual or threatened change of control.

- *Classified Board.* Embecta's amended and restated certificate of incorporation will provide that, until the annual stockholder meeting in 2026, Embecta's Board of Directors will be divided into three classes, with each class consisting, as nearly as reasonably possible, of one-third of the total number of directors. The first term of office for the Class I directors will expire at the 2023 annual meeting of stockholders. The first term of office for the Class II directors will expire at the 2024 annual meeting of stockholders. The first term of office for the Class III directors will expire at the 2025 annual meeting of stockholders. At the 2023 annual meeting of stockholders, the Class I directors will be elected for a term of office to expire at the 2026 annual meeting of stockholders. At the 2024 annual meeting of stockholders, the Class II directors will be elected for a term of office to expire at the 2026 annual meeting of stockholders. At the 2025 annual meeting of stockholders, the Class III directors will be elected for a term of office to expire at the 2026 annual meeting of stockholders. Commencing with the 2026 annual meeting of stockholders, all directors will be elected annually and for a term of office to expire at the next annual meeting of stockholders, and Embecta's Board of Directors will thereafter no longer be divided into classes. Before Embecta's Board of Directors is declassified, it would take at least two annual stockholders meetings to occur for any individual or group to gain control of Embecta's Board of Directors. Accordingly, while the Board of Directors is divided into classes, these provisions could discourage a third-party from initiating a proxy contest, making a tender offer or otherwise attempting to control Embecta.
- *Removal and Vacancies.* Embecta's amended and restated certificate of incorporation and bylaws will provide that (i) until the 2026 annual meeting of stockholders (or such other time as the Board of Directors is no longer classified under the DGCL), Embecta stockholders may remove directors only for cause and (ii) from and including the 2026 annual meeting of stockholders (or such other time as the Board of Directors is no longer classified under the DGCL), Embecta stockholders may remove directors with or without cause. Removal will require the affirmative vote of holders of at least a majority of the voting power of Embecta stock outstanding and entitled to vote on such removal. Vacancies occurring on the Board of Directors, whether due to death, resignation, removal, retirement, disqualification or for any other reason, and newly created directorships resulting from an increase in the authorized number of directors, shall be filled solely by a majority of the remaining members of Embecta's Board of Directors or by a sole remaining director.
- *Size of the Board.* Embecta's amended and restated certificate of incorporation and bylaws will provide that Embecta's Board of Directors has the sole authority to fix the number of directors on the Board.
- *Blank Check Preferred Stock.* Embecta's amended and restated certificate of incorporation will authorize Embecta's Board of Directors to designate and issue, without any further vote or action by

the Embecta stockholders, up to 10,000,000 shares of preferred stock from time to time in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional and other rights, if any, and any qualifications, limitations or restrictions, of the shares of such series. The ability to issue such preferred stock could discourage potential acquisition proposals and could delay or prevent a change in control of Embecta.

- *No Stockholder Action by Written Consent.* Embecta's amended and restated certificate of incorporation and bylaws will expressly exclude the right of Embecta stockholders to act by written consent. Stockholder action must therefore take place at an annual meeting or at a special meeting of Embecta stockholders.

- *No Stockholder Ability to Call Special Meetings of Stockholders.* Embecta's amended and restated certificate of incorporation and bylaws will provide a special meeting of Embecta stockholders can only be called by the Chairman of the Board or a majority of the directors Embecta's Board of Directors. Embecta stockholders will not be able to call a special meeting of stockholders.

- *Requirements for Advance Notification of Stockholder Nominations and Proposals*. Embecta's amended and restated bylaws will require stockholders seeking to nominate persons for election as directors at an annual or special meeting of stockholders, or to bring other business before an annual or special meeting (other than a proposal submitted under Rule 14a-8 under the Exchange Act), to provide timely notice in writing. A stockholder's notice to Embecta's Corporate Secretary must be in proper written form and must set forth certain information, as required under Embecta's amended and restated bylaws, related to the stockholder giving the notice, the beneficial owner (if any) on whose behalf the nomination is made as well as their control persons and information about the proposal or nominee for election to the Board of Directors.

- *Amendments to Bylaws.* Embecta's amended and restated certificate of incorporation and bylaws will provide that Embecta's Board of Directors will have the authority to amend and repeal the Embecta amended and restated bylaws without a stockholder vote.

- *Exclusive Forum*. Embecta's amended and restated certificate of incorporation will provide that, unless Embecta (through approval of the Board of Directors) consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of Embecta, (2) any action or proceeding asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee of Embecta to Embecta or Embecta's stockholders, including any claim alleging aiding and abetting of such a breach of fiduciary duty, (3) any action or proceeding asserting a claim against Embecta or any current or former director or officer or other employee of Embecta arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL or Embecta's amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), (4) any action or proceeding asserting a claim related to or involving Embecta or any current or former director or officer or other employee of Embecta governed by the internal affairs doctrine, or (5) any action or proceeding as to which the DGCL (as it may be amended from time to time) confers jurisdiction on the Court of Chancery of the State of Delaware. If and only if the Court of Chancery of the State of Delaware dismisses any such action or proceeding for lack of subject matter jurisdiction, such action or proceeding may be brought in another state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). These exclusive forum provisions will apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions will not apply to actions asserting only federal law claims under the Securities Act or the Exchange Act, regardless of whether the state courts in the State of Delaware have jurisdiction over those claims. Although Embecta believes the exclusive forum provision benefits

it by providing increased consistency in the application of law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against Embecta's directors and officers.

- *Business Combinations with Interested Stockholder*. Embecta is subject to Section 203 of the DGCL, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in a "business combination" with an "interested stockholder" for three years following the time that such person or entity becomes an interested stockholder, unless (i) prior to the time that such stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the outstanding voting stock, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares (A) owned by persons who are directors and also officers and (B) in employee stock plans in which employee participants do not have the right to determine confidentially whether shares subject to the plan will be tendered in a tender or exchange offer, or (iii) at or following the time that such stockholder become an interested stockholder, the board of directors and two-thirds of the shares (other than owned by the interested stockholder) approve the transaction. A corporation may "opt out" of Section 203 of the DGCL in its certificate of incorporation. Embecta will not "opt out" of, and will be subject to, Section 203 of the DGCL.

Limitation on Liability of Directors and Indemnification of Directors and Officers

Delaware law permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting, with exceptions, the monetary liability of a director to the corporation or its shareholders for breach of the director's fiduciary duties. Embecta's amended and restated certificate of incorporation will include provisions that eliminate the liability of directors to Embecta or its shareholders for monetary damages for a breach of fiduciary duties as directors to the fullest extent permitted by Delaware law. Under Delaware law, such a provision may not eliminate or limit a director's monetary liability for: (i) breaches of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of law; (iii) the payment of unlawful dividends or stock repurchases or redemptions; or (iv) transactions in which the director received an improper personal benefit.

Embecta's amended and restated bylaws will generally provide indemnification and advancement of expenses for its directors and officers to the fullest extent permitted by the DGCL. Prior to the completion of the distribution, Embecta also intends to enter into indemnification agreements with each of its directors and executive officers that may, in some cases, be broader than the specific indemnification and advancement of expenses provisions contained under Delaware law.

Listing

Embecta's common stock has been approved for listing subject to official notice of issuance on Nasdaq under the symbol "EMBC."

Sale of Unregistered Securities

On July 8, 2021, Embecta issued 1,000 shares of its common stock to BD pursuant to Section 4(a)(2) of the Securities Act. Embecta did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for Embecta common stock will be Computershare Trust Company, N.A.

WHERE YOU CAN FIND MORE INFORMATION

Embecta has filed a registration statement on Form 10 with the SEC with respect to the shares of its common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Embecta and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at *www.sec.gov*. Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

As a result of the distribution, Embecta will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Embecta intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Embecta has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

INDEX TO COMBINED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Becton, Dickinson and Company

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of the Diabetes Care Business of Becton, Dickinson and Company (the Company) as of September 30, 2021 and 2020, the related combined statements of income, comprehensive income and cash flows for each of the three years in the period ended September 30, 2021, and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Income Taxes—Application of Separate Return Method
Description of the Matter	As described in Notes 1, 2, and 11 to the combined financial statements, the Company is included in the tax filings of Becton, Dickinson and Company (the Parent). The Company's income tax provision is determined on a separate return basis as if the Company was a stand-alone entity, based on management's interpretation of the tax regulations and rulings in numerous taxing jurisdictions. When calculating the income tax provision management made certain estimates and assumptions when identifying and measuring deferred tax assets and liabilities and identifying and allocating uncertain tax positions. The Company's income tax provision for 2021 was $80 million. In addition, as of September 30, 2021, the Company recorded a liability for unrecognized tax benefits of $20 million, and net deferred tax assets and liabilities of $9 million and $10 million, respectively. Given the multijurisdictional nature of the business, the complexity of the tax rules across the various countries the Company operates in, and the legal entity structure, auditing management's application of the hypothetical separate return method required a high degree of auditor judgment and increased extent of effort, including the need to involve our tax subject matter professionals.
How We Addressed the Matter in Our Audit	With the support of our tax subject matter professionals, our audit procedures related to management's application of the separate return method included evaluating the accuracy and completeness of the Company's income tax provision and management's assumptions used for measuring deferred tax assets and liabilities. For example, we evaluated the appropriateness of transfer pricing assumptions underlying the income tax provision. We developed an expectation of the foreign income tax expense by jurisdiction and compared it to the recorded balances. Additionally, we assessed the reasonableness of management's significant judgments regarding the identification and allocation of uncertain tax positions by analyzing the Company's evaluation of the Parent's uncertain tax positions to determine which positions were attributable to the separate operations of the Company. We involved our tax subject matter professionals to evaluate the technical merits of the Company's accounting for its tax positions, including assessing the Parent's correspondence with the relevant tax authorities and evaluating third-party advice obtained by the Parent. With respect to book to tax differences allocated to the Company, we assessed completeness by comparing allocated differences to those historically identified and accounted for by the Parent. We also assessed the appropriateness of such allocations attributed to assets, liabilities, and expenses historically held at the Parent corporate level.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

New York, New York

December 21, 2021

Combined Statements of Income
Diabetes Care Business
Years Ended September 30

Millions of dollars	2021	2020	2019
Revenues	$1,165	$ 1,086	$ 1,109
Cost of products sold(1)	365	323	323
Gross Profit	800	763	786
Operating expenses:			
Selling and administrative expense	240	215	222
Research and development expense	63	61	62
Other operating expense	5	—	—
Total Operating Expenses	308	276	284
Operating Income	492	487	502
Other income (expense), net	3	(1)	(2)
Income Before Income Taxes	495	486	500
Income tax provision	80	58	68
Net Income	$ 415	$ 428	$ 432

(1) Includes costs for inventory purchases from related parties of $41 million in 2021, $38 million in 2020 and $37 million in 2019.

See notes to combined financial statements.

Combined Statements of Comprehensive Income
Diabetes Care Business
Years Ended September 30

Millions of dollars	2021	2020	2019
Net Income	$415	$ 428	$ 432
Other Comprehensive (Loss) Income			
Foreign currency translation adjustments	(9)	16	(8)
Other Comprehensive (Loss) Income	(9)	16	(8)
Comprehensive Income	$406	$ 444	$ 424

See notes to combined financial statements.

Combined Balance Sheets
Diabetes Care Business
September 30

Millions of dollars	2021	2020
Assets		
Current Assets		
Trade receivables, net	$ 151	$ 120
Inventories	118	102
Prepaid expenses and other	23	13
Total Current Assets	292	235
Property, Plant and Equipment, Net	451	462
Goodwill and Other Intangible Assets	34	30
Other Assets	11	11
Total Assets	$ 788	$ 738
Liabilities and Parent's Equity		
Current Liabilities		
Accounts payable	$ 54	$ 50
Accrued expenses	82	68
Salaries, wages and related items	28	19
Total Current Liabilities	164	137
Deferred Income Taxes and Other Liabilities	30	29
Commitments and Contingencies (See Note 6)		
Parent's Equity		
Net parent investment	865	834
Accumulated other comprehensive loss	(271)	(262)
Total Parent's Equity	594	572
Total Liabilities and Parent's Equity	$ 788	$ 738

See notes to combined financial statements.

Combined Statements of Cash Flows
Diabetes Care Business
Years Ended September 30

Millions of dollars	2021	2020	2019
Operating Activities			
Net income	$ 415	$ 428	$ 432
Adjustments to net income to derive net cash provided by operating activities:			
Depreciation and amortization	38	38	36
Impairment of property, plant and equipment	14	—	—
Share-based compensation	13	13	12
Pension expense	9	9	8
Deferred income taxes	(2)	(2)	(6)
Change in operating assets and liabilities:			
Trade receivables, net	(32)	(2)	(10)
Inventories	(18)	4	9
Prepaid expenses and other	(12)	15	(9)
Accounts payable, income taxes and other liabilities	30	(4)	32
Other, net	1	—	1
Net Cash Provided by Operating Activities	456	499	505
Investing Activities			
Capital expenditures	(37)	(42)	(66)
Acquisition of intangible assets	(2)	—	(3)
Net Cash Used for Investing Activities	(39)	(42)	(69)
Financing Activities			
Net transfers to Parent	(417)	(457)	(436)
Net Cash Used for Financing Activities	(417)	(457)	(436)
Net Change in Cash and Equivalents	—	—	—
Opening Cash and Equivalents	—	—	—
Closing Cash and Equivalents	$ —	$ —	$ —

See notes to combined financial statements.

Note 1 — Background and Basis of Presentation

Background

On May 6, 2021, Becton, Dickinson and Company ("BD" or "Parent") announced that its Board of Directors approved a plan to spin off its diabetes care business, comprising syringes, pen needles and other products related to the injection or infusion of insulin and other drugs used in the treatment of diabetes (collectively, the "Company" or "Diabetes Care Business"). Under the plan, BD would transfer certain assets and liabilities associated with the Diabetes Care Business to Embecta Corp., a newly formed wholly owned subsidiary of BD incorporated on July 8, 2021, and execute a spin-off of Embecta Corp. by way of a pro-rata distribution of common stock of Embecta Corp. to BD's shareholders at the close of business on the record date of the spin-off. Embecta Corp. had no assets, liabilities, operations, or commitments and contingencies during the periods presented in these combined financial statements and will not have any assets, liabilities, operations or commitments and contingencies in respect of the Diabetes Care Business until such business is transferred to Embecta Corp. These combined financial statements reflect the combined historical results of operations, financial position and cash flows of the Company.

The completion of the spin-off is subject to certain conditions, including effectiveness of the appropriate filings with the U.S. Securities and Exchange Commission ("SEC") and final approval by BD's Board of Directors. There are no assurances as to when the planned spin-off will be completed, if at all.

Basis of Presentation

The combined financial statements have been derived from BD's historical accounting records and were prepared on a standalone basis in accordance with U.S. generally accepted accounting principles ("GAAP") and pursuant to the rules and regulations of the SEC. The assets, liabilities, revenue and expenses of the Company have been reflected in these combined financial statements on a historical cost basis, as included in the consolidated financial statements of BD, using the historical accounting policies applied by BD. Historically, separate financial statements have not been prepared for the Company and it has not operated as a standalone business from BD. The historical results of operations, financial position, and cash flows of the Company presented in these combined financial statements may not be indicative of what they would have been had the Company actually been an independent standalone public company, nor are they necessarily indicative of the Company's future results of operations, financial position, and cash flows.

The Company's business has historically functioned together with other BD businesses. Accordingly, the Company relied on certain of BD's Corporate and Medical Segment support functions to operate. BD's Medical Segment includes four organizational units, including the diabetes care business. The combined financial statements include all revenues and costs directly attributable to the Company and an allocation of expenses related to certain BD Corporate functions and other shared BD Medical Segment functions (Note 5). These expenses have been allocated to the Company on a pro rata basis of global and regional revenues, headcount, research and development spend and other drivers. The Company considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, standalone public entity, nor are they indicative of the Company's future expenses.

Following the spin-off, certain functions that BD provided to the Company prior to the spin-off will either continue to be provided to the Company by BD under transition services agreements or will be performed using the Company's own resources or third-party service providers. Additionally, under manufacturing and supply agreements, the Company will manufacture certain products for BD or its applicable affiliate and BD will

manufacture certain materials for the Company or its applicable affiliate. The Company expects to incur certain one-time charges in its establishment as a standalone public company, as well as ongoing additional costs associated with operating as an independent, publicly traded company.

The combined financial statements include assets and liabilities specifically attributable to the Company. Cash has not been assigned to the Company for any of the periods presented because those cash balances are not directly attributable to the Company. BD uses a centralized approach to cash management and financing of its operations. These arrangements are not reflective of the manner in which the business would have financed its operations had it been a standalone public company separate from BD during the periods presented. Cash pooling, related interest, and intercompany arrangements are excluded from the asset and liability balances in the combined balance sheets. These amounts have instead been reported as *Net parent investment* as a component of Parent's Equity.

BD's long-term debt and related interest expense have not been attributed to the Company for any of the periods presented because BD's borrowings are neither directly attributable to the Company nor is the Company the legal obligor of such borrowings.

All intercompany transactions and balances within the Company have been eliminated. Transactions between the Company and BD have been included in these combined financial statements and are considered related party transactions (Note 5). Transactions with Parent are reflected in Parent's Equity as *Net transfers to Parent* and in the accompanying combined balance sheets within *Net parent investment* (Note 4).

The *Income tax provision* in the combined statements of income has been calculated as if the Company filed a separate tax return and was operating as a standalone company. Therefore, tax expense, cash tax payments, and items of current and deferred taxes may not be reflective of the Company's actual tax balances prior to or subsequent to the distribution.

Management has concluded that the Company operates in one segment based upon the information used by the chief operating decision maker in evaluating the performance of the Company's business and allocating resources and capital.

Financial information is disclosed in millions unless otherwise noted. The Company's fiscal year ends on September 30.

Note 2 — Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Company include assets and liabilities that have been determined to be specifically identifiable or otherwise attributable to the Company. All significant intercompany accounts within the Company's combined businesses have been eliminated. All intercompany transactions between the Company and BD have been included in these combined financial statements as components of *Net parent investment*. Expenses related to corporate allocations from BD to the Company, prior to the distribution, are considered to be effectively settled in the combined financial statements at the time the transaction is recorded, with the offset recorded against *Net parent investment*.

Revenue Recognition

The Company recognizes revenue from product sales and considers performance obligations satisfied when the customer obtains control of the product, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. When arrangements include multiple performance obligations, the total transaction price of the contract is allocated to each performance obligation based on the estimated

relative standalone selling prices of the promised goods or services underlying each performance obligation. The point in time upon which shipment or delivery occurs is the most faithful depiction of when control of the goods transfers to the customer. Variable consideration such as rebates, sales discounts, and sales returns are estimated and treated as a reduction of revenue in the same period the related revenue is recognized. These estimates are based on contractual terms, historical practices and current trends, and are adjusted as new information becomes available. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities.

Additional disclosures regarding the Company's accounting for revenue recognition are provided in Note 7.

Trade Receivables

The Company grants credit to customers in the normal course of business and the resulting trade receivables are stated at their net realizable value. The allowance for doubtful accounts represents the Company's estimate of probable credit losses relating to trade receivables and is determined based on historical experience, current conditions, reasonable and supportable forecasts and other specific account data. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectible.

Inventories

Inventories are stated at the lower of approximate cost or net realizable value determined on the first-in, first-out basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is principally provided on the straight-line basis over estimated useful lives, which range from 20 to 45 years for buildings, four to 13 years for machinery and equipment and one to 20 years for leasehold improvements. Depreciation expense was $37 million in both 2021 and 2020, and $35 million in 2019.

Property, plant and equipment are periodically reviewed when impairment indicators are present to assess recoverability. Recoverability is determined by comparing the carrying values of the assets or asset groups to the undiscounted cash flows to be generated from the use and eventual disposition of such assets or asset groups. If the asset's or asset group's carrying value exceeds such undiscounted cash flows, the assets or asset groups are not recoverable and an impairment loss is recognized based on the amount by which the carrying value of the asset or asset group exceeds its calculated fair value.

Goodwill and Other Intangible Assets

The Company's unamortized intangible assets include goodwill which arise from certain acquisitions made by BD. Goodwill represents the excess of the consideration transferred over the fair value of net assets of businesses acquired. The Company currently reviews goodwill for impairment using quantitative models. Goodwill is reviewed at least annually for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component. The Company has one reporting unit which is reviewed for impairment by comparing the fair value of the reporting unit, estimated using an income approach, with its carrying value. The annual impairment review performed on July 1, 2021, the most recent annual impairment testing date, indicated that the Company's one reporting unit's fair value exceeded its respective carrying value.

Amortized intangible assets primarily consist of patents and customer relationships. Patents are generally amortized over 20 years using the straight-line method. Customer relationship assets are generally amortized over periods ranging from 10 to 15 years, using the straight-line method. Other intangibles with finite useful lives are amortized over periods principally ranging from one to 40 years, using the straight-line method. Finite-lived intangible assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows. The carrying values of these finite-lived assets are compared to the undiscounted cash flows they are expected to generate and an impairment loss is recognized in operating results to the extent any finite-lived intangible asset's carrying value exceeds its calculated fair value.

Foreign Currency Translation

Generally, foreign subsidiaries' functional currency is the local currency of operations and the net assets of foreign operations are translated into U.S. dollars using current exchange rates. The U.S. dollar results that arise from such translation are included in *Accumulated other comprehensive loss*.

Shipping and Handling Costs

The Company considers its shipping and handling costs to be contract fulfillment costs and records them within *Selling and administrative expense*. Shipping and handling costs were $14 million in 2021, and $12 million in both 2020 and 2019.

Contingencies

The Company establishes accruals for future losses which are both probable and can be reasonably estimated (and in the case of environmental matters, without considering possible third-party recoveries). Additional disclosures regarding the Company's accounting for contingencies are provided in Note 6.

Benefit Plans

Certain of the Company's employees participate in defined benefit pension plans sponsored by BD which includes participants of other BD businesses (the "Shared Plans"). The Company's participation in the Shared Plans is accounted for as a multiemployer benefit plan. Accordingly, the Company does not record an asset or liability to recognize any portion of the funded status of the Shared Plans. The related pension expense is based on annual service cost of active Company participants and is reported within *Cost of products sold*, *Selling and administrative expense*, *Research and development expense*, and *Other income (expense), net*, as applicable. The pension expense attributable to Company participants in the Shared Plans was $9 million in both 2021 and 2020, and was $8 million in 2019.

BD has voluntary defined contribution plans for the benefit of substantially all Company employees meeting certain eligibility requirements. Employer contributions to such plans for Company employees were $3 million in 2021, and $2 million in both 2020 and 2019.

Income Taxes

The Company's operations are included in the tax returns of BD. In the future, as a standalone entity, the Company will file tax returns on its own behalf. Income taxes as presented in the combined financial statements attribute current and deferred income tax assets and liabilities of BD to the Company in a manner that is systematic, rational and consistent with the asset and liability method prescribed by the accounting guidance for income taxes. The income tax provision is prepared using the separate return method. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise. The Company believes the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

The Company has reviewed its needs in the United States for possible repatriation of undistributed earnings of its foreign subsidiaries and continues to invest foreign subsidiaries' earnings outside of the United States to fund foreign investments or meet foreign working capital and property, plant and equipment expenditure needs. As a result, the Company is permanently reinvested with respect to all of its historical foreign earnings as of September 30, 2021. Deferred taxes are not provided on undistributed earnings of foreign subsidiaries that are indefinitely reinvested. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

BD conducts business and files tax returns in numerous countries and currently has tax audits in progress in a number of tax jurisdictions. The Company's operations are included in the tax returns of BD. In evaluating the exposure associated with various tax filing positions, the Company records accruals for uncertain tax positions, based on the technical support for the positions, past audit experience with similar situations and the potential interest and penalties related to the matters. The effects of tax adjustments and settlements from taxing authorities are presented in the combined financial statements in the period to which they relate as if the Company was a separate filer.

The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances are included in the tax provision in the period of change. In determining whether a valuation allowance is warranted, management evaluates factors such as prior earnings history, expected future earnings, carryback and carryforward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

The Company does not maintain an income taxes payable account as such amounts are deemed to be settled with the tax paying entities in their respective jurisdictions, with the exception of income taxes payable associated with an entity to be contributed with the spin-off. The tax payable settlements are to be classified as changes in *Net parent investment*. However, the combined balance sheets reflect liabilities for unrecognized income tax benefits along with related interest and penalties.

Segment Data

The Company operates and reports its financial information as one segment. In making this determination, the Company (i) determines its Chief Operating Decision Maker ("CODM"), (ii) identifies and analyzes potential business components, (iii) identifies its operating segments and (iv) determines whether there are multiple operating segments requiring presentation as reportable segments. The Company's decision to report as one segment is based upon the following: (1) its internal organizational structure; (2) the manner in which its operations are managed; and (3) the criteria used by the Company's President, its CODM, to evaluate performance of the Company's business and allocate resources and capital.

Fair Value Measurements

A fair value hierarchy is applied to prioritize inputs used in measuring fair value. The three levels of inputs used to measure fair value are detailed below. Additional disclosures regarding the Company's fair value measurements are provided in Note 10.

Level 1—Inputs to the valuation methodology which represent unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2—Inputs to the valuation methodology which include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability.

Level 3—Inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates or assumptions affect reported assets, liabilities, revenues and expenses, including determining the allocation of shared costs and expenses from BD, depreciable and amortizable lives, sales returns and allowances, rebate accruals, inventory reserves and taxes on income as reflected in the combined financial statements. Actual results could differ from these estimates.

Note 3 — Accounting Changes

New Accounting Principles Adopted

On October 1, 2018, the Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") using the modified retrospective method. Under ASC 606, revenue is

recognized upon the transfer of control of goods or services to customers and reflects the amount of consideration to which a reporting entity expects to be entitled in exchange for those goods or services. The Company assessed the impact of this new standard on its combined financial statements based upon a review of contracts that were not completed as of October 1, 2018. This accounting standard adoption, which is further discussed in Note 7, did not materially impact any line items of the Company's combined statements of income and balance sheets.

On October 1, 2018, the Company adopted an accounting standard update which requires that the income tax effects of intercompany sales or transfers of assets, except those involving inventory, be recognized in the combined statements of income as income tax expense (or benefit) in the period that the sale or transfer occurs. The Company adopted this accounting standard update, which did not have a material impact on its combined financial statements, using the modified retrospective method.

On October 1, 2019, the Company adopted a new lease accounting standard which requires lessees to recognize lease assets and lease liabilities on the balance sheet, as well as expanded disclosures regarding leasing arrangements. The Company elected certain practical expedients permitted under the transition guidance, including a transition method which allows application of the new standard at its adoption date, rather than at the earliest comparative period presented in the financial statements. The Company also elected not to perform any reassessments relative to its expired and existing leases upon its adoption of the new requirements. The Company's adoption of this standard did not materially impact its combined financial statements. Additional disclosures regarding the Company's lease arrangements are provided in Note 12.

On October 1, 2020, the Company adopted a new accounting standard which requires earlier recognition of credit losses on loans and other financial instruments held by entities, including trade receivables. The new standard requires entities to measure all expected credit losses for financial assets held at each reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This accounting standard adoption, which is further discussed in Note 7, did not materially impact any line items of the Company's combined financial statements.

Note 4 — Parent's Equity

Changes in certain components of Parent's Equity were as follows:

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Parent's Equity
(Millions of dollars)			
Balance, October 1, 2018	$ 847	$ (270)	$ 577
Net income	432	—	432
Foreign currency translation	—	(8)	(8)
Net transfers to Parent	(424)	—	(424)
Balance, September 30, 2019	855	(278)	577
Net income	428	—	428
Foreign currency translation	—	16	16
Net transfers to Parent	(449)	—	(449)
Balance, September 30, 2020	834	(262)	572
Net income	415	—	415
Foreign currency translation	—	(9)	(9)
Net transfers to Parent	(384)	—	(384)
Balance, September 30, 2021	$ 865	$ (271)	$ 594

Note 5 — Related Party Transactions and Parent Company Investment

Corporate and Medical Segment Allocations

The Company's combined financial statements include general corporate expenses of BD and shared segment expenses which were not historically allocated to the Company for certain support functions that are provided on a centralized basis within Parent and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others (collectively, "General Corporate Expenses"). For purposes of these combined financial statements, the General Corporate Expenses have been allocated to the Company. The General Corporate Expenses are included in the combined statements of income in *Cost of products sold*, *Selling and administrative expense*, *Research and development expense*, and *Other income (expense), net* and, accordingly, as a component of *Net parent investment* on the combined balance sheets. These expenses have been allocated to the Company on a pro rata basis of global and regional revenues, headcount, research and development spend and other drivers. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating General Corporate Expenses from BD, are reasonable. Nevertheless, the combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect the Company's combined results of operations, financial position and cash flows had it been a standalone public company during the periods presented. Actual costs that would have been incurred if the Company had been a standalone public company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The allocations of General Corporate Expenses are reflected in the combined statements of income as follows:

(Millions of dollars)	2021	2020	2019
Cost of products sold	$ 13	$ 9	$ 6
Selling and administrative expense	98	80	80
Research and development expense	5	5	5
Other (income) expense, net	(1)	1	2
Total General Corporate Expenses	$115	$95	$93

Purchases from Parent

In the ordinary course of business, the Company purchases from BD certain materials for use in production of certain medical products, the terms of which are not at arm's length. During the years ended September 30, 2021, 2020 and 2019, these related party purchases were $41 million, $43 million and $42 million, respectively. Amounts payable to BD for such purchases as of September 30, 2021 and 2020 were immaterial.

Parent Company Investment

All significant intercompany transactions between the Company and BD have been included in the combined financial statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined balance sheets as *Net parent investment*.

The following table summarizes the components of the net transfers to Parent in *Net parent investment* for the years ended September 30, 2021, 2020 and 2019:

(Millions of dollars)	2021	2020	2019
Cash pooling and general financing activities (a)	$ 600	$592	$561
Corporate and segment allocations, excluding non-cash share-based compensation	(110)	(90)	(88)
Taxes deemed settled with Parent	(73)	(45)	(37)
Net transfers to Parent as reflected in the combined statements of cash flows	417	457	436
Share-based compensation expense	(13)	(13)	(12)
Pension expense	(9)	(9)	(8)
Other transfers (from) to Parent, net	(11)	14	8
Net transfers to Parent (Note 4)	$ 384	$449	$424

(a) The nature of activities includes financing activities for capital transfers, cash sweeps, and other treasury services. As part of this activity, cash balances are swept to BD on a daily basis under the BD Treasury function and the Company receives capital from BD for its cash needs.

Note 6 — Commitments and Contingencies

Commitments

The Company has certain future purchase commitments entered in the normal course of business to meet capital expenditure requirements. As of September 30, 2021, these commitments aggregated to approximately $1 million and will be expended in fiscal year 2022.

Contingencies

The Company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time. The Company has not identified legal matters where it believes an unfavorable outcome is probable and, therefore, no reserve is established. Although management currently believes that resolving claims against the Company, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the Company, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. It is possible that an unfavorable outcome resulting from legal matters or other contingencies could have a material impact on the liquidity, results of operations or financial condition of the Company.

Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount can be reasonably estimated. Accruals are based only on information available at the time of the assessment, due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's results of operations in a given period. The Company was not a party to any material legal proceedings at September 30, 2021, nor is it a party to any legal proceedings as of the date of issuance of these combined financial statements.

Note 7 — Revenues

As previously discussed in Note 3, the Company adopted ASC 606 in fiscal year 2019 using the modified retrospective method. The Company sells syringes, pen needles and other products used in the treatment of

diabetes which are distributed through independent distribution channels and directly through sales representatives. End-users of the Company's products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry, and the general public.

Timing of Revenue Recognition

The Company's revenues are recognized when the customer obtains control of the product sold, which is primarily upon shipment or delivery, depending on the delivery terms specified in the sales agreement.

Control of certain private label goods transfers to the customer over time as the goods do not have an alternative use and the Company has an enforceable right to payment throughout the production process. The Company recognizes revenue over time using an output measure based on units produced on the basis that this measure best reflects the pattern of transfer of control to the customer. Changes in the total estimated output used in measuring the Company's progress toward satisfying its performance obligation may result in adjustments to cumulative revenue recognized at the time the change in estimate occurs.

The Company's obligations pursuant to some private label product agreements may represent partially unsatisfied performance obligations as of the balance sheet date. Such private label product agreements do not have original expected durations of more than one year from contract inception.

Measurement of Revenues

The Company acts as the principal in substantially all of its customer arrangements and as such, generally records revenues on a gross basis. Revenues exclude any taxes that the Company collects from customers and remits to tax authorities. The Company considers its shipping and handling costs to be costs of contract fulfillment and has made the accounting policy election to record these costs within *Selling and administrative expense*.

Payment terms extended to the Company's customers are based upon commercially reasonable terms for the markets in which the Company's products are sold. Because the Company generally expects to receive payment within one year or less from when control of a product is transferred to the customer, the Company does not generally adjust its revenues for the effects of a financing component. The Company's allowance for doubtful accounts reflects the current estimate of credit losses expected to be incurred over the life of its trade receivables. Such estimated credit losses are determined based on historical loss experiences, customer-specific credit risk, and reasonable and supportable forward-looking information, such as country or regional risks that are not captured in the historical loss information. Amounts are written off against the allowances for doubtful accounts when the Company determines that a customer account is uncollectible. The allowance for doubtful accounts for trade receivables is not material to the Company's combined financial results.

The Company's gross revenues are subject to a variety of deductions which are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, sales discounts, and sales returns. Because these deductions represent estimates of the related obligations, judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the Company are based upon prices determined under the Company's agreements primarily with its end-user customers. Additional factors considered in the estimate of the Company's rebate liability include the quantification of inventory that is either in stock at or in transit to the Company's distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates. The Company's rebate liability at September 30, 2021 and 2020 was $72 million and $62 million, respectively. Rebates recorded as a reduction of gross revenues during the years ended September 30, 2021, 2020 and 2019, were $266 million, $267 million, and $224 million, respectively. Sales discounts and sales returns were not material.

Disaggregation of Revenues

Revenues by geographic region are as follows:

(Millions of dollars)	2021	2020	2019
United States	$ 609	$ 563	$ 570
International(a)	556	523	539
Total Revenues	$1,165	$1,086	$1,109

(a) During the years ended September 30, 2021, 2020 and 2019, no individual country outside of the United States generated revenue that represented more than 10% of total revenues.

Costs to Obtain Revenue Contracts

Due to the nature of the majority of the Company's products, the Company typically does not incur costs to fulfill a contract in advance of providing the customer with goods or services. The Company's costs to obtain contracts are comprised of sales commissions which are paid to the Company's employees or third-party agents. Sales commissions incurred by the Company relate to revenue that is recognized over a period that is less than one year and, as such, the Company has elected a practical expedient provided under ASC 606 to record its expense associated with sales commissions as it is incurred. Sales commissions are recorded within *Selling and administrative expense* in the combined statements of income.

Contract Assets and Liabilities

The Company does not have contract liabilities. Contract assets consist of the Company's right to consideration that is conditional upon its future performance pursuant to private label agreements and are presented within *Prepaid expenses and other* on the combined balance sheets.

The Company's contract asset balances as of September 30, 2021 and 2020 were $1 million and $3 million, respectively. The reduction in the contract assets balance from September 30, 2020 to September 30, 2021 relates to a change in contract terms with a customer, resulting in the write-off of various contract assets.

Note 8 — Share-Based Compensation

The Company has no share-based compensation plans. Certain employees of the Company have historically participated in the BD 2004 Employee and Director Equity-Based Compensation Plan (the "2004 Plan"), which provides long-term incentive compensation to employees and directors consisting of: stock appreciation rights ("SARs"), performance-based restricted stock units, time-vested restricted stock units and other stock awards. All significant awards granted under the plan will settle in shares of BD's Class A Common Stock and are approved by BD's Compensation Committee of the Board of Directors. As such, all related equity account balances, other than allocations of compensation expense, remained at the BD level. The following disclosure represents share-based compensation attributable to the Company based on the awards and terms previously granted to Company employees under BD share-based payment plans, and is representative of only those employees who are dedicated to the Company unless otherwise noted. Stock compensation allocated to the Company for BD Corporate and Medical Segment employees who are not dedicated to the Company are included as a component of corporate allocations. The allocation of stock compensation for BD Corporate and Medical Segment employees was $5 million in 2021, 2020 and 2019.

Share-Based Compensation Expense

The fair value of share-based payments is recognized as compensation expense. BD estimates forfeitures based on experience at the time of grant and adjusts expense to reflect actual forfeitures.

The amounts and location of compensation cost relating to both the Company's employees and an allocation for BD Corporate employees included in the combined statements of income is as follows:

(Millions of dollars)	2021	2020	2019
Cost of products sold	$ 3	$ 3	$ 2
Selling and administrative expense	8	8	8
Research and development expense	2	2	2
Total Share-Based Compensation Expense	$13	$13	$12
Tax benefit associated with share-based compensation costs recognized	$ 3	$ 3	$ 3

Stock Appreciation Rights

SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant. SARs generally vest over a period of four years and have a term of ten years. The fair value of awards was estimated on the date of grant using a lattice-based binomial option valuation model and were based upon the following weighted-average assumptions:

	2021	2020	2019
Risk-free interest rate	0.76%	1.69%	3.05%
Expected volatility	23.00%	19.00%	18.00%
Expected dividend yield	1.39%	1.24%	1.27%
Expected life	7.4 years	7.4 years	7.2 years
Fair value derived	$ 47.47	$ 48.82	$ 51.86

Expected volatility is based upon historical volatility for BD's common stock and other factors. The expected life of SARs granted is derived from the output of the lattice-based model, using assumed exercise rates based on historical exercise and termination patterns, and represents the period of time that SARs granted are expected to be outstanding. The risk-free interest rate used is based upon the published U.S. Treasury yield curve in effect at the time of grant for instruments with a similar life. The dividend yield is based upon the most recently declared BD quarterly dividend as of the grant date.

The following table summarizes activity relating to BD's SARs held by the Company's employees as of September 30, 2021 and changes during the year then ended is as follows:

	SARs (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Balance at October 1, 2020	38	$235.74		
Granted	34	239.02		
Exercised	(1)	170.69		
Balance at September 30, 2021	71	$237.87	8.14	$ 1
Vested and expected to vest at September 30, 2021	67	$237.57	8.09	$ 1
Exercisable at September 30, 2021	19	$226.29	6.63	$ 0

A summary of BD's SARs exercised by the Company's employees during 2021, 2020 and 2019 is as follows:

(Millions of dollars)	2021	2020	2019
Total intrinsic value of SARs exercised	$ 0	$ 1	$ 3
Total fair value of SARs vested	$ 0	$ 0	$ 1

Performance-Based and Time-Vested Restricted Stock Units

Performance-based restricted stock units cliff vest three years after the date of grant. These units are tied to BD's performance against pre-established targets over a performance period of three years. The performance measures for fiscal years 2021 and 2020 were average annual currency-neutral revenue growth and average annual return on invested capital, with the combined factor subject to adjustment based on BD's relative total shareholder return (measures BD's stock performance during the performance period against that of peer companies). For fiscal year 2019, the performance measures were relative total shareholder return and average annual return on invested capital. Under BD's long-term incentive program, the actual payout under these awards may vary from zero to 200% of an employee's target payout, based on BD's actual performance over the performance period of three years. The fair value is based on the market price of BD's stock on the date of grant. Compensation cost initially recognized assumes that the target payout level will be achieved and is adjusted for subsequent changes in the expected outcome of performance-related conditions. For units for which the performance conditions are modified after the date of grant, any incremental increase in the fair value of the modified units, over the original units, is recorded as compensation expense on the date of the modification for vested units, or over the remaining performance period for units not yet vested.

Time-vested restricted stock unit awards vest on a graded basis over a period of three years. The related share-based compensation expense is recorded over the requisite service period, which is the vesting period. The fair value of all time-vested restricted stock units is based on the market value of BD's stock on the date of grant.

The following table summarizes activity related to BD restricted stock units held by the Company's employees as of September 30, 2021 and changes during the year then ended:

	Performance–Based			Time–Vested	
	Stock Units (in thousands)		Weighted Average Grant Date Fair Value	Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Balance at October 1, 2020	14		$ 244.84	41	$ 240.61
Granted	13		229.12	53	232.30
Distributed	(1)		253.51	(19)	241.47
Forfeited or canceled	(3)		253.51	–	–
Balance at September 30, 2021	23	(a)	$ 234.70	75	$ 234.51
Expected to vest at September 30, 2021	8	(b)	$ 232.93	70	$ 234.37

(a) Based on 200% of target payout for performance-based restricted units and 100% of the performance-based time-vested units.
(b) Net of expected forfeited units and units in excess of the expected performance payout of 1 thousand and 10 thousand shares, respectively.

The weighted average grant date fair value of restricted stock units granted and the total fair value of stock units vested for the Company's employees during fiscal years 2021, 2020 and 2019 are as follows:

	Performance-Based			Time-Vested		
	2021	2020	2019	2021	2020	2019
Weighted average grant date fair value of units granted	$ 229.12	$ 245.01	$ 237.55	$ 232.30	$ 256.56	$ 236.04
Total fair value of units vested (millions of dollars)	$ 0.4	$ 0.2	$ 0.5	$ 4.7	$ 3.9	$ 3.8

At September 30, 2021, the weighted average remaining vesting term of performance-based and time-vested restricted stock units for the Company's employees is 1.58 and 1.99 years, respectively.

Unrecognized Compensation Expense and Other Stock Plans

The amount of unrecognized compensation expense for all non-vested share-based awards for the Company's employees as of September 30, 2021 is approximately $14 million, which is expected to be recognized over a weighted-average remaining life of approximately 2 years. BD has a policy of satisfying share-based payments through either open market purchases or shares held in treasury. As of September 30, 2021, BD has sufficient shares held in treasury to satisfy these payments.

Note 9 — Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets at September 30 consisted of:

	As of September 30,	
(Millions of dollars)	2021	2020
Amortized intangible assets		
Patents — gross	$ 21	$ 16
Less: accumulated amortization	(7)	(6)
Patents — net	$ 14	$ 10
Customer Relationships and Other — gross	$ 5	$ 5
Less: accumulated amortization	(1)	(1)
Customer Relationships and Other — net	$ 4	$ 4
Total amortized intangible assets	$ 18	$ 14
Goodwill	16	16
Total Goodwill and Other Intangible Assets	$ 34	$ 30

Intangible asset amortization expense was $1 million in each of the fiscal years ending September 30, 2021, 2020 and 2019. The estimated aggregate amortization expense for each of the fiscal years ending September 30, 2022 to 2026 is $1 million.

Note 10 — Financial Instruments and Fair Value Measurements

Foreign Currency and Other Risks

The Company has foreign currency exposures throughout the various countries in which it operates. Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated by BD primarily through the use of forward contracts. In order to mitigate foreign currency exposure

relating to its investments in certain foreign subsidiaries, BD hedges the currency risk associated with those investments with instruments, such as foreign currency-denominated debt, cross-currency swaps and currency exchange contracts, which are designated as net investment hedges. The Company does not enter into any derivative transactions, contracts, options, or swaps. Accordingly, derivative assets and liabilities held by BD at the corporate level were not attributable to the Company for any of the periods presented.

Net gains or losses relating to the net investment hedges, which are attributable to changes in foreign currencies to U.S. dollar spot exchange rates, are recorded as a component of foreign currency translation adjustments in *Other comprehensive (loss) income*. Upon the termination of a net investment hedge, any net gain or loss included in *Accumulated other comprehensive loss* relative to the investment hedge remains until the foreign subsidiary investment is disposed of or is substantially liquidated.

Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. Due to the Company's participation in BD's hedging program, the Company records an allocated portion of the impact of these activities. The net amounts recognized in *Other income (expense), net* during the years ending September 30, 2021, 2020 and 2019 were immaterial to the Company's combined financial results.

Fair Value of Financial Instruments

The FASB's accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

The carrying value of other receivables and account payables contained in the combined balance sheets approximates fair value due to the relatively short-term nature of these accounts.

Nonrecurring Fair Value Measurements

Non-financial assets, including property, plant and equipment as well as intangible assets, are measured at fair value when there are indicators of impairment and these assets are recorded at fair value only when an impairment is recognized. These measurements of fair value are generally based upon Level 3 inputs, including values estimated using the income approach.

In fiscal year 2021, the Company recorded impairment charges totaling $14 million related to certain construction in progress assets that related to discontinued projects. The impairment charges were recorded to adjust the carrying amount of the assets to the assets' fair values, which were estimated through a discounted cash flow model that utilized Level 3 inputs. The impairment charges are recognized within *Cost of products sold* in the combined statement of income. Impairment losses on such non-financial assets during the years ended September 30, 2020 and 2019 were immaterial to the Company's combined financial results.

Concentration of Credit Risk

On an ongoing basis, the Company's operations form part of BD's monitoring of concentrations of credit risk associated with financial institutions with which BD conducts business. Therefore, the Company is exposed to credit loss in the event of nonperformance by such financial institutions. However, this loss is limited to the amounts, if any, by which the obligations of the counterparty to the financial instrument contract exceed the obligations of BD. BD also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Substantially all of the Company's trade receivables are due from public and private entities involved in the healthcare industry. The Company does not normally require collateral from its customers. The following table

sets forth the percentages of total revenues or gross trade receivables for customers that represent 10% or more of the respective amounts for the periods shown:

	Revenues Year Ended September 30,			Gross Trade Receivables As of September 30,	
	2021	2020	2019	2021	2020
Customer A	16%	17%	15%	22%	13%
Customer B	15%	16%	16%	*	*

* Gross trade receivables are less than ten percent of the respective totals.

Note 11 — Income Taxes

Provision for Income Taxes

The provision (benefit) for income taxes for the years ended September 30 consisted of:

(Millions of dollars)	2021	2020	2019
Current:			
Federal	$ 19	$ 1	$ 22
State and local	4	4	5
Foreign	60	55	47
	$ 83	$ 60	$ 74
Deferred:			
Domestic	$ (2)	$ (3)	$ (3)
Foreign	(1)	1	(3)
	(3)	(2)	(6)
Income tax provision	$ 80	$ 58	$ 68

The Company's domestic and foreign operations are included in BD's domestic consolidated and foreign tax returns, and payments to all tax authorities are made by BD on the Company's behalf. The Company files its own foreign tax return and makes its own foreign tax payments in Ireland. The Company's current tax liabilities computed under the separate return method are considered to be effectively settled in the combined financial statements at the time the transaction is recorded, with the offset recorded against *Net parent investment*.

The components of *Income Before Income Taxes* for the years ended September 30 consisted of:

(Millions of dollars)	2021	2020	2019
Domestic	$ 88	$ 74	$ 99
Foreign	407	412	401
Income Before Income Taxes	$ 495	$ 486	$ 500

U.S. tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Act"), was enacted on December 22, 2017. The Act reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings. The Act subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to account for its GILTI tax due as a period expense in the year the tax is incurred.

During fiscal year 2019, the Company finalized its accounting for the income tax effects of the Act. During fiscal year 2019, the Company also changed its assertion with respect to historical unremitted foreign

earnings, which resulted in a total tax benefit of $4 million which is included as a component of *Income tax provision* in fiscal 2019. The Company asserts indefinite reinvestment for all historical unremitted foreign earnings as of September 30, 2021, 2020 and 2019.

Unrecognized Tax Benefits

The table below summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled. The Company believes it is reasonably possible that the amount of unrecognized tax benefits will change due to one or more of the following events in the next twelve months: expiring statutes, audit activity, tax payments, other activity, or final decisions in matters that are the subject of controversy in various taxing jurisdictions in which the Company operates.

(Millions of dollars)	2021	2020	2019
Balance at October 1	$ 14	$ 28	$ 27
Increase due to current year tax positions	2	1	1
Decreases due to prior year tax positions	—	(15)	—
Decrease due to settlements with tax authorities	0	—	—
Decrease due to lapse of statute of limitations	0	—	—
Balance at September 30	$ 16	$ 14	$ 28
Unrecognized tax benefits that would affect the effective tax rate if recognized	$ 20	$ 17	$ 32

The following were included for the years ended September 30 as a component of *Income tax provision* on the combined statements of income.

(Millions of dollars)	2021	2020	2019
Interest and penalties associated with unrecognized tax benefits	$ 4	$ 3	$ 4

Deferred Income Taxes

Deferred income taxes at September 30 consisted of:

	2021		2020	
(Millions of dollars)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Compensation and benefits	$ 2	$ –	$ 1	$ –
Accruals and reserves	5	–	4	–
Property, plant and equipment	–	8	–	10
Other	2	2	3	2
Net Deferred Income Taxes (a)	$ 9	$ 10	$ 8	$ 12

(a) Net deferred tax assets are included in *Other Assets* and net deferred tax liabilities are included in *Deferred Income Taxes and Other Liabilities* on the combined balance sheets.

Deferred tax assets and liabilities are netted on the combined balance sheets by separate tax jurisdictions. The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. As of September 30, 2021 and 2020, all deferred tax assets are more likely than not to be realized. Deferred taxes have not been provided on undistributed earnings of foreign subsidiaries that are

indefinitely reinvested as of September 30, 2021 and 2020. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

Tax Rate Reconciliation

A reconciliation of the federal statutory tax rate to the Company's effective income tax rate was as follows:

	2021	2020	2019
Federal statutory tax rate	21.0%	21.0%	21.0%
U.S. tax legislation (see discussion above)	–	–	(0.7)
State and local income taxes, net of federal tax benefit	0.7	0.6	0.8
Foreign income tax at rates other than 21%	(6.1)	(6.7)	(7.6)
Effect of foreign operations	0.6	0.5	0.2
Effect of research credits	(0.4)	(0.4)	(0.4)
Effect of uncertain tax positions	0.5	(3.0)	0.5
Other, net	(0.1)	(0.1)	(0.2)
Effective income tax rate	16.2%	11.9%	13.6%

The fluctuation in the effective income tax rate for each year is primarily driven by the geographical mix of income attributable to foreign countries that have income tax rates that vary from the U.S. tax rate and discrete items impacting income tax expense that may not recur. The effective income tax rate in 2020 was favorably impacted by unrecognized tax benefits while the effective income tax rate in 2019 was favorably impacted by changes in U.S. tax legislation.

Note 12 — Leases

The Company leases real estate, vehicles, and other equipment which are used in the Company's manufacturing, administrative, and research and development activities.

The Company identifies a contract that contains a lease as one which conveys a right, either explicitly or implicitly, to control the use of an identified asset in exchange for consideration. The Company's lease arrangements are generally classified as operating leases. These arrangements have remaining terms ranging from less than one year to approximately 5 years and the weighted-average remaining lease term of the Company's leases is approximately 4 years. An option to renew or terminate the current term of a lease arrangement is included in the lease term if the Company is reasonably certain to exercise that option.

The Company does not recognize a right-of-use asset and lease liability for short-term leases, which have terms of 12 months or less, on its combined balance sheets. For the longer-term lease arrangements that are recognized on the Company's combined balance sheets, the right-of-use asset and lease liability is initially measured at the commencement date based upon the present value of the lease payments due under the lease. These payments represent the combination of the fixed lease and fixed non-lease components that are due under the arrangement. The costs associated with the Company's short-term leases, as well as variable costs relating to the Company's lease arrangements, are not material to its combined financial results.

The implicit interest rates of the Company's lease arrangements are generally not readily determinable and as such, the Company uses BD's incremental borrowing rate, which is established based upon the information available at the lease commencement date, to determine the present value of lease payments due under an arrangement. The weighted-average incremental borrowing rate that has been applied to measure the Company's lease liabilities is 2.20%.

The Company's lease cost recorded in its combined statements of income for both years ended September 30, 2021 and 2020 was $2 million under the new lease accounting standard. Rental expense for all operating leases amounted to $2 million in 2019 under the previous lease accounting standard. Cash payments arising from the Company's lease arrangements are reflected on its combined statements of cash flows as outflows used for operating activities. The right-of-use assets and lease liabilities recognized on the Company's combined balance sheets as of September 30, 2021 and 2020 were as follows:

(Millions of dollars)	2021	2020
Right-of-use assets recorded in *Other Assets*	$ 4	$ 5
Current lease liabilities recorded in *Accrued expenses*	$ 1	$ 1
Non-current lease liabilities recorded in *Deferred Income Taxes and Other Liabilities*	$ 3	$ 4

The Company's payments due under its operating leases at September 30, 2021 are $1 million for each of the fiscal years ending September 30, 2022 to 2026, and no payments are due under operating leases thereafter. Imputed interest allocable to these payments is immaterial.

Note 13 — Supplemental Financial Information

Trade Receivables, Net

The amounts recognized in fiscal years 2021, 2020 and 2019 relating to allowances for doubtful accounts and cash discounts, which are netted against trade receivables, are provided in the following table:

(Millions of dollars)	Allowance for Doubtful Accounts		Allowance for Cash Discounts	Total
Balance at October 1, 2018	$ (4)		$ (2)	$ (6)
Additions charged to costs and expenses	(1)		(15)	(16)
Deductions and other	1	(a)	14	15
Balance at September 30, 2019	$ (4)		$ (3)	$ (7)
Additions charged to costs and expenses	(1)		(15)	(16)
Deductions and other	1	(a)	16	17
Balance at September 30, 2020	$ (4)		$ (2)	$ (6)
Additions charged to costs and expenses	—		(16)	(16)
Deductions and other	1	(a)	15	16
Balance at September 30, 2021	$ (3)		$ (3)	$ (6)

(a) Accounts written off.

Inventories

Inventories at September 30, 2021 and 2020 consisted of:

(Millions of dollars)	2021	2020
Materials	$ 13	$ 14
Work in process	21	19
Finished products	84	69
Total Inventories	$118	$ 102

Property, Plant and Equipment, Net

Property, Plant and Equipment, Net at September 30, 2021 and 2020 consisted of:

(Millions of dollars)	2021	2020
Land	$ 4	$ 4
Buildings	120	119
Machinery, equipment and fixtures	571	573
Leasehold improvements	6	6
Construction in progress	191	189
	892	891
Less: accumulated depreciation	(441)	(429)
Total Property, Plant and Equipment, Net	$ 451	$ 462

Long-Lived Assets

Long-lived assets, which include property, plant and equipment, net, goodwill and other intangible assets, and other assets by geographic area where located at September 30, 2021 and 2020 is as follows:

(Millions of dollars)	2021	2020
Ireland	$286	$ 288
United States	145	152
China	53	50
Other	12	13
Total Long-Lived Assets	$496	$ 503

Note 14 — Subsequent Event

Management has evaluated subsequent events through December 21, 2021, the date the combined financial statements were available to be issued and determined that there were no items to disclose.